THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE

ISO 9001:2015 Certified

ANNUAL GENERAL REPORT ON PERFORMANCE AUDIT FOR THE FINANCIAL YEAR 2022/23

CONTROLLER AND AUDITOR GENERAL

MARCH 2024

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

ISO 9001:2015 Certified

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In reply, please quote

Ref. No. CGA.319/421/01B **28 March, 2024**

H.E. Dr. Samia Suluhu Hassan,
The President of the United Republic of Tanzania,
State House,
P.O. Box 1102,
1 Julius Nyerere Road,
Chamwino,
40400 DODOMA.

RE: SUBMISSION OF THE ANNUAL REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE PERFORMANCE AUDIT FOR THE FINANCIAL YEAR 2022/23

I am pleased to submit my Annual Report on the Performance Audit for the Financial Year 2022/23, in accordance with Article 143(4) of the Constitution of the United Republic of Tanzania of 1977, and Sect. 35 of the Public Audit Act, Cap. 418.

This report presents audit findings and the recommended measures of redress which aim at fostering accountability in collection and use of the public resources

I humbly submit.

Charles E. Kichere
Controller and Auditor General
United Republic of Tanzania

ABOUT THE NATIONAL AUDIT OFFICE

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977, and in Section 10 (1) of the Public Audit Act, Cap 418.

NAOT mission, vision & Motto

01 Mission

To provide high-quality audit services through the modernisation of functions that enhance accountability and transparency in the management of public resources.

02 Vision

To be a credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

03 Motto

Modernising External Audit for Stronger Public Confidence

Independence and objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.

Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

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ABBREVIATIONS AND ACRONYMS

AMCOS	:	Agricultural Marketing Cooperative Society
ASDS	:	Agricultural Sector Development Strategy
ASMs	:	Artisanal and Small-Scale Miners
BMUs	:	Beach Management Units
BTCCS	:	Basic Technician Certificate in Correctional Science
BTP	:	Business Tourism and Planning
CAN	:	Calcium Ammonium Nitrate
CBET	:	Competency-Based Education and Training
CBT	:	Cashewnut Board of Tanzania
CME	:	Compliance Monitoring and Evaluation
CRO	:	Certificate of Right of Occupancy
DAP	:	Diammonium Phosphate
DRUD	:	Division of Rural and Urban Development
eCAS	:	electronic Catch Assessment Survey
FFS	:	Fertilizers and Fertilizer Supplements
FiRCIS	:	Fisheries Revenue Collection Information System
FIS	:	Fisheries Information System
FRP	:	Fisheries Resources Protection
FRS	:	Farmers Registration System
FYDP	:	Five-Year Development Plan
GAP	:	Good Agricultural Practice
GST	:	Geological Survey of Tanzania
HAS	:	Health and Allied Sciences
HCMIS	:	Human Capital Management Information System
ILMIS	:	Integrated Land Management Information System
IMS	:	International Marketing Strategy
KPIs		Key Performance Indicators
LGAs	:	Local Government Authorities
LTTP	:	Long-Term Perspective Plan
MCS	:	Monitoring Control and Surveillance
MDGs	:	Millennium Development Goals
MICE	:	Meetings, Incentives, Conferences and Exhibitions
MIS	:	Management Information System

MLF	:	Ministry of Livestock and Fisheries
MLHHSD	:	Ministry of Lands, Housing and Human Settlements Development
MNRT	:	Ministry of Natural Resources and Tourism
MoA	:	Ministry of Agriculture
MoE	:	Ministry of Energy
MoEST	:	Ministry of Education, Science and Technology
MoF	:	Ministry of Finance
MoHA	:	Ministry of Home Affairs
MoU	:	Memorandum of Understanding
MoW	:	Ministry of Water
MPAs	:	Marine Park Authorities
MPRU	:	Marine Parks and Reserves Unit
MTEF	:	Medium- Term Expenditure Framework
NACTVET	:	National Council for Technical and Vocational Education and Training
NMRT	:	Natural Resources and Tourism
NPGIS	:	National Petroleum and Gas Information System
NPK	:	Nitrogen Phosphorus Potassium
NSDS	:	National Skills Development Strategy
ODCS	:	Ordinary Diploma in Correctional Science
OMCs	:	Oil Market Companies
ORS	:	Online Registration System
PBPA	:	Petroleum Bulk Procurement Agency
PEPMIS	:	Public Employees Performance Management Information System
PGSD	:	Parliamentary Group on Sustainable Development
PML	:	Primary Mining License
PO-PSMGG	:	President's Office - Public Service Management and Good Governance
PO-PSRS	:	President's Office - Public Service Recruitment Secretariat
PO-RALG	:	President's Office - Regional Administration and Local Government
PSC	:	Public Service Commission
PSSSF	:	Public Service Social Security Fund
RCN	:	Raw Cashew nut
RMOs	:	Resident Mines Officers
RS	:	Regional Secretariat
SA	:	Sulphate Ammonium
SDGs	:	Sustainable Development Goals

SEZ	:	Special Economic Zone
SSMs	:	Small Scale Miners
TAFIRI	:	Tanzania Fisheries Research Institute
TASAC	:	Tanzania Shipping Agencies Corporation
TCTA	:	Tanzania Correctional Training Academy
TCU	:	Tanzania Commission for Universities
TDV	:	Tanzania Development Vision
TET	:	Technical Education and Training
TFRA	:	Tanzania Fertilizer Regulatory Authority
TIRA	:	Tanzania Insurance Regulatory Authority
TP	:	Tanzania Prison
TPDC	:	Petroleum Development Corporation
TPS	:	Tanzanian Prisons Service
TPSC	:	Tanzania Public Service College
TSEZ	:	Tourism Special Economic Zone
TTB	:	Tanzania Tourist Board
TTCL	:	Tanzania Telecommunication Cooperation Limited
TVET	:	Technical and Vocational Education and Training
UNWTO	:	United Nations World Tourism Organization
VPO-DoE	:	Vice President's Office - Division of Environment

STATEMENT OF THE CONTROLLER AND AUDITOR GENERAL

I am delighted to present the audit report for the financial year ended on 30 June 2023, which encompasses a performance audit. I would like to acknowledge the Government's initiatives, led by H.E. Dr. Samia Suluhu Hassan, the President of the United Republic of Tanzania, to promote accountability and transparency in public resource management. I also appreciate the cooperation of the audited entities' management in providing information and clarifications necessary to prepare this audit report.

The audit findings emphasize the critical insights and evaluations from the audits in relation to the expected outcomes and their contributions to the goals outlined in the National Five-Year Development Plans II (2016/17-2020/21) and III (2021/22 – 2025/26), and their alignment with the Sustainable Development Goals. By highlighting significant issues found across various sectors and evaluating the performance of government entities, this report aims to underscore the achievements and shortcomings in realizing the economic transformation and human development targets envisioned in the development plans. It thoroughly assesses how management practices of different sectors influence the overarching objectives of the National Five-Year Development Plans and the Sustainable Development Goals, thereby providing a roadmap for strategic improvements.

The audit findings reveal a diverse array of whether the performance of government activities, programs, systems, operations, or projects involving the collection or use of public funds in Ministries, Departments, Agencies, Local Government Authorities, and Public Authorities and other Bodies align with the principles of Economy, Efficiency, and Effectiveness (3Es). While some entities demonstrate commendable performance, others encounter challenges in attaining value for money from the resources allocated. It is imperative for the Government to intervene and take necessary measures to ensure that these entities operate efficiently and effectively, thereby contributing to economic growth and providing citizens with high-quality services.

This general report provides findings, conclusions, and recommendations based on 14 Performance Audit Reports conducted in the Financial Year 2023/24. The report is organized into ten (10) chapters, each delving into different facets, including the provision of healthcare services, agricultural activities, human resources development, urban planning, regulation of insurance services, provision of Higher Education Student's loans, management of natural resources, and Petroleum Product Importation.

In the report, I have provided recommendations on improving the noted operational challenges of the reported entities to ensure that they operate efficiently and effectively and improve government undertakings. I trust these recommendations will be beneficial for the Government and other stakeholders in guaranteeing the provision of high-quality services.

Charles E. Kichere
Controller and Auditor General
United Republic of Tanzania

EXECUTIVE SUMMARY

This general report provides findings, conclusions, and recommendations based on 14 Performance Audit Reports conducted in the Financial Year 2023/24. The conducted performance audits were on the Availability of Mental Healthcare Services in the Country; Regulation of Medical Equipment in Public Health Facilities; Regulation of Cash Crops; Management of Distribution of Fertilizers to Farmers; Development, Monitoring and Evaluation of Competency of Staff in the Public Sector; Implementation of Prisoners Rehabilitation Programmes; Regulation of Technical Education and Training; Management of Town Planning; Supervision and Inspection of Insurance Service Providers in Tanzania; Management of Higher Education Student’s Loans Repayment; Management of Beaches; Provision of Support to Small-Scale Miners by the Government; Management of Fisheries Resources; and Management of Imported Petroleum in the Country.

It emphasizes the critical insights and evaluations from the audits in relation to the expected outcomes and their contributions to the goals set forth in the National Five-Year Development Plans II (2016/17-2020/21) and III (2021/22 – 2025/26), and their alignment with the Sustainable Development Goals. By highlighting significant issues found across various sectors and evaluating the performance of government entities, this report aims to underscore the achievements and shortcomings in realizing the economic transformation and human development targets envisioned in the development plans. It thoroughly assesses how these sectors' management practices influence the overarching objectives of the National Five-Year Development Plans and the Sustainable Development Goals, thereby providing a roadmap for strategic improvements and policy formulation.

The report, however, is not intended to replace the fourteen (14) individual Performance Audit Reports conducted. The reader, therefore, is advised to rely on the individual Performance Audit Reports mentioned above.

Key Audit Findings

(a) Management of Healthcare Services

(i) Availability of Mental Healthcare Services

The Audit acknowledges the Government's efforts to integrate Mental Healthcare services effectively at the National Level. However, the following areas for further improvement were noted:

Identification of Mental Health Patients was not Effectively Done at the Community Level: The Audit noted a lack of identification of mentally challenged individuals at the community level. Rather, identification was focused on drug abusers, elderly, disabled, vulnerable children, and those facing childhood pregnancy. This has been attributed to inadequate funding for social welfare services and the absence of Social Welfare Officials at lower levels, including villages and streets.

Unavailability of Psychosocial Care and Support Services (PSS) at the Community Level: The Audit revealed the absence of PSS services at the community level; as a result, the psychosocial care and support services were not effectively mainstreamed into plans, budgets, policies, programs, interventions, and strategies at all levels. This resulted in incomplete coverage for various groups, including mentally ill individuals.

Insufficient Resources (Experts, Infrastructure, Medical Equipment and Medicines) and Unavailability of Rehabilitation Services: The audit noted inadequate availability of experts, infrastructures, medical equipment and medicines at all levels of healthcare facilities. The lack of experts was attributed to the absence of a recruitment plan for mental health professionals by the Ministry of Health and the lack of a scheme of service to accommodate graduates for the psychiatrists' services. Also, the unavailability of rehabilitation services for Skills Development, Community Integration and Recovery-Oriented Supports was noted, with only five out of 28 regions having rehabilitation centres for mental healthcare services: Kilimanjaro, Mwanza, Dar es Salaam, Dodoma, and Kigoma.

(ii) Regulation of Medical Equipment in Public Health Facilities

The Audit acknowledges the Government's efforts through TMDA that introduced a directory for regulating medical devices, and the Ministry of Health developed a system for the Management of Medical Equipment in Public Health Facilities by the time of this audit. However, the following areas were identified for further improvement:

The Existence of Unfunctional Medical Equipment in the Country: The audit found the presence of unfunctional medical equipment in the 18 visited Public Health Facilities, equivalent to 27% of Medical Equipment, with the largest percentage of unfit Medical Equipment noted in the Central zone.

Inadequate Adherence to Procedures for the Registration of Medical Equipment: The audit revealed that the Tanzania Medicines and Medical

Devices Authority (TMDA) had inadequately maintained records for 56% of the registered medical equipment. Further, there was ineffective renewal of medical equipment certificates of registration by TMDA, and 51% of medical equipment registrant did not pay for their annual retention fee. As a result, the government lost revenue of TZS 10,261,473,750 for the Renewal of Medical Equipment Certificates and another TZS 241,040,000 in annual retention fees for registered medical equipment for the financial years 2019/20 to 2022/23.

The Audit noted that this resulted from ineffective regulation of medical equipment imported by public health facilities and inadequate monitoring and supervision by the Ministry of Health.

(b) Management of Agricultural Activities

(i) Regulation of Cash Crops

The Audit acknowledges the Government's efforts through the Ministry of Agriculture and Crop Regulatory Boards. It has managed to launch the Dar es Salaam tea auction. The aim is to increase revenue, improve tea quality, and maintain the country of origin. Moreover, the government has established an online digital platform to reduce bureaucracy and improve transparency. However, the following areas were noted for further improvement:

There was a Big Fluctuation in Revenue Contribution to the National GDP for the Tobacco and Tea Industry: It was found that tea had decreased over the years, whereas in the financial year 2022/23, it declined from USD 43,213,662 to USD 32,258,827. This deduction is equivalent to USD 10,954,835 (equivalent to 26%). Meanwhile, Tobacco had a decline of 28%, which was a fall of USD 81,059,709.01. Further assessments have indicated that cashew nuts had experienced a downfall from USD 209,115,498 to USD 139,994,994 from the financial year 2021/22 to 2022/23, a decline of 33%. The major cause was the shortage of extension officers to supervise production. Consequently, it has resulted in the decline of the contribution of agriculture to national GDP.

Crop Boards had a Shortage of Inspectors, with an average of 53%. It was noted that the Tea Board lacked inspectors by 89%, the Tobacco Board lacked inspectors by 42%, the Cashew nuts Board lacked inspectors by 75%, and the Coffee Board lacked Inspectors by 7%. The cause of the shortage was due to inadequate prioritization of the activity. Consequently, it resulted in decreased production of cash crops.

(ii) Regulation of Distribution of Fertilizers

The government, through TFRA, has established the fertilizer subsidy program aiming at reducing the cost of fertilizers. The use of fertilizers has increased from 363,599MT in 2021/22 to 440,795MT in 2022/23. However, the following areas for further improvement were noted:

Limited Accessibility of Fertilizers and Fertilizer Supplements to Farmers: It was noted that 1,712 out of 4,136 total registered agro-dealers (equivalent to 41%) in a subsidy programme were not selling and distributing the subsidized fertilizers. It was also found that 2,551,239 out of 3,389,951 registered farmers in the subsidy program (equivalent to 75%) did not access and utilize fertilizers through the subsidy programme despite qualifying to access the subsidized fertilizers. This was caused by ineffective forecasting of the demand for fertilizers and the untimely distribution of fertilizers, hence delaying the availability to farmers. Consequently, this contributed to the low utilization of fertilizers.

Ineffective Forecasting of the Demand for Fertilizers and Fertilizer Supplements: It was noted that TFRA lacked an effective mechanism for demand forecasting to capture sufficient and accurate needs of fertilizers in the country. It was noted that TFRA did not have an effective mechanism, system or software for establishing the demand and utilization of fertilizers to arrive at the reliable quantities and types needed. A shortage of agro-officers caused weaknesses in the collection of demand at the village level needed to capture the demanded type of fertilizer based on soil contents in their respective villages. As a result, the forecasted demand data for fertilizers was higher than the actual utilization of the respective areas, from 14% to 48%.

(c) Human Resources Development

(i) Regulation of Technical Education in the Country

The audit acknowledges the efforts made by the Ministry of Education, Science and Technology and TVET on the regulation of technical education to ensure the technical education offered in the country is of standards that reflect labour market demands. However, the following areas for further improvement were noted:

Inadequate Regulation of Provision of Technical Education and Training in Association with the Required Labour Market Demand: The audit found that there was a considerable mismatch between the quality of skills from graduates and the requirements or demands of employers in both the public and private sectors. This was illustrated by about 40% of all firms covered by the Enterprise Survey for Tanzania identifying an inadequately educated workforce as a major constraint (World Bank Survey, 2016). Insufficient Needs Assessment contributed to the failure to reflect the labour market demand, which was attributed to an insufficient number of qualified technicians to meet the demand of the Labour market and the low growth of economic sectors.

Inadequate Registration and Accreditation Process of Technical Institutions and Technical Teachers: The audit noted anomalies in the registration process of technical institutions due to the presence of non-compliance with registration requirements, such as the admission of unqualified students and insufficient academic staff and teaching resources. Also, inadequate technical teacher registration was noted, ranging from 67% in the financial year 2019/2020 to 56% in the financial year 2022/23.

(ii) Development, Monitoring and Evaluation of the Competency of Staff in the Public Sector

The audit acknowledges the efforts made by the President's Office - Public Service Management and Good Governance (PO-PSMGG) to improve staff competency in the country. However, the following areas for further improvement were noted:

Presence of Public Institutions with Inadequate Staff Competencies: The audit found that public institutions were not achieving maximum operational efficiency, such that revenue-generating institutions could make profits, and service-delivering institutions could generate surplus due to efficient operations. Consequently, inadequate staff competency contributes to ineffective operation in government institutions, leading to a loss in productivity, high employee turnover, inability to grow in competitive industries, stunted sales and profits, and even a decline in stock valuations.

Ineffective Identification and Analysis of Competency Gaps in the Public Institutions: The audit revealed that identification and analysis of Competency gaps among the visited public institutions were accompanied by inadequacies affecting the effectiveness of capacity-building programs within public institutions. The audit listed shortcomings, including inadequate plans for the identification of competency gaps, inadequate analysis of human resource gaps and inadequate maintenance of inventory skills among public institutions. The main reason for inadequate human resource gap analysis is the narrow approaches in preparing needs analysis, including the needs assessment for traditional training among public institutions. Although training needs assessments are valuable, they represent only one aspect of a comprehensive analysis of human resource gaps.

Ineffective Preparation of Skills Development Programs: The audit found a mismatch between capacity-building plans and identified skills gaps, as well as a mismatch between training programs and identified performance challenges. This was caused by the non-engagement of stakeholders, which stands at 75% for all institutions except for the Ministry of Water, which stands at 50%.

(iii) Implementation of the Prisoner Rehabilitation Programs

The Government has undertaken various efforts to improve prisoner rehabilitation programs by establishing the Prisoner Correctional and Rehabilitation Services Division under the Tanzanian Prison Service (TPS). TPS has also established a technical school prison (Ruanda-Mbeya) and a juvenile prison (Wami-Morogoro) and introduced an Ordinary Diploma in Correctional Science for prison officers at the TCTA. However, the following areas were highlighted for further improvement:

Increasing Rate of Re-offenders by 1.5% on Average from 2019 to 2023: The audit revealed an average increase of 1.5% of re-offenders from 2019 to 2023, despite rehabilitation programs. This indicates that more individuals returning to criminal activities are committing offences again. The reoffending rate was inversely proportional to the length of prison sentences, with more reoffending prisoners having shorter sentences. From 2019 to 2023, 59.22% of reoffending prisoners had sentences below one (1) year, 24.65% had sentences of 1-3 years, 10.14% had sentences of 3-5 years, 3.09% had sentences of 5-10 years, 0.37% had sentences of 10-15 years, 2.22% had sentences of 15-20 years, 0.32% had sentences of 20-30 years, and only 0.01% had sentences above 30 years. This was attributed to a lack of formally developed prison curriculums and guidelines for rehabilitation programs, limited classification and separation of prisoners based on gender and age, inadequate infrastructure for classification, core activities determining classification, and lack of policy and guidelines.

Absence of Formally Designed Programmes to Integrate the Soon-to-be Discharged Prisoners: The audit revealed that despite rehabilitation programs, there was no formally designed program to prepare prisoners for community integration and post-release challenges. This lack of a defined rehabilitation cycle led to discharged prisoners not being adequately prepared, making it difficult for them to access services and support, resulting in an increased recidivism rate.

(d) Management of Urban Planning

Through the Ministry of Land, Housing and Human Settlement Development (MLHHSD), the government is currently managing to prepare a new Housing Policy; the automation of activities of the Land sector through the Integrated Land Management Information System (ILMIS) has been installed in two regions. Also, through MLHHSD, the government has managed to develop and approve 8,429 layout plans from the financial year 2019/20 to 2022/23, which indicates an overall performance of 105%. However, the following areas for further improvement were noted.

*Inadequate Design and Development of Town Planning Schemes: The audit established that t*he Ministry of Lands, Housing, Human Settlements Development and the President's Office – Regional Administration and Local Government did not ensure adequate Design and Development of Town Planning Schemes. The developed planning schemes did not comply with standards, and the deviation ranged from 2% to 85% in 5 of 11 visited planning authorities. It was also found that only 61.54% of 79 sampled detailed plans included areas for future development. As a result, designs and development of town planning schemes were not developed in a timely manner, and allocation of plots to citizens or issuance of certificates of right of occupancy were delayed.

Developed Town Planning Schemes were not effectively Implemented: The developed towns were not effectively developed due to developing them without following approved town planning schemes, which was observed in 7 out of 11 visited planning authorities. There was also a lack of resources to facilitate town planning activities which were implemented by the Ministry of Lands, Housing and Human Settlements Development and the President's Office - Regional Administration and Local Government. MLHHSD and PO-RALG, through LGAs, did not adequately enforce development controls as per Planning Schemes and Master plans, and there was an ineffective performance evaluation of the planning authorities in town planning activities. These contributed to the failure to achieve the intended aesthetically pleasing living, working, circulation and recreation environments.

(e) Management of Insurance Services and Higher Education Student Loans

(i) Supervision and Monitoring of Insurance Service Providers

The Audit acknowledged the efforts made by the Tanzania Insurance Regulatory Authority (TIRA) in supervising and monitoring insurance service providers in the country. These efforts included registering 1,165 insurance service providers and establishing an Online Registration System (ORS) for registering insurance service providers, approving new insurance products, and carrying out various insurance awareness programs in Zones and the Zanzibar Office. However, the following areas were identified for further improvement:

Ineffective Management of Insurance Claims: The audit noted the insurance claims were not effectively supervised and monitored by the Tanzania Insurance Regulatory Authority. It was indicated by the notable increase of outstanding claims by insurance companies from TZS 114.532 billion in 2019 to TZS 127.253 billion in 2022, equivalent to 11% from 2019/20 to 2022/23. The increase in outstanding claims was mainly attributed to the COVID-19 pandemic, which caused an increase in life assurance claims and delayed settlement of approved claims by insurance companies. Delayed settlement of approved claims negatively impacted the right of policyholders and beneficiaries to be compensated in a timely manner by insurers.

(ii) Management of higher education students' loan repayment

The Audit acknowledges the efforts by HESLB toward managing loan repayment and recovery through comprehensive review and developing automated production modelling and customer experience through machine learning and artificial intelligence techniques under the High Education for Economic Transformation (HEET) program. However, the following areas were noted for further improvement:

Increase of Outstanding Loans by 3.15 Trillion: The audit shows that outstanding loans increased from TZS 1.25 trillion in the financial year 2015/16 to TZS 4.84 trillion in the financial year 2021/22, with an average growth rate of 23%. For instance, loan repayment collection decreased from TZS 191 billion in 2019/20 to TZS 170 billion in 2022/23. This was caused by the change of policy to a zero-rating policy in July 2021, changing penalties and value retention fees to zero-rate. Consequently, the government subvention to the students' loan financing increased from TZS 268.9 in 2018/9 to TZS 393.8, equivalent to an increase of TZS 124.9 billion due to inefficiency by HESLB in collecting the matured students' loans, represented by the increase in outstanding students' loans.

Loan Repayments from Self-beneficiaries were Made by an Average of 11% Compared to 38% from the Employed Beneficiaries. The audit found that the HESLB collected a small proportion of loan repayments from self-beneficiaries by an average of TZS 38 billion, equivalent to 11% from 2014/15 to 2022/23. Until the financial year 2022/23, HELSB has collected a cumulative TZS 1,181.40 billion from employed beneficiaries and TZS 104.70 billion from self-employed beneficiaries. The ineffective collection of loans from self-beneficiaries resulted from ineffective tracing strategies, including a lack of ICT system integration with institutions like TRA, NSSF, RITA, TCU, TRA, NIDA and BRELA with extensive databases of beneficiaries. Consequently, this results in insufficient collection of loan repayment, which may affect the sustainability of the HESLB.

(f) Management of Natural Resources

(i) Management of Beaches

The noted efforts on the management of beaches include the identification of beaches, as well as the formulation of Tanzania's Southern Circuit Marketing and Promotion Strategy. However, the following areas for further improvement were noted:

Inadequate Development of Beaches to Increase Coastal Tourism: 89% of the identified potential beach areas were not developed. This was attributed to inadequate measures for the development of beaches, thus hindering potential benefits from developed beaches, like revenue collection from both local and foreign tourists.

Compliance with Environmental Issues was not Satisfactory: 82% of the beaches in the visited LGAs did not comply with environmental issues as a result of a lack of awareness campaigns. This has accelerated environmental degradation, such as cutting mangrove trees along the coastal areas.

Inadequate Promotion and Marketing of Beaches for Tourism: The audit found that there was inadequate promotion and marketing of beaches for tourism. This was caused by limited initiatives to facilitate the promotion and marketing of beach tourism, consequently hindering potential benefits from developed beaches, like revenue collection from both local and foreign tourists.

Ineffective Monitoring and Coordination of Beach Activities: The audit noted that the monitoring and coordination of beach activities were not undertaken well. This was attributed to the absence of reliable data for measuring the performance, thus affecting the promotion and marketing of developed beaches.

(ii) Provision of Support to Small Scale Miners

To facilitate small-scale mining, the Government established demonstration centres, procured affordable drill rigs for geoscientific investigations and established mineral markets. However, the following areas for further improvement were noted:

Small-scale Miners were not Adequately Given the Needed Level of Support: The audit found that small-scale miners had limited access to information on geological and mineral resources and lacked mining and mineral processing technologies. This resulted from a lack of adequate measures to support them, thus hindering the transformation of the subsector from small scale to medium scale.

Inadequate Allocation and Utilisation of Resources to Support Small-scale Miners: The audit noted challenges in ensuring adequate allocation and utilisation of resources in supporting SSMs. This was indicated by the limited identification and incorporation of the needs and priorities of SSMs in allocating resources, insufficient allocation of resources to support SSMs and absence of measures put in place to assess the effective utilisation of the allocated resources in supporting SSMs. The noted shortfalls were caused by insufficient information on small-scale miners, consequently impeding the effective use of resources to support small-scale miners.

(iii) Management of Fisheries Resources

The Ministry of Livestock and Fisheries has ensured curbing the increased use of illegal fishing gear and tapping the vast potential for aquaculture development. Despite these initiatives, the following areas for further improvement were noted:

Presence of Illegal Fishing Practices in the Country: The audit noted illegal fishing as reflected by illegal fishing gear and unregulated fishers and fishing vessels. These were attributed to inadequate monitoring, control and surveillance operations. This shortfall contributed to inadequate management and utilization of fisheries resources.

Deficiencies in the Management of the Fisheries Database: The audit identified shortfalls such as inadequate management of documents and daily catch data of fisheries. This resulted from the fact that the responsible Ministries had not prioritized this issue. This results in unrealistic and non-representative information on fisheries resources.

Inadequate Coordination of Fisheries Resource Management: The audit found that there was poor coordination between stakeholders, as reflected by inadequate consultation and communication among MLF, LGA and TAFIRI. This was attributed to inadequate reporting structure among these key actors. As a result, there was little collaboration among key actors.

(g) Management of the Importation of Petroleum Products

The government of the United Republic of Tanzania has adopted various measures to ensure the country's petroleum supply security. The adopted efforts include the installation of a Petroleum Products Discharge and Back Loading Monitoring System, the National Petroleum and Gas Information System and the construction of a single receiving terminal. These measures aimed to reduce fuel losses during discharging operations, track petroleum activities, and address issues with delayed discharge. However, during the audit, the following areas for further improvement were noted:

The Trend of Delays in Starting to Discharge Increased from 66% to 68% from the Financial Year 2020/21 to 2022/23. Respectively, the audit revealed an increase in delays in starting to discharge from 66% to 68% between 2020/21 and 2022/23. The number of vessels delaying discharging for 7-14 days and more than 14 days was higher in 2022/23 compared to previous years. Infrastructure constraints and non-compliance with vessels' delivery date ranges contributed to these delays, resulting in USD 26,934,426.35 in demurrage for days of waiting to commence cargo discharging. Also, the trend of vessels not discharging within specific periods increased from 27% to 35%.

EWURA did not Detect OMCs which Maintained Stock of Petroleum Products for Less than 15 Days at All Time: The analysis of the 1st and 3rd Weekly Petroleum Reports from 2020 to 2023 reveals that OMCs range from 12% to 62% for petrol and 14% to 65% for diesel-maintained petroleum stocks below the required 15 days. This is due to EWURA's tendency to assess the total availability of fuel rather than individual OMCs' stocks, limiting the ability to identify non-compliant OMCs. Additionally, EWURA's lack of market share reports for each product limits its ability to enforce compliance and risks disruptions of the supply chain.

The Ministry of Energy did not Develop the Petroleum Infrastructure Development Master Plan (PIDMP): The audit found that the Ministry of Energy (MoE) did not develop the Petroleum Infrastructure Development Master Plan (PIDMP) for five years, based on the review of its performance reports from 2018/19-2022/23. However, the MoE has developed a concept note for the PIDMP. The Ministry is seeking a financier to finance the preparation of the PIDMP. Still, the lack of a well-defined plan could hinder coordination, potentially leading to duplication of government initiatives and creating uncertainty for investors, industry stakeholders, and potential business partners.

Overall Audit Conclusion

The audits recognise the efforts of the audited entities to improve their performance in order to achieve the SDGs and FYDPs (II and III), the main theme of which was economic transformation and human development. Specifically, the efforts were noted while implementing various priority areas, interventions, and goals in the areas of healthcare services, agricultural activities, human resource development, urban planning, insurance and loans, natural resources, and importation of petroleum products.

Despite the efforts deployed by the audited entities of the above-conducted audits to ensure that FYDPs' and SDGs' objectives and goals are met, there are challenges that hinder the attainment of the desired objectives.

The anomalies noted in the aforementioned area call for immediate interventions to ensure that the government's objectives towards attaining economic and human development are in line with the respective SDGs and FYDPs.

Audit Recommendations

The Ministries, Departments and Agencies:

(i) The Ministry of Health is argued to ensure the availability of Mental Healthcare Services at all levels of Healthcare Facilities to ensure that individuals in need receive timely and appropriate mental healthcare services in the country and ensure that medical equipment is properly regulated for the provision of safe and quality of healthcare services delivered by Public Healthcare Facilities in the country;

(ii) The Ministry of Agriculture is argued to appoint cash crop inspectors with full-fledged working tools, who will report directly to the respective Crop Board for ease of monitoring and be accountable to the respective Management of the Crop Board;

(iii) The Ministry of Agriculture is argued to evaluate the effectiveness of the existing systems for the procurement of fertilizer, i.e., the Bulk Procurement System and other available systems, and use the results to address all identified weaknesses to facilitate timely procurement and distribution of fertilizer to meet the agricultural demand;

(iv) The Ministry of Education, Science and Technology and the National Council for Technical and Vocational Education and Training are urged to develop a systematic and ongoing assessment of labour market demands to identify evolving requirements of skills and ensure that the curriculum aligns with labour market demands;

(v) The Ministry of Home Affairs and Tanzania Prisons Service are urged to establish and implement formal prison curriculums/guidelines to facilitate the smooth execution of rehabilitation programmes;

(vi) The Ministry of Lands, Housing and Human Settlements Development and the President's Office - Regional Administration and Local Government are arguing for the development of a comprehensive intervention to facilitate effective management of town planning activities in the country. The interventions should allow for the improvement in the design, planning, and implementation of town planning activities to facilitate the timely achievement of planned objectives;

(vii) The President's Office – Regional Administration and Local Government, the Ministry of Natural Resources and Tourism, and the Management of the Marine Parks and Reserves Units are argued to improve coordination and monitoring of the performance of beaches to enhance development, promotion and marketing of beach tourism;

(viii) The Ministry of Minerals is argued to ensure adequate provision of support to small-scale miners by facilitating access to geological information, mining and mineral processing technology, and adequate allocation and utilization of resources;

(ix) The Ministry of Livestock and Fisheries and President's Office - Regional Administration and Local Government are argued to enhance monitoring, control and surveillance operations to curb illegal fishing practices in the country; and

(x) The Ministry of Energy is urged to prioritise the development of the petroleum infrastructure master plan and coordinate the development of a single receiving infrastructure for petroleum.

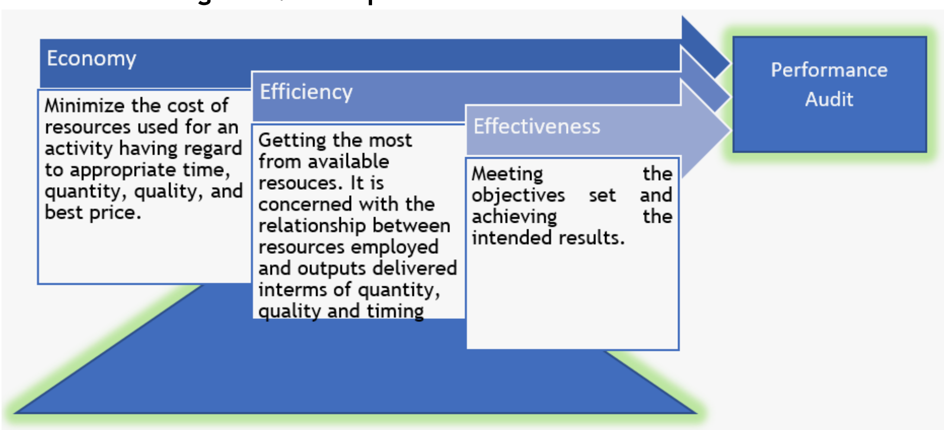
CHAPTER ONE

INTRODUCTION

1.1 Background

Performance audit examine whether Government activities, programs, systems, operations or projects involving the collection or use of public funds in Ministries, Departments, Local Government Authorities and other public organizations are operating in accordance with the principles of 3E's, namely, *Economy, Efficiency and Effectiveness*. These principles are presented in **Figure 1.**

Figure 1: Principles of 3Es in Performance Audit



Source: *Auditors' Analysis of Information Extracted from the Performance Audit Manual, 2021*

The performance audit also determines whether the objectives set at the beginning of an undertaking were achieved. As a consequence, it is then deduced as to whether due regard for economy, efficiency and effectiveness were considered. Recommendations for improvement are made in the areas noted with deficiencies.

Performance auditing is important as it constructively promotes accountability, transparency, and performance of g*overnment undertakings* so that its citizens receive timely and quality services. Also, it serves as a basis for learning and improvement. Selecting areas of audit focus depends on various factors, including public outcry and the importance of the subject in relation to socio-economic development.

1.2 Mandate

The Controller and Auditor General of Tanzania is mandated to carry out a Performance Audit as per Section 28 of the Public Audit Act, Cap. 418. The Act mandates the CAG to conduct the performance audit so as to establish the economy, efficiency, and effectiveness of any expenditure or use of resources of the public entities, enquire into, examine, investigate, and report, in so far as he considers necessary on:

(a) The expenditure of public monies and the use of resources by such Ministries, Departments, Agencies, Local Authorities, and all such Public Authorities and Other Bodies;

(b) The conduct of the performance of their functions by Accounting Officers, Head of Departments, and Chief Executives of all such entities and;

(c) Compliance with environmental laws, regulations, and internal environmental policies and standards".

1.3 Purpose of this General Report

This general report aims to assist Members of Parliament, the Government, Mass Media, the Public, and other stakeholders in making informed decisions in order to implement the requirements for increased economy, efficiency, and effectiveness in the conduct of various government businesses.

The report provides highlights on the issues found in the conducted performance audits in various areas against what was expected and their impacts toward supporting the achievement of the National Five-Year Development Plans II (2016/17-2020/21) and III (2021/22 – 2025/26) and Sustainable Development Goals. It also provides an evaluation of the performance of government entities in the fulfillment of their operations in Five Years Development, which is aimed at economic transformation and human development.

The focus areas included managing healthcare services, agricultural activities, human resources development, and urban planning. Other areas were the management of insurance and loans to higher learning students, natural resources, and imported petroleum stocks. It further provides an assessment of the extent to which government operations have impacted the attainment of the priority areas outlined in the National Five-Year Development Plans (FYDP II and III) and the Sustainable Development Goals (SDGs).

Table 1 provides a summary of the Performance Audit Reports and the respective audited entities.

Table 1: Performance Audit Reports and Respective Audited Entities

Performance Audit Report on	Audited Entities
Availability of Mental Healthcare Services	Ministry of Health (MoH), Ministry of Community Development, Gender, Women and Special Groups (MoCDGWSG), and the President's Office – Regional Administration and Local Government (PO-RALG)
Regulation of Medical Equipment in the Public Health Facilities	Ministry of Health (MoH) and the Tanzania Medicines and Medical Devices Authority (TMDA)
Regulation of Cash Crops	Ministry of Agriculture and the Crop Boards
Management of Distribution of Fertilizers to Farmers	Ministry of Agriculture (MoA) and the Tanzania Fertilizer Regulatory Authority (TFRA)
Regulation of Technical Education	Ministry of Education, Science and Technology (MoEST) and the National Council for Technical and Vocational Education and Training (NACTVET).
Development, Monitoring, and Evaluation of Competency of Staff in the Public Sector	President's Office - Public Service Management and Good Governance (PO-PSMGG)
Implementation of Prisoners Rehabilitation Programmes	Ministry of Home Affairs and Tanzania Prisons Service (TPS).
Management of Town Planning	Ministry of Lands, Housing and Human Settlements Development (MLHHSD) and the President's Office - Regional Administration and Local Government (PO-RALG)
Supervision and Monitoring of Insurance Service Providers	Tanzania Insurance Regulatory Authority (TIRA)
Management of Higher Education Students' Loan Repayment	Higher Education Students' Loans Board (HESLB)
Management of Beaches	Ministry of Natural Resources and Tourism, President's Office-Regional Administration and

Performance Audit Report on	Audited Entities
	Local Government (PO-RALG) and Marine Parks and Reserve Unit
Provision of Support to Small-Scale Miners	Ministry of Minerals
Management of Fisheries Resources	Ministry of Livestock and Fisheries (MLF) and the President's Office - Regional Administration and Local Government (PO-RALG)
Management of Imported Petroleum	Ministry of Energy and its related agencies, namely TPDC, EWURA and PBPA

Source*: Auditors 'Analysis from Individual Performance Audit Reports, 2024*

1.4 Focus of the General Report

The focus of this report is to present the impact of various Government efforts/operations towards realising competitiveness and industrialisation for human development as linked to SDGs and in line with the implementation of the Tanzania National Five-Year Development Plan (FYDP II and III).

Recognising the importance of this agenda in making a difference in the lives of citizens, INTOSAI included SDGs as a cross-cutting priority in its Strategic Plan 2017 to 2022, calling upon member SAIs to contribute to the follow-up and review of the SDGs within the context of each nation's specific sustainable development efforts and SAIs' mandates.

Tanzania and other UN member countries are involved in implementing the 2030 Agenda. The 2030 Agenda represents an integrated plan of action for economic, environmental, and social solutions to achieve sustainable development and incorporates seventeen (17) Sustainable Development Goals. The SDGs and other essential issues strive to tackle poverty and hunger, reduce inequality, build peaceful and just societies, promote gender equality, and protect natural resources. Since SDGs are ambitious and interlinked, their successful and timely realisation is a complex process that requires multilateral engagement.

Similarly, following the launching of the National Development Vision 2025 (TDV 2025) as a tool to rally national efforts towards achieving the expected social and economic development goals, the Government of Tanzania prepared a Long-Term Perspective Plan (LTPP) 2011/12 to 2025/26 whose implementation was planned to be divided into three sequential phases of five-year development plans. The aim is to redirect the efforts to achieve the Vision's goals by focusing on economic growth in tandem with poverty reduction and human development.

The Five-Year Development Plans are interconnected and crafted around distinct themes. The theme for the Second Five-Year Development Plan (FYDP II), covering 2016/17 to 2020/21, was "Nurturing Industrialization for Economic Transformation and Human Development". Meanwhile, the theme for the Third Five-Year Development Plan (FYDP III), spanning from 2021/22 to 2025/26, is "Realizing Competitiveness and Industrialization for Human Development"

Considering their mandate and role, Supreme Audit Institutions (SAIs) play an essential role. SAIs are at the core of creating effective, accountable, and inclusive institutions for sustainable development. They can significantly support every stage of the Five-Year Development Plans and the implementation of the Sustainable Development Goals (SDGs). In that course, this report is based on the analysis conducted by the National Audit Office of Tanzania (NAOT) from 14 Performance Audits. It assesses the impact of government operations in facilitating the achievement of the Five-Year Development Plans (FYDP II and III), the Sustainable Development Goals (SDGs), and Agenda 2063.

1.5 Importance of the Five-Year Development Plans (II and III) and Sustainable Development Goals (SDGs)

The five-year development plans II and III aim to strategically use resources to achieve the National Development Vision 2025 goals, which aspire to make the country a middle-income and semi-industrialized nation by 2025. Being a government-characterized middle-income and semi-industrialized nation, the country will be characterised by high-quality and sustainable livelihoods; peace, stability, and unity; good governance and the rule of law; an educated and learning society; and a strong and competitive economy.

FYDP II and III implement sectoral strategic plans, agreements, and regional and international strategic plans, including implementing the 17 Sustainable Development Goals – SDGs, adopted on 25th September 2015 by the 193 United Nations Member States to accelerate economic growth and social development.

The FYDPs highlight priority areas and sectoral interventions that foster economic and human development.

The Sustainable Development Goals comprise a set of seventeen (17) aspirational goals with one hundred and sixty-nine (169) targets that direct the actions of Governments, international agencies, civil society, and other organisations over the next 15 years (2016-2030).

It lays out a strategy for the future, guiding the globe toward a more sustainable and resilient route, as well as a shift in living standards and a transition to more inclusive, dynamic, and sustainable development pathways.

The seventeen (17) SDGs aim to eliminate poverty in all of its forms, as well as promote good health and well-being, high-quality education, gender equality, safe drinking water and sanitation, affordable and clean energy, decent work and economic growth, industry innovation and infrastructure, reduced inequalities; sustainable cities and communities; responsible consumption and production; climate action; life below water; life on land; peace, justice, and strong institutions; and partnerships to achieve the goals while restoring and managing natural resources sustainably. These targets have been incorporated into the three components of sustainable development, namely, economic, social, and environmental goals.

1.6 Justification for the Audits

As a signatory to the 2030 Agenda for Sustainable Development, Tanzania has undertaken initiatives to integrate the agenda into its national context. Concurrent with the conclusion of the 2030 Agenda, Tanzania prepared its Second Five-Year Development Plan (FYDP II), incorporating many of the SDG goals and targets into the plan.

Further, through Tanzania Development Vision (TDV) 2025, Tanzania embodies its aspirations concerning development, which, among other things, sets the target of an economic growth rate of at least 8% per annum. Such a growth rate is necessary for reducing poverty and propelling Tanzania from a least-developed country to a middle-income country with high human development. TDV 2025 envisioned an economy transformed from a predominantly low-productivity agricultural economy to a productive one. For the SDGs and the priority areas of the Five Years Development to be attained, all concerned parties, namely Governments, Parliaments, the private sector, civil society, and the people, need to do their part.

As an external auditor of the government, the Controller and Auditor General are the key actors in ensuring that the Government plays its role in providing the required services to the people. Moreover, the CAG informs the Parliament about the performance of the Government and what steps it has taken to ensure that SDGs and the priority areas of the Five Years Development Plans are attained.

In response to the call to contribute to the attainment of the SDGs and the priority areas of the Five-Year Development Plans, the National Audit Office of Tanzania (NAOT) has aligned its performance audits with the adopted 2030

Agenda for Sustainable Development and its seventeen (17) Sustainable Development Goals. Further, NAOT has aligned its performance audit topics with the priority areas and interventions of the Five-Year Development Plans, aiming to assess their implementations and recommend improvements. Some of these targets, priority areas, and interventions have been covered and addressed in the fourteen (14) Performance Audits conducted.

1.7 Data Validation Process

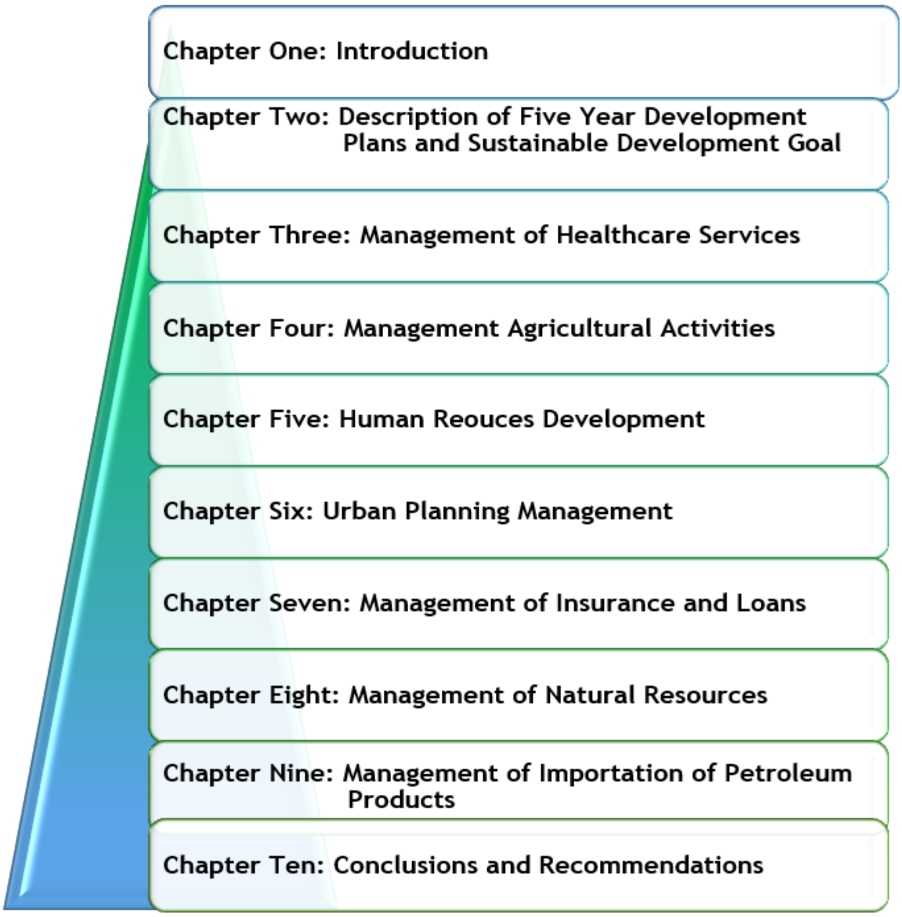
Performance audits were conducted in accordance with the International Standards for Supreme Audit Institutions on performance auditing. Those standards require the NAOT to plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for findings, conclusions, and recommendations based on the audit objective(s).

Therefore, in adherence to audit standards, the audited entities were given the opportunity to discuss and comment on the individual audit findings to correct any factual misrepresentations during the preparation of individual performance audit reports. The entities included: the Ministry of Agriculture; Ministry of Lands, Housing and Human Settlements Development; President's Office - Regional Administration and Local Government; Ministry of Home Affairs; Ministry of Livestock and Fisheries; President's Office - Public Service Management and Good Governance; Ministry of Health, Ministry of Community Development, Gender, Women and Special Groups; Ministry of Energy; Ministry of Minerals; Ministry of Education, Science and Technology; ministry of natural resources and Tourism; Tanzania Insurance regulatory Authority; Tanzania Fertilizer Regulatory Authority; Higher Education Students' Loans Board; Crop Boards; Marine Packs and Reserve Unit; Tanzania Prisons Service; National Council for Technical and Vocational Education and Training; and Tanzania Medicines and Medical Devices Authority. All findings were drawn from these discussions.

1.8 Structure of the Report

This general report is structured into ten chapters, as presented in **Figure 2** below:

Figure 2: Structure of the Report



CHAPTER TWO

DESCRIPTION OF THE FIVE YEAR DEVELOPMENT PLAN II AND III AND SUSTAINABLE DEVELOPMENT GOALS

2.1 Introduction

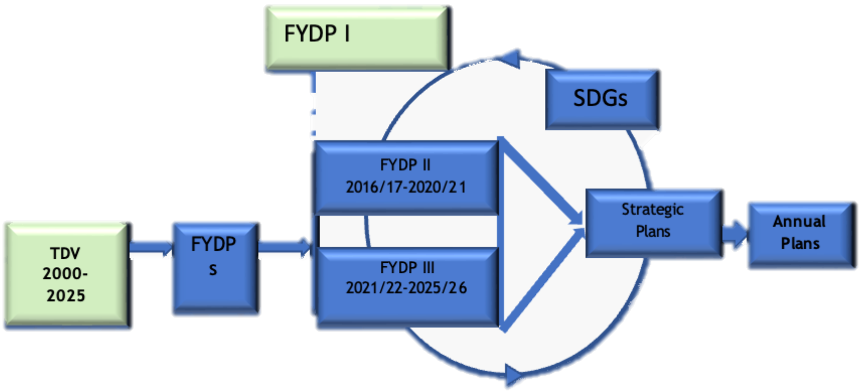
This chapter presents information regarding the Five-Year Development Plans (FYDP II and III) and the Sustainable Development Goals. The chapter covers background information; key Instruments and Legal Framework Governing the Implementation of the Five -Year Development Plan II and III; key actors, their roles, and responsibilities in the implementation of Five-Year Development Plan II and III; strategies for the implementation of Five-Year Development Plans II and III; link between Performance Audits conducted and the priority areas of the Five -Year Development Plans II and III and SDGs; and funding for the implementation of the Five -Year Development Plan III, 2021/22 to 2025/26.

2.2 Background

In 1999, Tanzania launched the National Development Vision 2025 (TDV 2025) as a tool to meet national efforts towards achieving the expected social and economic development goals. The National Development Vision 2025 has been implemented through the Long-Term Perspective Plan of the financial year 2011/12 to 2025/26.

Moreover, in 2015, Tanzania signed a global agreement on the Sustainable Development Goals (SDGs). SDGs were cascaded down to FYDP II and III and then to Strategic and Annual Plans. **Figure 3** provides the detailed relationship between National Strategies and Plans.

Figure 3: Detailed Relationship of National Strategies and Plans



The implementation of the Long-Term Perspective Plan for the period of 2011/12 to 2025/26 was divided into three phases of Five-Year Development Plans interlinked with specific themes as detailed below.

Themes for Five-Year Development Plans

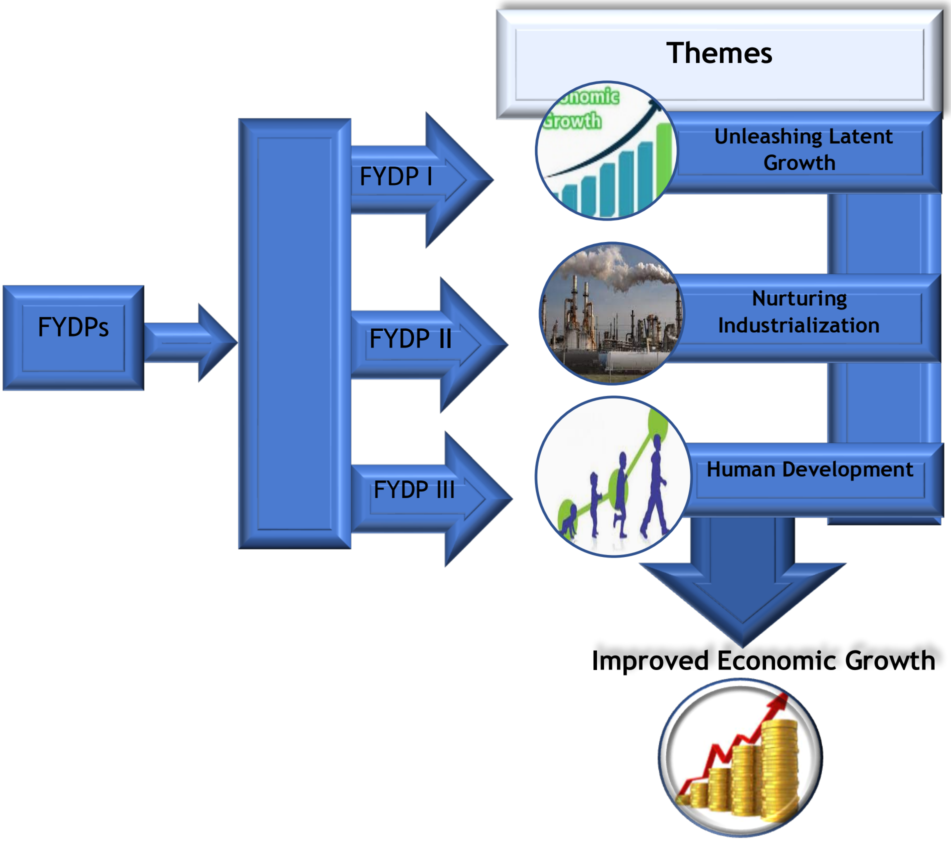
The developed FYDPs had different themes that focused on the priority of what had to be implemented by an individual government entity.

The First Five-Year Development Plan (FYDP I) for 2011/12 to 2015/16, themed "Unleashing Tanzania's Latent Growth Potentials," identified intervention areas (sectors/issues) to unlock growth potentials more effectively. The Second Five-Year Development Plan (FYDP II) for 2016/17 to 2020/21 was themed "Nurturing Industrialization for Economic Transformation and Human Development." Lastly, the Third Five-Year Development Plan (FYDP III) for 2021/22 to 2025/26 is driven by the theme "Realizing Competitiveness and Industrialization for Human Development." This theme reflects the vision of building a strong and competitive economy of middle-income status and an industrialized economy that can compete regionally and internationally. The theme puts an emphasis on strengthening human development.

Specifically, the Plans aspired to build a base for transforming Tanzania to ensure global and regional agreements (e.g., Africa Agenda 2063 and SDGs) are adequately mainstreamed into national development planning and implementation frameworks for the benefit of the country.

A narration of themes per each Development Plan is summarised in **Figure 4** below:

Figure 4: Summarized themes as extracted from FYDPs



Source: *Auditors' Analysis, 2024 from the Implementation Strategies of FYDPs*

Alignment of Sustainable Development Goals to the FYDPs

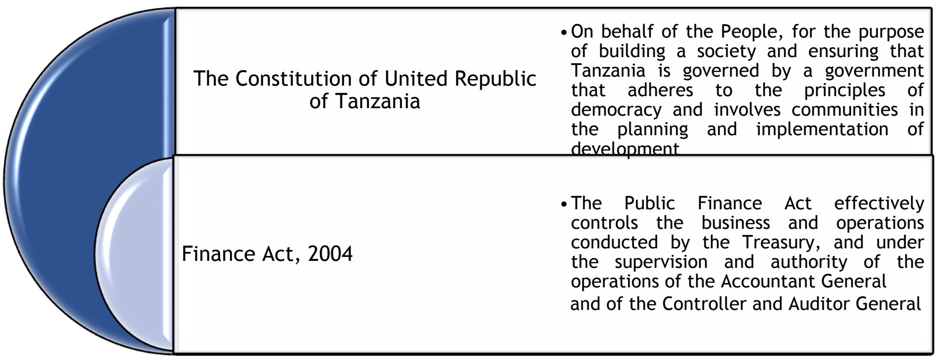
As a member of the United Nations, Tanzania is obligated to embrace and abide by the seventeen (17) Sustainable Development Goals (SDGs) to achieve high-quality and sustainable human development. The Sustainable Development Goals (SDGs) are interconnected and ambitious Goals that aim to address the major development challenges faced by people in Tanzania and around the world to call for actions to end poverty and protect the earth's environment and climate.

The Ministry of Finance has taken various initiatives to ensure the SDGs are integrated into the national context and well implemented. Efforts have been made to ensure that the SDGs have also been incorporated into subsequent sectoral plans and strategies. Therefore, implementing the national development strategies will also impact both the SDGs' achievements and the national development goals. In ensuring the effective implementation of the SDGs in the country, the Parliamentary Group on Sustainable Development (PGSD) has been vested with the responsibility of monitoring the implementation of the SDGs at the local level to provide regular feedback and guidance.

2.3 Key Instruments and Legal Framework Governing the Implementation of the Five-Year Development Plan II and III

The framework governing the implementation of FYDP II and III is constituted of policies, strategic plans, and budgets for the implementing agencies. In addition, each sector of the economy has continued to be governed by its respective legislations. Therefore, the implementation of FYDPs is governed by legislation under the respective MDAs, RSs, LGAs, Public Authority, and other Bodies (PAoBs). Key instruments and legal framework are described in **Figure 5**.

Figure 5: Key instruments and legal framework

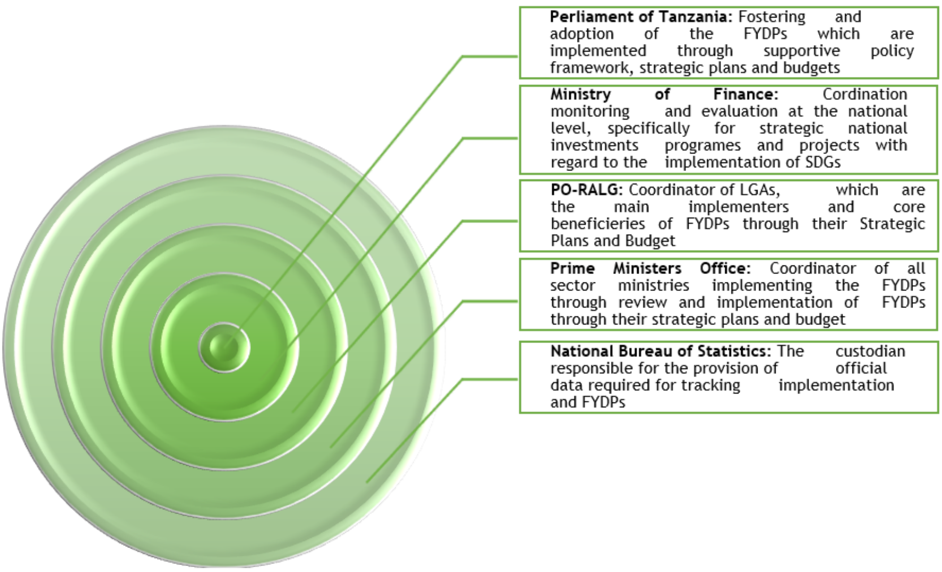


Source: *Auditors' Analysis, 2024 from the Implementation Strategies of FYDPs*

2.4 Key Actors, their Roles, and Responsibilities in the Implementation of Five-Year Development Plan II and III

The implementation of FYDPs cuts across all MDAs, RSs, LGAs, and Public Authority and other Bodies (PAoBs) as the implementation of the daily activities cascades from their Annual Development Plans. The key stakeholders in all levels of implementation, including planning, coordination, and implementation and monitoring of the achievement of the National Five-Year Development Plan, are as detailed in **Figure 6.**

Figure 6: Key Actors and their Roles in the Implementation of FYDP II and III

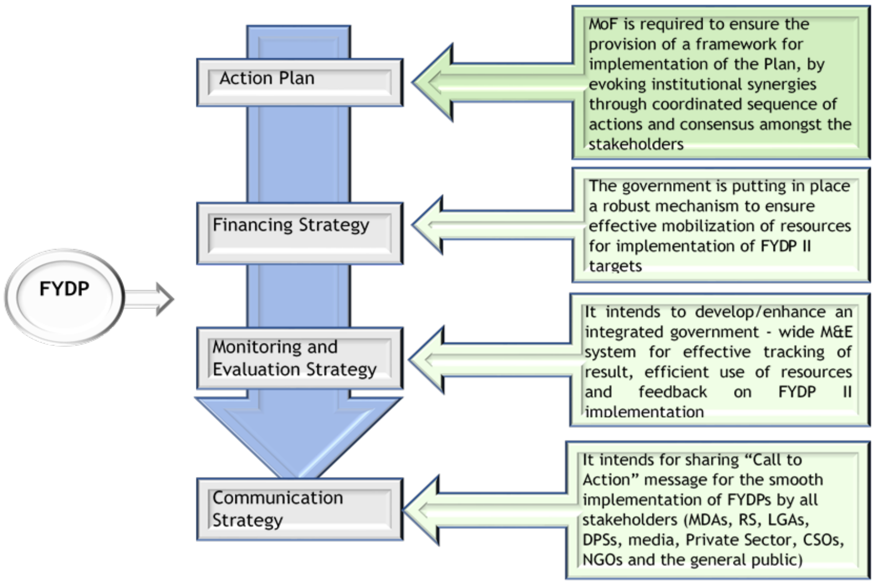


Source: *Auditors' Analysis, 2024 from the Implementation Strategies of FYDPs*

2.5 Strategies for the Implementation of Five-Year Development Plans II and III

The strategies that guided the institutional and policy reforms necessary for the effective execution of the National Five-Year Development Plans include The Action Plan Volume I, Financing Strategy Volume II, Monitoring and Evaluation Strategy Volume III, and Communication Strategy Volume IV. The strategies have highlighted key areas in the implementation of FYDPs. These strategies are presented in **Figure 7**.

Figure 7: Summary of the Strategies for the Implementation of FYDPs



Source: *Auditors' Analysis, 2024 from the Implementation Strategies of FYDPs*

(a) The Action Plan (Volume I)

The action plan articulates areas of focus/interventions and the flagship projects. The Action Plan also indicates the status of the areas/projects, main challenges and opportunities, operational objectives, targets, activities, timeframe, source of financing, and roles and responsibilities of various stakeholders.

(b) Financing Strategy (Volume II)

The financing strategy indicates both traditional and non-traditional and innovative sources of financing the Plan. The strategy also includes lessons and experiences from selected countries and proposed measures to be taken to realise the projected amount to finance the plan.

(c) Monitoring and Evaluation Framework (Volume III)

The monitoring and evaluation framework highlights the institutional framework that guided the monitoring and evaluation of FYDP II's performance. It emphasises coordination, timelines, performance indicators, provision of feedback, and corrective mechanisms for implementation.

(d) Communication Strategy (Volume IV)

The Communication Strategy elaborates on the approach that has to be used to ensure an efficient flow of information to all stakeholders throughout the implementation, as well as the expected outcomes and impact thereafter.

2.6 Link between Performance Audits conducted and the Priority Areas of the Five-Year Development Plans II and III and SDGs

I have conducted 14 performance audits addressing issues in Five Years Development Plans II and III and Sustainable Development Goals (SDGs) for the financial year 2022/2023.

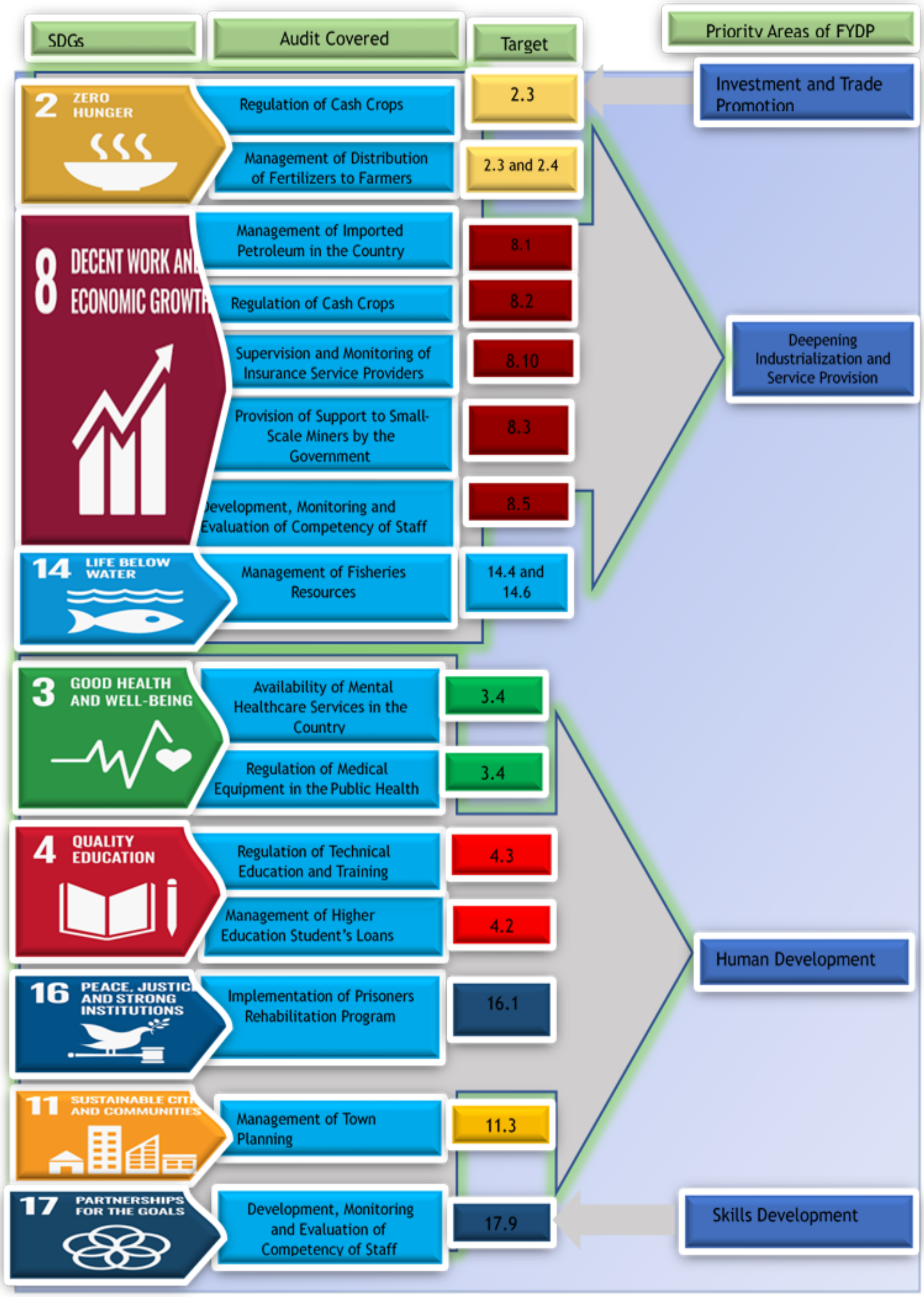
The themes considered are those related to human development and economic transformation, as stated in FYDP II and III. FYDP II and III have a set of priority areas that play a vital role in ensuring the effective implementation of the plans. The priority areas for FYDP II include promoting growth and industrialization for economic transformation, enhancing human development, improving the enabling environment for enterprise development, and improving effective implementation. Meanwhile, the priority areas for FYDP III encompass realizing an inclusive and competitive economy, deepening industrialization and service provision, investment and trade promotion, human development, and skills development.

Human development is intended to pave the way for achieving the SDGs and FYDPs as projected. The concept of human development encompasses all aspects of human progress and the flourishing of individuals in matters of public, private, social, political, and economic life.

Economic transformation calls for countries to reframe their economic policies and practices towards an inclusive, diversified, and job-intensive economic transformation that leaves no one behind, protects the planet, and strengthens the ecological foundations of economies. The SDGs and FYDPs are recognized tools for assessing human and economic development progress at global and national levels, respectively.

Figure 8 provides the summaries of the performance audits conducted, their corresponding SDG themes, and FYDP priority areas. The interventions are presented hereunder, and their details are in **Appendix 1**:

Figure 8: Performance Audits Conducted and their Corresponding SDG's themes and FYDPs Priority Areas and Interventions



Source: SDGs, FYDPs and Performance Audit Reports, 2024

2.7 Funding for the Implementation of the Five-Year Development Plan III, 2021/22 to 2025/26

Based on the Financing Strategy (2018) for the implementation of the Second National Five-Year Development Plan, the achievement of the FYDP II, which is focused on enhancing economic transformation, human development, industrial development, and fostering implementation effectiveness, is carried out with effective resource mobilization and well financing mechanism.

The financing mechanism included both traditional and innovative sources of financing. Traditional financing sources include tax revenue, non-tax revenue, domestic borrowing, and external finance. Innovative sources of financing have also been identified to complement the traditional sources. This category includes both domestic and external sources of financing through either exploring related opportunities that were not utilized or coming up with new products, which comprise Foreign Market Bond, LGAs bonds/municipal bonds, Climate change financing, Development financial institutions (TIB), Pension equity fund; Public Private Partnerships (PPP) and Foreign Direct Investments.

CHAPTER THREE

MANAGEMENT OF HEALTH CARE SERVICES

3.1 Introduction

This chapter presents the main audit findings derived from the performance audit reports related to the extent of availability of mental healthcare services, as well as the regulation of medical equipment in the public health facilities in the country. It describes the audit areas, government entities involved in the audit, links to SDGs and the FYDP II and III, and its impacts.

These performance audits include:

(a) Performance Audit on the Availability of Mental Healthcare Services;

(b) Performance Audit on the Regulation of Medical Equipment in the Public Health Facilities.

3.1.1 Background Information

According to the Ministry of Health Annual Health Sector Performance Profile, 2022, at Mirembe National Mental Hospital, there was an increased number of patients who attended mental illness treatment from 3,472 patients in 2019 to 5,060 patients in 2022, equivalent to 31% of the patients. Also, the Tanzania Mental Health Profile of 2020 estimates that the burden of mental illness has contributed to the suicide mortality rate of 8.15 per 100,000 population. Similarly, the Annual Health Sector Performance Report of 2022 from the Ministry of Health estimates that the burden of mental illness has increased from 386,358 patients to 2,102,726 patients from 2012 to 2021, respectively, which has increased by 82%.

Furthermore, according to the WHO Regulation of Medical Devices, a step-by-step guide of 2016, medical equipment regulation encompasses activities to ensure the equipment is quality, safe, and efficacy. It comprises processes that start from manufacturing, procuring, installing, operating, maintaining, and disposing/ recycling equipment that is no longer suitable for use. Similarly, proper regulation of medical equipment helps the management of health facilities to develop and monitor their equipment, ensuring its safety and performance.

In this respect, in the year 2020, the Government of Tanzania, through the Ministry of Health, spent an amount of TZS 68.706 billion to procure Medical Equipment for Health Facilities located in 22 Local Government Authorities throughout the country to implement the National Healthcare Policy of 2017. Based on this fact, it is essential to properly regulate medical equipment to achieve value for money while ensuring the delivery of healthcare services of the intended quality.

3.1.2 Healthcare Services as Linked to the SDG and the FYDP II and III

Goal three of the Sustainable Development Goals is to ensure stable mental health and well-being, including the prevention of suicide. This is stated in target 3.4.2, which intends to reduce by one-third premature mortality from non-communicable diseases through prevention, treatment, and promotion of mental health and well-being, including a reduction of suicide mortality rate by 2023.

Key interventions in FYDP III were to construct and rehabilitate inclusive health facilities; Ensure availability of medicine, medical supplies, reagents, vaccines, and pharmaceutical equipment; Strengthen specialized and super-specialized services in all zonal, specialized, and national referral hospitals; and promote and support the establishment of vaccines, medicines and medical equipment manufacturing industries; as further detailed in **Table 2** below with key activities.

Table 2: Health Intervention Areas

Areas of Interventions	Targets	Programme	Key Activities	Expected Output
Strengthen specialized and super-specialized services in all zonal, specialized and national referral hospitals	Reduced from 40 patients to less than 20 patients to be referred abroad by 2025	Strengthening Specialized and Super specialized services	Purchase of specialized and super-specialized medical equipment;	Equipment for specialised and super-specialized purchased
	100% of Hospitals at		Train 70 super-specialized health providers	Super specialised Health

Areas of Interventions	Targets	Programme	Key Activities	Expected Output
	National and Zonal level to provide super-specialized services by 2025		in the areas of cardiac, cancer, renal, neurosurgery, orthopaedics, gastroenterology, neurology, interventional radiology, etc;	workers trained
Promote and support establishment of vaccines, medicines and medical equipment manufacturing industries	50% or less health commodities imported	Local production of health commodities	To procure, store and distribute medicines, medical supplies, reagents, vaccines and medical equipment.	Public human vaccine plant established
Educate the community precaution measures and early detection on non-Communicable Disease	From 40% to 60%	Control of non - communicable Disease	Not highlighted in FYDP III	Case detected; Awareness Created and knowledge Enhanced.

Source: Five Years Development Plan III (2021/22- 2025/26)

3.1.3 Government Strategies and Efforts in the Management of Healthcare Services

The government had set key strategies for improving the health sector, as detailed in **Figure 9 below.**

Figure 9: Government Key Strategies for Improvement of the Health Sector

Health Sector Strategic Plan V (July 2021 - June 2026)	Central to this objective is the implementation of preventive measures targeting lifestyle-related risk factors, mental health concerns, and environmental influences. It focuses on the quality of care, which is geared towards ensuring the availability of high-quality essential healthcare services and interventions, which include adequate diagnostic services. The government's strategy involves strengthening the standardised procurement system and enhancing preventive maintenance and repair procedures for Medical Equipment
MoH Medium Term Strategic Plan of 2016/17 - 2020/21	The strategy aimed to improve curative services through diagnostic services and the quality of health services in all health facilities. This was to be attained through strengthened laboratory management, planned preventive maintenance of medical equipment at all levels of health facilities, quality radiology services maintained at all levels, and operationalised medical equipment inventory at all health facilities. The outcomes would be the improved quality of Health Laboratory and radiology services.
Strategic and Action Plan for the Prevention and Control of Non-Communicable Diseases in Tanzania (2016 -	This plan sets forth a comprehensive strategy to tackle mental health issues and substance abuse, recognizing their significant impact on public well-being. Through a combination of preventive measures, treatment protocols, and initiatives aimed at promoting mental well-being, the plan seeks to mitigate the adverse effects of NCDs on Tanzanian society. Central to the strategic interventions outlined in the plan is a commitment to bolstering financing for Non-Communicable Diseases (NCDs). This commitment underscores the government's recognition of the urgent need to allocate sufficient resources to combat the growing prevalence of NCDs and their associated health

3.2 Audit Objective and Scope

3.2.1 Audit Objective

The main objective of the audits was to assess and determine whether the Ministry of Health has ensured the availability of mental healthcare services and medical equipment regulations to ensure adequate delivery of healthcare services.

Specifically, the Audit Assessed whether;

(i) The Ministry of Health (MoH), Ministry of Community Development, Gender, Women and Special Groups (MoCDGWSG), and the President's Office-Regional Administration and Local Government (PO-RALG) have adequately ensured the availability of Mental Healthcare Services to ensure that individuals in need receive timely and appropriate Mental Healthcare Services in the country;

(ii) The Ministry of Health (MoH) and the Tanzania Medicines and Medical Devices Authority (TMDA) have effectively regulated the medical equipment to ensure the safety and quality of healthcare services delivered by Public Health Facilities in the country.

3.2.2 Audit Scope

For the Performance Audit on the provision of mental health services, the Ministry of Health was the main audited entity, and other audited entities were the Ministry of Community Development, Gender, Women and Special Groups (MoCDGWSG) and President's Office – Regional Administration and Local Government (PO-RALG). The focus of the audit was on assessing the availability of Mental Healthcare Services in the country whereby the audit assessed the identification mechanisms of mental health-challenged individuals, provision of psychosocial care at the community level, availability of sufficient resources (infrastructures, experts, medical equipment and medicines), provision of rehabilitation services, provision of awareness and coordination among actors on the provision of both Mental Healthcare Services and psychosocial care in the country. The scope of the audit was five (5) financial years from 2018/19 to 2022/23.

Meanwhile, for the Performance Audit on the Regulation of Medical Equipment in Public Healthcare Facilities, the audited entities were the Tanzania Medicines and Medical Devices Authority (TMDA) and the Ministry of Health. The audit assessed how Medical Equipment was regulated and managed throughout its life cycle, including pre-marketing authorisation, during marketing, maintenance, performance monitoring, and the disposal of unfunctional Medical Equipment. It further assessed the effectiveness of coordination between Ministries (MoH & PO-RALG), TMDA, and Healthcare Providers in regulating Medical Equipment. Therefore, the audit covered the period of four fiscal years, from 2019/20 to 2022/23.

3.3 Audit Findings on the Availability of Mental Healthcare Services

The main audit findings from the Performance Audit on the availability of Mental Healthcare Services are as detailed below:

3.3.1 Limited Availability of Mental Healthcare Services to all Healthcare Levels

The Audit found that the Mental Healthcare Services were not effectively integrated into primary healthcare in the visited regions. The audit revealed that the five district hospitals visited had no mental health section that was to be equipped with one assistant medical officer, two psychiatric nurses, and one social welfare hospital. Only two out of five visited district hospitals, i.e., Igawilo and Kivule District Hospitals, which had psychiatric nurses trained for the provision of mental healthcare services.

Also, the audit noted that mental healthcare services were well integrated at the national and super-specialized hospitals. However, out of the 3 visited Zonal Hospitals, only one had not integrated Mental Healthcare Services. Benjamin Mkapa Zonal Referral Hospital had not integrated Mental Healthcare Services effectively due to the absence of mental health specialists and mental health infrastructures, such as wards, to provide mental healthcare services.

Partial integration of the mental healthcare services at Benjamin Mkapa Zonal Referral Hospital affected the patients who needed the intervention of two specialists, one being Mental Healthcare Services. Further clarification was sought from the MoH on why Benjamin Mkapa Zonal Referral Hospital was not integrated with mental healthcare services. It was noted that the patients referred to Benjamin Mkapa Zonal Referral Hospital were transferred to Mirembe National Mental Hospital because the hospital is located nearby in the region. This was noted to be contrary to the basic standard requirements of the establishment of health facilities for the service provision.

3.3.2 Identification of Mental Health Challenged Individuals was not Effectively Done at the Community Level

The audit revealed a lack of identification of mentally challenged individuals at the community level. Rather, identification was focused on drug abusers, elderly, disabled, vulnerable children, and those facing childhood pregnancy. This has been attributed to inadequate funding for social welfare services and the absence of Social Welfare Officials at lower levels, including villages and streets. There are only 2.8% of required Social Welfare Officers at the ward level and none at the village level, thus causing insufficient identification of individuals with mental health challenges. This is hindering the ability of officers to identify individuals with mental health issues and highlighting a financial constraint.

Furthermore, despite the presence of mentally challenged people who were evidenced in Dodoma and Dar es Salaam streets but were not identified, and given Psychosocial Support Services and appropriate referrals. The Audit noted no evidence in place for referrals of mentally challenged individuals from the point level to appropriate service points. This is contrary to Section 2.1.4 of the Psychosocial Care and Support Services guideline at the Point Level, which requires the provision of advice on referral cases that require more advanced psychosocial care and support or medical attention. Additionally, no records or documents were maintained to monitor their progress.

This is attributed to insufficient collaboration and coordination between service providers due to a lack of reporting structure and implementation reports for referring patients to the next service level. This impedes the referral process and the shortage of trained professionals for mental health at lower levels. When service points (health facilities, ward social welfare officers) have limited information sharing, it can be challenging to ensure seamless referrals and track the progress of patients.

3.3.3 Unavailability of Psychosocial Care and Support Services at the Community Level

Section 3.0.5 of the National Guideline on the Provision of Psychosocial Care and Support Services at the Village/Street level states that the provision and coordination of PSS services occurs at the Village/Street level. Social welfare officers at this level provide Psychosocial Care and Support Services and play a crucial role in ensuring that all other service providers adhere to the National Guidelines for Psychosocial Care and Support Services. They also play a crucial role in determining the responsiveness of Psychosocial Care and Support

Services and responding to specific community members' (beneficiaries') concerns.

The Audit noted that the Psychosocial Care and Support Services were not Timely available at the Point Level; it was not provided to individuals in need timely due to a shortage of social welfare officers, insufficient funds for Psychosocial Care and Support Services and inadequate follow-up on Psychosocial Care and Support Services from LGAs. Also, The Audit noted the absence of infrastructures, such as readily available offices, that would provide confidentiality of the issues discussed with the social welfare responsible for providing Psychosocial Care and Support Services. For instance, during visits to the Local Government Authorities (LGAs), the audit team observed that social welfare officers providing Psychosocial Care and Support Services had to share rooms with other officers. This arrangement necessitated vacating the room whenever a client required counselling to ensure privacy and space for the session.

The unavailability of community-level psychosocial services had broader public health implications, as untreated mental health issues led to increased substance and alcohol abuse. Timely access to psychosocial support is essential for early intervention and prevention of more severe substance abuse and alcohol abuse.

(a) ***Psychosocial Care and Support Services were not Effectively Mainstreamed into Plans, Budgets, Policies, Programs, Interventions, and Strategies at all Levels***

The audit found that psychosocial care and support services were not effectively mainstreamed into plans, budgets, policies, programs, interventions, and strategies at all levels. The audit revealed the President's Office - Regional Administration and Local Government's (PO-RALG's) inability to integrate psychosocial services into plans effectively. This resulted in incomplete coverage for various groups, including mentally ill individuals, and insufficient mainstreaming of psychosocial activities, comprehensive coverage, and prioritisation of specific groups. This has been attributed to inadequate communication and coverage of key performance indicators for Psychosocial Support Services (PSS), affecting the preparation of LGAs' strategic plans by the Ministry of Community Development, Gender, Women, and Special Groups.

Also, the audit noted a lack of monitoring and evaluation by the Ministry of Community Development, Gender, Women and Special Groups (MoCDGWSG) and the PO-RALG for implementing Psychosocial Care and Support Services. This deficiency prevents the identification of challenges hindering effective implementation of PSS and the development of a corresponding action plan.

(b) PO-RALG and MoCDGWSG did not ensure that the Provision of Psychosocial Care and Support Services was of the Required Standards as Directed by the Guideline

The audit noted a lack of oversight by PO-RALG and MoCDGWSG, as they did not ensure adherence to the set targets during the provision of Psychosocial Care and Support Services. This lack of oversight is evident in the Ministries' absence of data regarding trained Psychosocial Care and Support Services personnel, including information on delivering quality Psychosocial Care and Support Services, the number of individuals served by trained Psychosocial Care and Support Services Providers, and the improvement assessment of individuals who received services from trained Psychosocial Care and Support Services Providers.

(c) Inadequate follow-up on the referral cases to ensure that they were properly attended to and feedback was provided to psychosocial care and support services providers

The audit found that the social welfare officers at the point level did not provide referrals of mentally ill individuals as stipulated in the Psychosocial Care and Support Services guidelines. So, no feedback was stipulated in the Psychosocial Care and Support Services guidelines, and therefore, no feedback was given to the Social Welfare Officials. This was due to the non-identification of the mental health-challenged individuals at the community level, and thus, no referrals were made at the lower levels.

The absence of clear and organised systems for tracking and managing referrals can make it difficult to ensure that each case is properly attended to and that feedback is provided for continuous monitoring of patients at the community level. The audit also noted that for the patients with self-referrals to the hospitals, inadequate feedback was still given to social welfare officials for continuous monitoring of the patients.

Non-provision of feedback to psychosocial care and support service providers means they may be unaware of the available patients who need their interventions and may not be integrated well into the community after their treatment.

3.3.4 Insufficient Resources (Experts, Infrastructure, Medical Equipment and Medicines) to Facilitate the Provision of Mental Healthcare Services

The audit noted inadequate availability of experts at all levels of healthcare facilities, whereby the Ministry of Health and President's Office, Regional Administration and Local Government (PO-RALG) did not ensure the availability and adequate allocation of experts at all levels for the provision of Mental Healthcare Services at national, zonal, regional, district Hospitals.

There was an inadequate number of staff at national-level hospitals for the provision of mental healthcare services. Mirembe National Mental Hospital had a critical shortage of Geriatric psychiatrists, Addiction specialists, Child and Adolescent psychiatrists, Speech and language therapists, and Forensic Psychiatry cadres, with a 100% gap. Similarly, the availability of psychiatrists, psychologists, clinical neurologists, and psychiatric nurses did not meet the requirement. Similarly, Muhimbili National Hospital had no pediatric neurologist, a 95% deficiency of psychiatric nurses, and a 21% deficiency of Psychiatrists from the required number.

Similarly, staff at Zonal Referral Hospitals were unavailable to provide mental healthcare services. The Audit team reviewed the establishment of the psychiatric staff at zonal hospitals. It was found that there were no experts at Benjamin Mkapa Zonal Referral Hospital and no psychiatric specialists compared to the required categories and numbers by the Basic Standard for Health Facilities, 2017.

Moreover, an insufficient number of psychiatrists at Regional Referral Hospitals for the provision of Mental Healthcare Services was noted at Tabora, Dodoma, and Mbeya Regional Referral Hospitals.

However, for occupational therapists, two out of the five visited Regional Referral Hospitals were noted to have gaps in staffing compared to the required number of experts, as per the guidelines, particularly in Dodoma and Amana Regional Referral Hospitals, which had a gap of 100%. This has been attributed to the Ministry of Health's lack of a recruitment plan for mental health professionals and the absence of a scheme of service to accommodate graduates for the psychiatrists' services. This results in limited access to healthcare services.

Inadequate Infrastructures to Attend both Adults and Children Inpatients during Mental Healthcare Services Treatment

Generally, healthcare facilities do not have wards for admitting children and adolescents. Similarly, at the regional level, Sekou Toure, Mbeya, Dodoma, and Amana Regional Referral Hospitals did not have male, female, children, or adolescent wards. Funds were not allocated for the construction of wards, and there was a lack of Plans for the construction of wards for Mental health, leading to challenges in issuing adequate inpatient services.

For Zonal Referral Hospitals, Dodoma (Benjamin Mkapa Zonal Referral Hospital) did not have wards for admission of mental health patients because it had no section for mental healthcare services.

Insufficient Availability of Medical Equipment and Medicines to Facilitate Effective Service Provision of Mental Healthcare Services by Practitioners.

Objective 3 of the MoH Non-Communicable Diseases Strategic Plan 2016-2020 aims to ensure adequate availability of medical equipment and supplies for non-communicable diseases, including mental health.

However, the availability of Psychiatric Medicines, which were supposed to be supplied by the Medical Stores Department (MSD), was not adequately attained. Still, they managed to have medical supplies from private vendors to fill the gap. The audit noted that during the financial year 2021/22, the highest supply of psychiatric medicines by the Ministry of Health through MSD was 20% at Mirembe National Mental Hospital, which was only for Haloperidol medicines.

Similarly, the audit team visited the five hospitals at the regional level and noted that the highest received value of psychiatric medicines was 3% of the ordered quantity of medicine. However, the audit noted an insufficient supply of medicines in Mbeya and Dar es Salaam (Amana) Regional Referral Hospitals.

The insufficient supply of medicines has been contributed by the low prioritization of mental health, resulting in the non-availability of drugs and medical equipment, putting a risk of varied high prices of medicines from prime vendors and delay in the supply of drugs. This lack of prioritization has led to frequent shortages of essential drugs and medical equipment, posing significant risks to caring for patients. The unavailability of necessary medications does not only jeopardize the efficacy of treatment but also exacerbates the already challenging conditions faced by individuals with mental health disorders.
Moreover, the reliance on prime vendors for the procurement of medication has often led to inflated prices and delays in the supply of drugs.

Also, the Audit noted inadequate availability of diagnostic and treatment equipment for mental healthcare services, as detailed in **Table 3**. The required equipment included Magnetic Resonance Imaging (MRI), Electroencephalogram (EEG), and Electroconvulsive Therapy (ECT), which are important in the study of brain injuries and activities and bipolar or depression, respectively.

Table 3: Availability of Equipment at All Levels

Cadre	National		Zonal		Regional	
	Required	Available	Required	Available	Required	Available
ECT	2	0	5	0	31	0
EEG	2	2	5	1	31	0
MRI	2	1	5	3	0	0

Source: *Auditors' Analysis from the National Guidelines for Healthcare facilities and also Documents from the Ministry of Health, 2023*

3.3.5 Unavailability of Rehabilitation Services for Skills Development, Community Integration and Recovery-Oriented Supports

The National Rehabilitation Strategic Plan of 2021-2026, states that national clinical practice guidelines are an important way to ensure that the rehabilitation interventions provided have been proven effective and standardised care across the country. However, up to December 2023, no national clinical practice guidelines for rehabilitation were developed.

The audit revealed that out of 28 regions, only five had rehabilitation centres for mental healthcare services: Kilimanjaro, Mwanza, Dar es Salaam, Dodoma, and Kigoma. Only three of these are government-owned, while the remaining two are charity centres, thus creating barriers to rural patients getting service. Moreover, the audit revealed that of the three zonal hospitals, one had a rehabilitation centre, i.e., Mbeya Zonal Referral Hospital. Benjamin Mkapa Zonal Referral Hospital had no mental healthcare rehabilitation centre since they depended on Mirembe National Mental Hospital to provide the services. At the national level, Mirembe National Mental and Muhimbili National Hospitals had rehabilitation services.

The audit revealed that two mental healthcare rehabilitation centres, Hombolo in Dodoma and Vikuruti in Dar es Salaam, are in poor condition due to dilapidated buildings, kitchen, and toilet facilities. The Mbeya Zonal Rehabilitation Centre is abandoned and not functioning, so the people living around it have invaded the place and are carrying out agricultural activities.

The Audit found a lack of standard guidelines for designing and constructing necessary infrastructure for rehabilitation centres for mental healthcare services, hindering their overall development. The audit revealed a shortage of Mental Healthcare Services rehabilitation experts in the country, with an observed gap of 72% at Muhimbili National Hospital and 75.8% at Mirembe National Mental Hospital. This has been contributed to by the absence of a recruitment plan to capacitate the rehabilitation services, leading to limited access to rehabilitation services.

Insufficient Budget to Support Provision of Comprehensive Rehabilitation Services

A review of the National Rehabilitation Strategic Plan of 2021-2026 revealed that rehabilitation services does not have an allocated budget line within the MoCDGWSG administrative structure, and further integration into health financing mechanisms is required. Rehabilitation services require adequate resourcing to implement and sustain the actions of the National Rehabilitation Strategic Plan.

Moreover, the Medium-Term Expenditure Framework for the Ministry of Health (2018/19 – 2022/23) showed that no budget was set aside for rehabilitation services. During the site visit at the rehabilitation centres, the Audit found that there was no budget allocated for them. Still, the rehabilitation centres had domestic activities that contributed to income, such as animal keeping and poultry; however, this was enough to run the patients' daily lives and not conduct major maintenance of the centres.

Absence of Follow-up Programs

Furthermore, the Audit found that there were no follow-up programs for monitoring and supporting community integration of rehabilitation programs due to limited resources and a lack of proper data. Rehabilitation data was not integrated into the Health Management Information System (HMIS) at all levels, and there was no centralised collection or analysis of data, highlighting the absence of national indicators built on rehabilitation data. The Medium-Term Expenditure Framework for the Ministry of Health shows that there was no budget allocated for rehabilitating mental healthcare services, leading to insufficient management of healthcare services to ensure its adequacy.

3.3.6 Ineffective Implementation of Mental Healthcare Services Awareness Campaigns

The audit noted insufficient mechanisms for awareness campaigns and strategies on mental health. They used World Mental Health Day, which is done on October 10 every year, and World Suicide Prevention Day, which is observed on September 10 every year, to increase awareness. The awareness campaigns were conducted during the mentioned time due to the absence of a National Council for Mental Health that would have organised, influenced, and promoted the identification and implementation of mechanisms and strategies to promote awareness for mental healthcare services.

The Audit found insufficient awareness campaigns for mental health, despite the use of World Mental Health Day and World Suicide Prevention Day, due to the absence of a National Council for Mental Health. Moreover, the Audit found that low prioritisation, lack of budget allocation, and absence of a National Council for Mental Health have led to inadequate community awareness and increased stigma, resulting in the use of national days for awareness rather than other strategies.

The audit noted that no plans were in place at the MoH, MOCDGWSG, and PO-RALG to provide mental health awareness. At the community level, there was no provision for awareness programs. A review of the visited LGAs MTEFs also revealed that no activities to provide awareness on mental health were identified in the budget. This resulted from inadequate planning and the absence of priority given to the provision of awareness. As a result, no budget was set aside for implementing the awareness program.

3.3.7 There was inadequate Coordination on the Provision of Mental Healthcare Services among Government Entities

The Ministries did not adequately coordinate the provision of mental healthcare services among Government entities. There were no defined roles and responsibilities between stakeholders that allowed proper coordination among the stakeholders. This was due to the absence of a National Council for Mental Health that would have defined the roles and responsibilities of stakeholders. According to Section 31, (1), (b) of the Mental Health Act, 2008, the functions of the National Council for Mental Health shall be to form working links between various sectors and disciplines for coordination and promotion of mental health.

Furthermore, no National Mental Health Council was formulated to supervise, manage, and coordinate the availability and provision of mental healthcare services. This has been attributed to the lack of initiatives by the ministries since the formulation of the Mental Health Act in 2008 to ensure the existence of a functioning council to manage and coordinate mental health issues in the country. However, the audit found that there was a draft of the Technical Working Group Terms of Reference between the ministries to improve the mental health and psychosocial needs of individuals, families, and communities, especially those of children and vulnerable populations. This was to be achieved by making the most of the available resources and ensuring efficiency and appropriation of interventions for these needs.

3.4 Audit Findings on the Management of Medical and Laboratory Equipment

This section presents the main audit findings for the Performance Audit on the Regulation of Medical Equipment in Public Health Facilities as detailed below;

3.4.1 The Existence of Unfunctional Medical Equipment in the Country

The audit noted that the presence of unfunctional medical equipment in Tanzania contradicts the goals outlined in the TMDA Strategic Plan for 2016/17-2020/21. This plan mandated the Tanzania Medicines and Medical Devices Authority (TMDA) to enhance oversight and ensure the quality, safety, and efficacy of medical equipment and diagnostic tools through more rigorous regulatory measures.

Observations made during the audit in 18 visited public health facilities found that 135 out of 492, equivalent to 27% of medical equipment, were unfunctional. Meanwhile, the largest percentage of unfit medical equipment was found in the central zone, with 37 unfunctional medical equipment out of 115, equivalent to 32%. However, referring to the data collected for medical equipment obtained from the Directorate of Radiology and Imaging Services at the Ministry of Health, it was found that they only had data for 9 out of 16 sampled medical equipment, where 14% of the selected Medical Equipment were found unfunctional.
In other cases, the analysis indicated that unfunctional Medical Equipment was attributed to a lack of preventive Maintenance for the Medical Equipment in the Public Health Facilities. However, an interview with MoH officials revealed that unfunctional medical equipment is comprised of outdated ones that have been replaced with others that have advanced technology. This implies that health facilities have transitioned from analogue to digital medical equipment.

Consequently, the existence of unfunctional medical equipment in the country led to the inability to realise the objective of providing quality, safe, effective, and productive health services to the citizens.

3.4.2 Inadequate Procedures for the Registration of Medical Equipment

TMDA was mandated to register Medical Equipment manufactured within and outside the country before use. In this respect, the audit noted the following inadequacies regarding the procedures for registration of medical equipment.
In the financial year 2019/20 to 2022/23, there were 150 out of 209 registered medical equipment, equivalent to 72%, which were inadequately recorded by TMDA. The Equipment records on the specified date of application for registration or the issuance of the certificates were not found in the TMDA's Register of Medical Equipment. This led to an inability to determine the certificate's expiration date on registration for the medical equipment.

Also, the Audit noted delays in processing the applications for the registration of medical equipment, as revealed during the period of the financial year 2019/20 to 2022/23. During that period, only 5 out of 59 selected Medical Equipment with both information for application for registration and certificate release were registered within 90 days. For the remaining 54 out of 59 Medical Equipment, equivalent to 91% of the selected medical equipment, the processes for their registration were completed beyond 45 and 90 working days. Of the remaining 54 medical equipment, four (4) fell in class A, which should take 45 working days, and 50 fell in class B and C, which need 90 working days for registration purposes. This is contrary to the requirement of the TMDA Clients' Service Charter, 2020, which indicates that the registration of medical equipment shall take 45 working days for Class A and 90 working days for Classes B and C. Therefore, this poses a risk of delays to the intended health services from using Medical Equipment.

Ineffective Renewal of Medical Equipment Certificates of Registration by TMDA

The analysis of the database from the extract of the Regulatory Information Management System (RIMS) of TMDA indicated that, on average, TMDA did not ensure the timely renewal of 53% of the expired certificates for the period of 4 Financial Years, namely 2019/20-2022/23.
The audit revealed that the ineffective renewal of certificates of registration of medical equipment was caused by a lack of an effective framework for regulating medical equipment for TMDA clients regarding the expiration of certificates for registered medical equipment. Similarly, TMDA did not have a

mechanism to enforce the renewal of medical equipment registration within the accepted 90 days.

The Audit further noted the ineffective renewal of certificates of registration of medical equipment that led TMDA not to receive the Post Market Surveillance on the medical equipment required under Regulation 17(3) of the Tanzania Food, Drugs and Cosmetics (Control of Medical Devices) Regulations, 2015, which states that Registrants must submit biennial post-marketing surveillance reports, including any adverse occurrences experienced. This ultimately led to the loss of revenue collection because TMDA would have collected a sum of TZS 10,261,473,750 from renewing the Certificate of Registration for the financial years 2019/20 to 2022/23. The largest number of unrenewed registrations of medical equipment by TMDA was noted in the financial year 2022/23, in which TMDA did not collect an amount of TZS 9,611,538,750 from 1,538 medical equipment.

3.4.3 Ineffective Collection of Samples of Medical Equipment Applied for the Registration and During Importation

Through the review of registration documents at TMDA, the audit found that TMDA was not taking samples of medical equipment before and after registration before the medical equipment was circulated into the market in the country. This fact was confirmed during interviews with TMDA officials, who revealed that TMDA did not verify the performance of medical equipment by collecting samples during registration and after installation in respective health facilities. The inability to fulfill the requirement for taking samples of medical equipment by TMD was due to an oversight of such a provision by TMDA in the development of such regulation and other guidelines for the control of medical devices.
TMDA focused only on small medical devices, such as syringes, surgical sutures, examinations, surgical gloves, and others, as mentioned in the TFDA Ten Years of Regulating Food, Medicines, Cosmetics, and Medical Devices milestones attained. Similarly, it was attributed to the lack of space by TMDA to accommodate large medical equipment or laboratories for testing samples of such medical equipment.

TMDA did not ensure the Registrants for Medical Equipment Effectively pay an Annual Retention Fee for their Registered Medical Equipment

Through the review of the payment for retention fees, the Audit found that 51% of medical equipment registrant did not pay for their annual retention fees. Regardless of registrants not paying their retention fees, TMDA neither suspended nor cancelled their registration for a period of four financial years from 2019/20 to 2022/23. This is contrary to Regulation 17(2) and 18(g) of the Tanzania Food, Drugs and Cosmetics (Control of Medical Devices) Regulations, 2015. This implies that TMDA did not collect revenue amounting to TZS 241,040,000, with the highest defaulters of 188 registrants and uncollected amount of TZS 86,977,965 noted in the financial year 2022/23. This was because TMDA did not ensure whether the defaulted registrant from payment of annual retention fees for registered medical equipment in use still complied with other registration requirements to safeguard people's health and the public in general while using such medical equipment.

3.4.4 Ineffective Regulation on Medical Equipment Imported by the Public Health Facilities

The audit found that for the financial years 2019/20 to 2022/23, the inspection reports and certificates for the importation of medical equipment did not have details regarding the inspection conducted on the medical equipment at the port of entry. This was contrary to the requirement of Regulation 56 (1) of the Tanzania Food, Drugs and Cosmetics(Control of Medical Devices) Regulations, 2015. In turn, the medical equipment in the public health facilities was imported and installed without prior verification by TMDA on their safety, quality, and efficiency.

This was attributed to the absence of human resources with the required skills to verify the quality of the imported medical equipment. The inspectors at the ports of entry who mainly dealt with the inspection of medical equipment were mostly pharmacists and doctors of medicine with inadequate knowledge and skills in biomedical engineering. Similarly, there were no tools for inspecting medical equipment at the port of entry, especially an inspection checklist.

Non-provision of Import Permit to Procure Medical Equipment by Public Health Facilities

TMDA did not effectively issue import permits for all procured Medical Equipment. This was because TMDA did not appropriately consider all import permit application criteria, as stated in Paraph 1.5.3 (b) of the TMDA Guidelines for the Importation and Exportation of Medical Devices, including in Vitro Diagnostics, 2015. This requires an application for an import permit to be submitted along with a letter that clearly stipulates the reasons for the importation of such equipment from the applicant or qualified medical practitioner, such as a dentist, veterinary surgeon, or any other authorised practitioner. TMDA issued permits only considering the proforma invoice attached to the Integrated Management Information System (IMIS).

3.4.5 Non-Establishment and Keeping the Reference Standards for Medical Equipment as per the International Standards Organisation

However, TMDA had not effectively established and maintained files of international standards and regulatory requirements for reference of each medical equipment and family, as a result of International Organization for Standardization (ISO) charges on the subscription of its Standards. This implies that TMDA had to pay a subscription fee to access the service. This makes TMDA lack a code for traceability and transparency in tracking conformity to standards and regulations based on the respective Standards for Medical Equipment.

Moreover, a review of MTEF for the financial years 2019/20 to 2022/23 revealed that TMDA did not allocate funds to acquire the reference code for the standards of the Medical Equipment. Also, it lacked clear processes and guidelines for establishing and keeping such standards.

Ineffective Practice of Using the Standard Operating Procedures for Medical Equipment at Health Facilities

The Audit found ineffective practice of using the standard operating procedures for medical equipment at the health facilities. This was observed in the visited health facilities where 263 out of 426 Medical Equipment were operated without the presence of Standard Operating Procedures (SoPs). This was attributed to a lack of adequate enforcement from TMDA and MoH, resulting from the absence of monitoring by TMDA and follow-up on the implementation of the recommendations issued by MoH during supportive supervision. This includes awareness programmes to familiarise them with SOPs and take appropriate actions against non-compliance. This also resulted in the malfunction of some medical equipment as it was operated without following the required procedures.

3.4.6 The Ministry of Health did not ensure that the Public Health Facilities Maintained Medical Equipment

The audit noted that the Ministry of Health did not have a functional system to ensure the maintenance of Medical Equipment in public Health Facilities for the period under the audit. This was contrary to the requirement of paragraph 7.2 of the Standard Medical Radiology and Imaging Equipment Guidelines (SMRIEG), 2018, which requires medical equipment maintenance to keep it operating as intended. Due to the lack of a functional system for the maintenance of medical equipment, the audit observation through physical verification in 17 visited health facilities noted that 76% of the health facilities had functional medical equipment.

(a) ***The Ministry of Health did not Ensure Adequate Maintenance of Medical Equipment for the Public Health Facilities by their Respective Operational and Service Manuals***

The Audit made a physical verification of selected health facilities from 4 zones, namely, Central, Eastern, Northern, and Western Lake Zones. During verification, it was found that unmaintained medical equipment existed in the respective health facilities, and each medical equipment had its maintenance schedule. Therefore, biomedical engineers scheduled the intervals for maintenance according to SOPs and the Operational Manual of the Equipment. In this regard, the maintenance of Medical Equipment in most cases was delayed for 1 to 3 years, while the plan indicated maintenance to be done at an interval of 1, 3, 6, or 12 months, based on the type and specifications of the equipment. This implied that medical equipment in most health facilities are not maintained. The maintenance is not based on the required maintenance schedule.

Ineffective Enforcement of Calibration and Re-calibration of Medical Equipment in Health Facilities

Through audit visits to the public health facilities, it was found that the calibration and recalibration of medical equipment was commonly done to centrifuge machines. The rest of the equipment was not calibrated. This situation was pointed out in all 18 visited health facilities. They included three at the National, Regional, and District Levels. The other three were from health centres, and two were at the zonal level and super specialised hospitals.

It was further noted that uncalibrated medical equipment was attributed to Health facilities not allocating a budget for the calibration of medical equipment. Calibration of medical equipment ensured that the results from the use of medical equipment in treatment were reliable and met the required standard and intended purpose. Therefore, the lack of calibration of medical equipment resulted in health facilities being unreliable in terms of their efficiency in diagnostics and treatment, thus compromising the patient's health and safety.

3.4.7 TMDA did not Monitor the Performance of Medical Equipment in Public Health Facilities

The audit found that TMDA did not plan for the regular inspection of Medical Equipment in Health Facilities. This was through a review of TMDA Annual Plans for the financial years 2019/20 to 2022/23, whereby the plans for the inspection of Medical Equipment in Health Facilities were not included in the annual plan. Similarly, it was found that the plan developed for post-marketing surveillance covering the financial years 2017/20 to 2020/21 and 2020/21 to 2022/23 did not include provisions for regular inspection of medical equipment in health facilities. Instead, the plan focused on post-marketing surveillance inspection of Medical Supplies.

However, the Audit noted that TMDA did not plan to inspect Medical Equipment in the Public Health Facilities. This was caused by a gap in human resources for exercising their duties since the biomedical engineers and biomedical technologists were missing. Therefore, officials assigned to inspect Medical Equipment were mainly Drug Inspectors, who were experts only in medicine and pharmacy, leading to non-performance of inspections.

Consequently, the lack of a plan for the regular inspection of medical equipment in health facilities resulted in medical equipment in the health facilities remaining with unknown or unmonitored performance. This could not guarantee the users and operators of the quality, safety and efficiency of the services provided.

3.4.8 Inadequate Disposal of Unfunctional[1] Medical Equipment

A review of the disposal reports at TMDA for the financial year 2019/20 to 2022/23 revealed that TMDA did not initiate or receive requests to approve the disposal of medical equipment for the four financial years 2019/20 to 2022/23. Instead, it received reports only for the disposal of other regulated products like syringes and gloves. The Audit revealed that the existence of undisposed medical equipment in the country was attributed to TMDA not having guidelines for the disposal of medical equipment. This could be an important tool to facilitate TMDA in initiating and guiding the disposal of medical equipment while facilitating public health facilities' requests for approval and advice on the appropriate method to dispose of such equipment, as it is the practice for other regulated products.

[1] The unfit Medical Equipment referred for disposal are those which have Deficiency in quality; Deficiency in safety; and Deficiency in performance (Para 7 & 14 of the TMDA Guideline for Handling Unfit Medical Devices and Diagnostics, 2023).

In the same vein, regulation 60 of the Tanzania Food, Drugs and Cosmetics (Control of Medical Devices) Regulations, 2015 did not clearly define under which circumstance TMDA shall initiate the disposal of Medical Equipment. Based on this, TMDA did not initiate the process of disposing of medical equipment.

Consequently, the lack of guidelines for the disposal of unfunctional medical equipment led to 6 out of 18 health facilities being visited with an accumulation of unfunctional medical equipment that was not disposed of.

3.5 Impact on the Attainment of the FYDP and SDGs

Inadequate provision of mental health and diagnostic services due to unregulated medical equipment will hinder the attainment of the Key Intervention in FYDP III, which was to construct and rehabilitate inclusive health facilities that will ensure adequate provision of all needed services, including mental health.

Also, inadequate availability and provision of medicines in mental health and inadequate availability of regulated medical equipment would impact the attainment of FYDP III, which aimed to ensure the availability of medicine, medical supplies, reagents, vaccines and pharmaceutical equipment.

Furthermore, FYDP III aimed to strengthen specialized and super-specialized services in all zonal, specialized and national referral hospitals. This poses the risk of not attaining the set target since there was inadequate implementation of training paediatric neurologists, neurologists and neurosurgeons, who are important in providing specialized and super-specialized mental health care services. Inadequate provision of regulated medical equipment would not support the availability of super diagnostic services to strengthen specialised and super specialised services in National, Specialized and Zonal Hospitals.

Goal three of the Sustainable Development Goals for Ensuring Stable Mental Health and well-being, including the Prevention of Suicide, as stated in Target 3.4.2 of the Sustainable Development Goals (SDGs), by 2030, intends to reduce by one-third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being, including reduction of suicide mortality rate. Non-attainment of the FYDP III that has mainstreamed SDG would hinder the performance of attaining this goal, which can be measured by considering the sustainable provision of mental healthcare and diagnostic services in the country.

CHAPTER FOUR

MANAGEMENT OF AGRICULTURAL ACTIVITIES

4.1 Introduction

This chapter presents the main audit findings derived from the performance audit reports related to the regulation of cash crops and the regulation of the distribution of fertilizers to farmers. It describes the audit areas, government entities involved in the audit, links to SDGs and the FYDP II and III, and its impacts.

These performance audits include:

(a) Performance Audit on the Regulation of Cash Crops; and

(b) Performance Audit on the Regulation of Distribution of Fertilizers to Farmers.

4.1.1 Background Information

Tanzania's development, by large, depends on the use of its natural resources and its endowed ecosystem. For example, about 80% of the rural population's livelihoods depend on agricultural land and livestock keeping. The country's economy mostly depends on agriculture, which contributes to about 24.1% of Tanzania's GDP and 30% of export earnings. It also employs about 77.5% of the total labour force (National Agricultural Policy, 2013).

Cash crops have faced challenges that affected various activities in the value chain. Issues like price fluctuation, delay of payments after selling, and decline in crop production were among the factors affecting cash crops in the country.

The Government of Tanzania has shown interest in overcoming such challenges facing the exportation of cash crops through its Five-Year Development Plan (FYDP III) from 2021/22 to 2025/26.

In the regulation of the distribution of fertilizers, there is a threat of increasing the rate of using unregistered and low-quality fertilizers. As far as the distribution of fertilizer is concerned, the Ministry of Agriculture (MoA) aims to increase the use of fertilizer from 430,000 to 559,000 MT by June 2026. This is expected to be supported by the establishment and operationalization of an efficient system for the distribution of fertilizer.

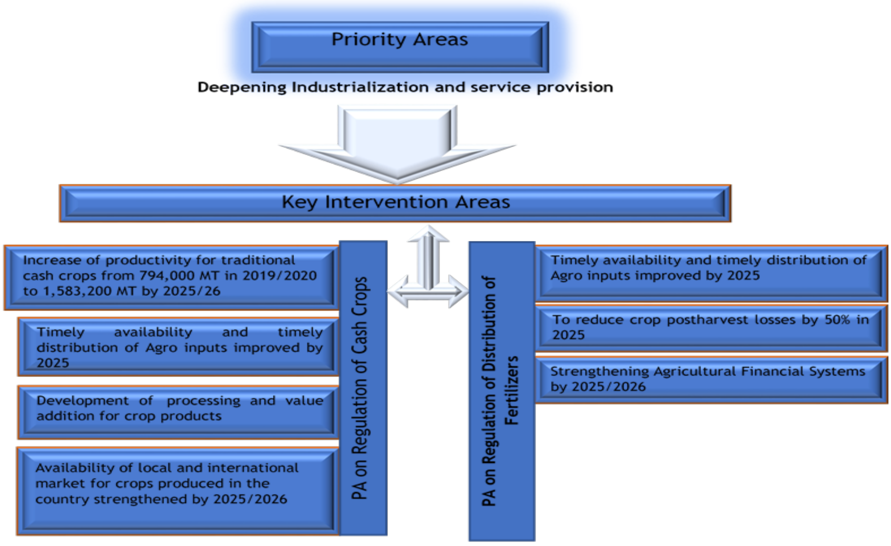
4.1.2 Management of Agricultural Activities Linked to FYDPs and SDGs

This section describes how agricultural activities related to performance audits on the regulation of cash crops and the regulation of the distribution of fertilizers are linked to the SDGs and FYDP III. The details are provided hereunder:

(a) Agricultural activities as Linked to the FYDPs

Regulation of cash crops and regulation of the distribution of fertilizers are reflected in the third National Five Years Development Plan. Para 5.3.1 of the plan envisaged the creation of linkages between the agriculture sector and other economic sectors, creating favourable environments for the private sector to engage profitably in the production and export of agricultural raw materials, semi-final and finished goods, and enhancing productivity in strategic crop production through the use of fertilizers. **Figure 10** below summarizes the described linkage of audited areas with the FYDP III.

Figure 10: Summarized Key Interventions linked to the FYDP III



Source: *Auditors' Analysis using information from FYDP III, 2024*

(b) Agricultural Activities as Linked to the SDGs

To address challenges in agricultural activities, a performance audit on the regulation of cash crops and the regulation of the distribution of fertilizers was conducted.

In ensuring regulation of the distribution of fertilizers and crops, goal number 2 of the 17 SDGs is specifically addressed on targets 2.3 and 2.4, which focus on improving agriculture practices aimed at doubling the agricultural productivity and incomes of small-scale food producers and implementing resilient agricultural practices that increase productivity.

Goal No. 8, target 8.2 of the 17 SDGs of the United Nations, aims to ensure higher levels of economic productivity through diversification and by focusing on high-value addition.

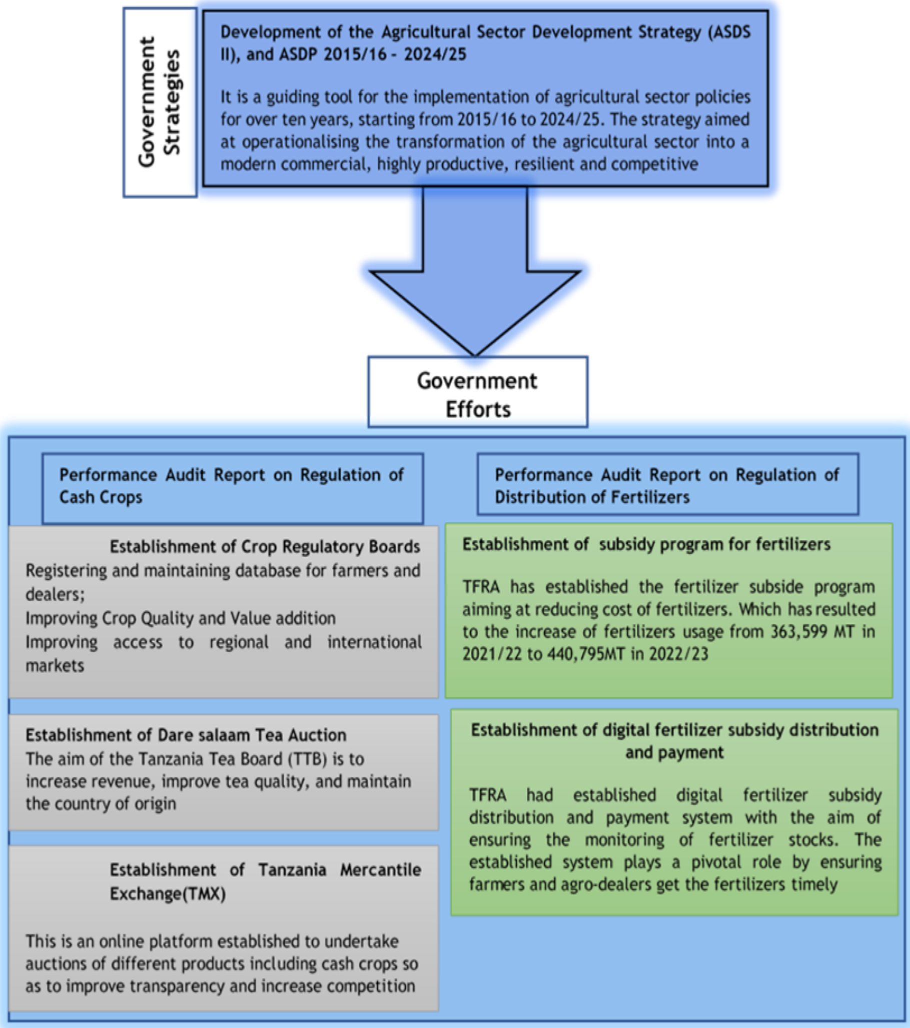
In addition to that, these two audits on the regulation of cash crops and the regulation distribution of fertilizers are further indicated in goal 12, which aims to ensure sustainable consumption and production patterns. Through target 12.4, it is envisaged to achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, per agreed international frameworks, and significantly reduce their release to air, water and soil to minimize their adverse impacts on human health and the environment.

Therefore, by considering goals 2, 8, and 12, of the 17 SDGs of the United Nations, they will strengthen regulation activities of crops and distribution of fertilizer.

4.1.3 Government Strategies and Efforts in the Management of Agricultural Activities

The Government of Tanzania, through the Ministry of Agriculture and Crop Regulatory Boards, has shown efforts that have facilitated the management of agricultural activities, specifically the regulation of cash crops and distribution of fertilizers. **Figure 11** indicates the government strategies and efforts imposed.

Figure 11: Government strategies and efforts in Managing Agricultural Activities



Source: *Auditors' Analysis, 2024*

4.2 Audit Objective and Scope

4.2.1 Audit Objectives

The main objective of the audits was to assess whether the responsible Ministries had adequately managed agricultural activities so as to increase crop production and improve revenue generation in the country.

Specific objectives of the audits were to:

(a) Assess whether the Ministry of Agriculture (MoA), through Crop Boards, has adequately regulated the production, quality, and prices of traditional cash crops to ensure revenues increase and raise farmers' incomes; and

(b) Assess whether the Ministry of Agriculture (MoA), through the Tanzania Fertilizer Regulatory Authority (TFRA), has effectively regulated the distribution of fertilizers and fertilizer supplements to ensure timely availability and accessibility of good quality fertilizers and fertilizer supplements to farmers.

4.2.2 Scope of the Audit

For the audit of the regulation of cash crops, the main audited entities were the Ministry of Agriculture through the Crop Regulatory Boards. It has mainly focused on effectiveness in maintaining databases for farmers, quality control of the cash crops, price regulation, promotion and marketing of crop products, and coordination of crop regulatory activities. Cash crops covered were cashew nuts, tea, tobacco and coffee, while the areas covered were Mtwara, Dar es Salaam, Morogoro and Kilimanjaro. The audit covered five financial years, from 2018/19 to 2022/23.

Meanwhile, in the audit on the regulation of the distribution of fertilizers, the main audited entities were the Ministry of Agriculture and the Tanzania Fertilizer Regulatory Authority (TFRA). The audit mainly focused on regulating the distribution of fertilizers and fertilizer supplements to farmers. Specifically, the audit focused on forecasting demand, distribution, price regulation of fertilizer and fertilizer supplement inspections. The audit covered three (3)financial years from 2020/21 to 2022/23.

4.3 Audit Findings on the Regulation of Cash Crops

This section presents a summary of the main audit findings on the Regulation of cash crops. Details of issues observed are as presented hereunder:

4.3.1 Extent of Regulation of cash crops was found to be inadequate

The regulation of cash crops in Tanzania was inadequate as there was no substantial increase in the production of cash crops for the past five years, from the financial year 2018/19 to 2022/23, as covered in this audit. It was found that Crop Boards did not adequately implement the strategies for production and marketing since they were not approved. Furthermore, the audit noted there was a fluctuation in revenue from cash crops. Detailed assessment is indicated hereunder:

(a) Three out of four Crop Regulatory Boards had no approved Strategies for the Production, marketing and promotion of cash crops

It was noted that the visited Crop Boards, except for the Coffee Board, had no approved Five-Year Strategic Plan to draw the targets from the National Five-Year Development Plan, Party Manifesto, Agricultural Sector Development Strategy and other National and International Agreements. These Crop Boards were for cashew nuts, tea and tobacco. The audit further noted that the Coffee Board, which had approved the strategy, was missing key performance aspects, such as markets, production quantities, and intended qualities.

Because of the inadequate strategies to guide the cash crop production proceedings, an assessment of four selected cash crops indicated a stagnant crop production for over five years when the Financial Year 2018/19 was taken as a benchmark.

(b) There was a big fluctuation in revenue Contribution to the National GDP for the Tobacco and Tea Crops

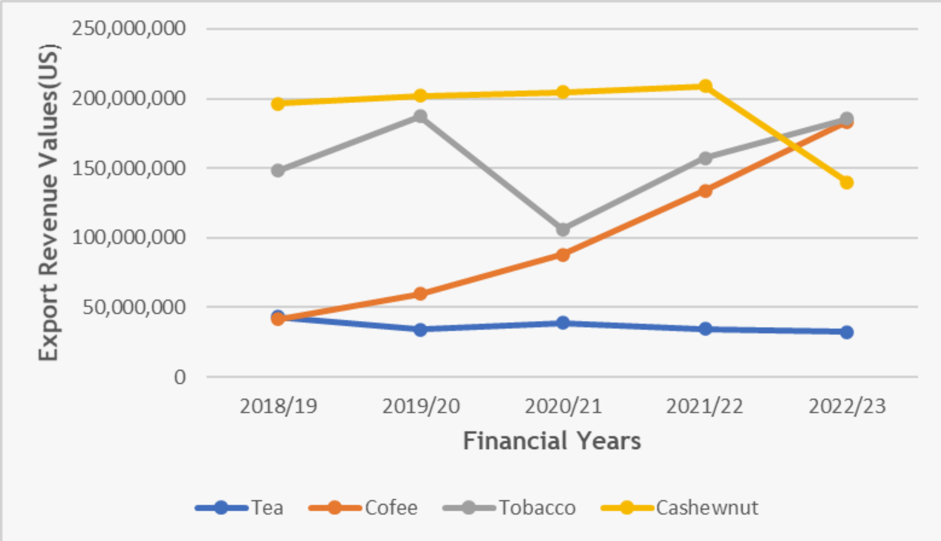
Assessment of revenue generated from the exported cash crops signified fluctuation for the tea and tobacco crops. It was found that tea had decreased over the years, whereas in the financial year 2022/23, it decreased to USD 10,954,835 when 2018/19 was taken as a benchmark. This decline is equivalent to 26%. Meanwhile, Tobacco experienced an abrupt decline of 28%, which was a fall of USD 81,059,709.01 in the Financial Year 2020/21. It started to have a gradual increase, and by 2022/23, it increased by 25%. This revenue increase was attributed to the new tobacco markets secured by the Tobacco Board during this material period.

Further assessments have indicated that the revenue contribution of cashew nuts was noted to have a steady increase for the four financial years from 2018/19 to 2021/22. Then, it experienced a downfall from USD 209,115,498 to USD 139,994,994, a falling rate of 33% for the financial year 2022/23.

For the Cashew nuts, it was found that despite the efforts that the Government made, gaps were still there. For example, it was pointed out that more than 90% of cashew nuts produced in the country were exported as Raw Cashew nuts (RCN).

A detailed indication of revenue fluctuations for the selected cash crops is indicated in **Figure 12.**

Figure 12: Export Revenue Values for Selected Cash Crops



Source: *Auditors Analysis of Revenue Collected from Cash Crops Exports (2023)*

Based on **Figure 12**, coffee had a positive revenue increase, while tea had a negative increase in revenue generation. It was also observed that the Tea Board had put less effort into searching for new markets, regulating prices, and enhancing production.

The causes of revenue fluctuation were selling cash crops in a raw form without value addition through processing and inadequate availability of agricultural extension officers at AMCOS levels that would control quality. In addition to that, the noted fluctuation was caused by decreased production, which was attributed to the shortage of extension officers to provide extension services on Good Agricultural Practices (GAP).

Consequently, revenue fluctuation has resulted in the unsustainable realization of the contribution of agriculture to the national GDP. This could potentially lead to the government inadequately providing other basic services, such as health and education, due to a shortage of revenues.

The audit found that the decline in cash crop production was partly caused by the absence of strategies for implementing increased production by the industries; strategies with key performance indicators, such as production quantities, intended qualities and markets, were missing; and there was no strategy for cash crop development industry to guide the Five Years Corporate Strategic Plan.

4.3.2 The Database for Cash Crops Farmers was not comprehensive to suit the business processes of Crop Boards

The audit found that the database for cash crop farmers was not comprehensive enough to suit the business processes of Crop Boards. This is evidenced by the fact that the assessment of the Farmers' Registration System (FRS) indicated that different crop regulatory boards did not use the developed system. It was noted that the system has not been updated since 2019.

The audit also revealed that the system was not developed according to the business processes of the individual Crop Regulatory Board. During its preparation, the system did not include information from users; for example, the system did not indicate other particulars, like the farm's location, farm history, agro-inputs required per farmer, and their respective Agricultural Marketing Cooperative Society (AMCOS).

It was also noted that, the developed FRS lacked 13 items that, if improved, would suit almost all boards' business processes. The 13 lacking items include allowing the update of farmers' information at the beginning of each crop year; detection of anomalies indicative of side selling of crops by comparing the size of the field and expected yields; use of geotags and GPS integration for accurate mapping; users to manage farm details, including location, size and resources; recording and keeping track of farm activities; and capturing the production estimates of individual farmers at the farmers' registration level. It also includes monitoring the distribution of inputs across the chain, distribution of inputs across the chain down to the farmers, and inputs inventory. Other items are predicting the requirements of input volume, generating a statement at the end of each crop year declaring the cost of inputs received, the volume of cash crop produced, and the balance owned by each farmer, and generating farmers' registration reports per individual farmer in AMCOS growing areas and countrywide.

The fact that 13 items were absent in the FRS rendered the system incomplete. Such a situation made it difficult for the Crop Board to plan for production because the system did not contain production details. As a consequence, the system did not generate a sale statement at the end of each cropping season.

Moreover, the absence of all listed items in the FRS made the Crop Boards undertake the activities manually.

Similarly, further analysis of the comprehensiveness of the system used by the Cashew Nuts Board of Tanzania found that the Cashew Nut Board of Tanzania customized the system from the Tanzania Fertilizer Regulation Authority.

Despite using the System above, it was noted that the system was incomplete as it lacked the following:

(a) The system covered Mtwara Municipal, Nanyamba Town Council, and Tandahimba only, while there are 12 other regions growing cashew nuts in Tanzania;

(b) The System does not help to indicate the quantity of cashew nuts anticipated to be produced; instead, it indicates the number of cashew nut trees per farm;

(c) The system does not indicate the quantity of agro-inputs provided and the balance per individual farmer; and

(d) It does not indicate the time the inputs were received and the time they were disbursed to be able to measure efficiency.

Using an incomprehensible and non-updated system for registering farmers was found to be caused by the Ministry's decision to develop the system without consultation with the crop boards so that it would match their business processes. Moreover, the boards did not have enough extension services to update the system during each cropping season.

This has led to the move to initiate an individually separate system with different price values. Multiple systems for entities performing almost similar functions are discouraged by the Electronic Government Authority (e-GA).

4.3.3 Inadequate Provision of Extension Services to Promote Good Agricultural Practices to Enhance Sustainable Production of Cash Crop

According to Section 39(1)(b) of the Tobacco Industry Act, 2001; Section 1(1)(c) of the second schedule of the Tea Act, 1997; Section 21(1) of the Cashew Nuts Industry Act, 2009; and Regulation 50(1) of Coffee Industry Regulations, 2013, Crop Boards are required to provide extension services to cash crop growers to ensure increased crop production and quality. To ensure the provision of extension services, the Crop Boards should have appointed Inspectors responsible for ensuring the timely provision of extension services.

Despite the requirement, the audit noted the presence of farmers' fields that were not adequately served. The ratio of inspectors and farmers was huge. It was found that the inspector serving ratio ranged from 1,680 to 23,069. Moreover, it is highly dispersed due to geographic location. Because of that, farming activities were inadequately supervised. Reviewed Board Meeting

Minutes and interviews held with different Board Officials revealed the following:

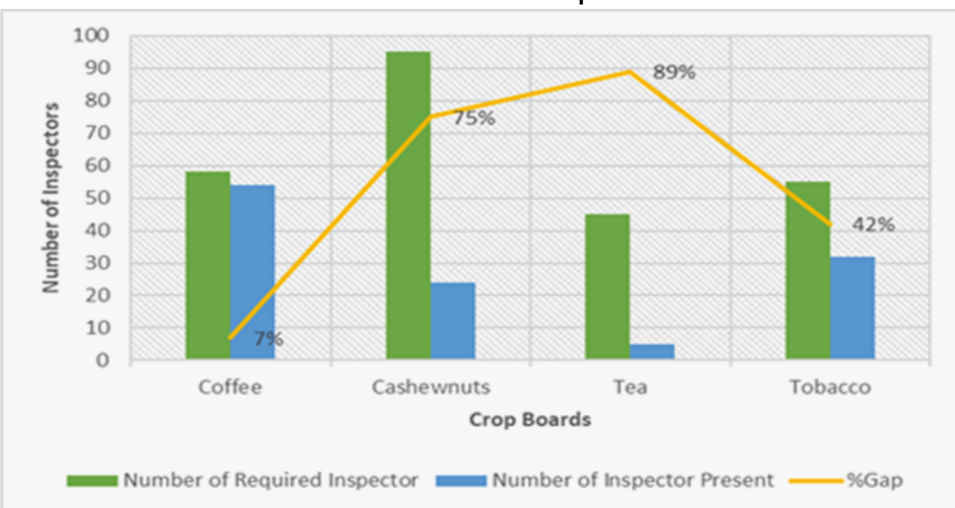
Inadequate provision of extension services to promote good agricultural practices to enhance sustainable production of traditional cash crops is caused by a low number of agriculture officers who act as inspectors in Cash Crop Boards. This is as detailed below:

(a) Crop Boards had a shortage of Inspectors by an Average of 53%

Crop Boards had an average shortage of inspectors of 53%. The reviewed correspondence files from the visited Crop Boards revealed that the Tea Board lacked inspectors by 89%, the Tobacco Board lacked inspectors by 42%, the Cashew nuts Board lacked inspectors by 75%, and the Coffee Board lacked Inspectors by 7%. Despite the submission by TCB regarding the names and letters of appointment of inspectors, and even though TCB claimed to have no shortage of inspectors, the audit found that TCB skipped the inclusion of other areas that are growing coffee. Areas not included in the list were Ukerewe, Geita, Mara, and Tanga.

Furthermore, the cashew nut board had submitted a list of 24 employees who acted as inspectors. However, the CBT could not submit the letters of appointment indicating their inspectorate roles. A detailed assessment is indicated in **Figure 13.**

Figure 13: Assessment of the Available Versus Required Inspectors to Offer Extension Services in Crop Boards



Source: Auditors Analysis of Crop Inspectors at Crop Boards, 2023

Based on the findings in **Figure 13**, it is shown that the number of crop Inspectors required varied depending on the size and business process of the respective board. Tea Board indicated a large gap in inspectors needed as it had a shortage of 89%, while Coffee Board had the lowest shortage of inspectors, which stood at 7% only. Further, it was found that the Coffee Board appointed inspectors from the Local Governments where coffee is grown to assume the regulatory roles at the local government level. Despite that, interviewed officials from the Coffee Board indicated that appointed inspectors did not perform their appointed roles because they had other roles from their employers.

The cause of the shortage of inspectors to assist in supervisory roles was inadequate prioritization of the activity since activities were to be done as a shared function with the local government authorities.

(b) Shortage of Extension Services at AMCOS's Level by 98%

The audit also noted a shortage of extension officers at the AMCOS level, where primary production activities are taking place. This was because AMCOS could not employ the extension officers, but they depended only on the extension officers from the local governments, who were not enough. It was pointed out that the AMCOSs had an average deficit gap of extension officers by 98.6%. Cashew nuts experienced a big gap in extension services as they lacked 734 extension officers, equivalent to 100%, followed by tobacco, which had a gap of 97%.

Moreover, to overcome the problem of an inadequate number of extension officers, the Ministry of Agriculture established e-extension services, such as M-Kilimo and a call centre where farmers send free short messages (SMS) to request advisory services and provision of transport facilities to extension officers to reach more farmers in a short period of time.

Similarly, AMCOS leaders revealed that AMCOS could not employ the extension officers due to insufficient funds. Instead, they depended on the Government extension officers, who were unreliable in terms of their availability, as these officers were assigned other activities by their employers. As a result, they were absent when needed. The same scenario was noted through the review of the Tobacco Board's Internal Audit Report for the financial year 2022/23.

4.3.4 Inadequate Planning for Quality Control of Cash Crops

A review of the Strategic Plans of the Tanzania Tobacco Board, Tea Board of Tanzania (TBT), and Cashew Nuts Board of Tanzania (CBT) indicated that the Boards did not adequately plan for quality control of cash crops. This is because quality control aspects were not integrated into the Crop Boards' Strategic Plans, as no planning activities existed.

Similarly, the Audit found that the Crop Boards did not consider quality control matters, such as establishing quality control laboratories and staffing in their respective annual plans during organisational planning. Because of the absence of plans, the audit has noted the presence of quality shortcomings.

For example, in tobacco, it was indicated that the top grades in flue-cured tobacco dropped by 10% from 68% in 2014/15 to 58% in 2018/2019. Meanwhile, the medium grades increased by 10% from 13% to 23%, and lower grades remained the same at 19%.

Analysis was also made for cashew nuts' quality management; however, despite that, the audit noted the information for quality to be limited because (the Cashewnut Board of Tanzania (CBT) was not keeping records of the quality of produced cashew nuts in its annual records. As such, there were no records of the quality of cashew nuts for the years 2018/19 to 2022/23. This was due to a lack of proper data management systems and documentation systems to record productions regarding quality, standards, or grades.

The critical causative factor was found to be insufficient knowledge of Good Agricultural Practices (GAPs) to cashew farmers and extension officers, the inaccessibility and low utilization of cashew nuts inputs to cashew farmers, and increasing old, uneconomical traditional cashew trees. Other critical issues included the absence of cashew nuts' scientific quality testing and grading at the AMCOS level.

Consequently, inadequate plans have led to inconsistent quality aspects for cash crops produced; moreover, since quality control starts at the field level, it has contributed to reduced cash crop production.

4.3.5 Inadequate Consideration of Production Costs, Markets, and Return to Farmers when Setting Crop Prices

A review of Crop Boards' Strategic Plans and annual plans for 2018/19 to 2022/23 showed that, Crop Boards had no guidelines or systems for setting indicative prices for cash crops. The existing approach used by Crop Boards to set prices is not functioning well because it is not based on any established strategy or guideline.

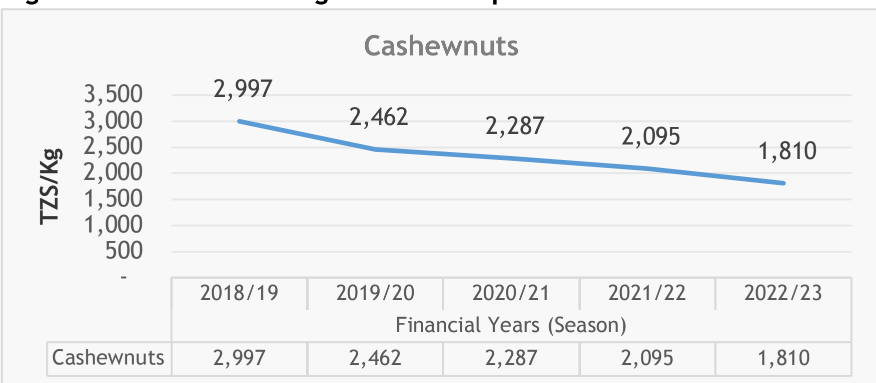
The correspondences made with Crop Board Officials at the Tanzania Tobacco Board and Tea Board of Tanzania (TBT) revealed that the approach used for setting up crop prices involved the review of previous years' prices at least three years back. In contrast, the average was computed to obtain indicative prices at the market. However, the Audit did not find any tool or documented systematic approach for setting indicative prices.

Furthermore, it was noted that the Cashew Board of Tanzania (CBT) and Tanzania Tobacco Board relied only on the prices agreed upon during the annual stakeholders' meetings, while TBT used the prices set during the consultative meeting.

Among the three Crop Boards, only TCB had a relatively better approach, as indicative prices issued by TCB depended on international practices by referring to the terminal coffee market. For Robusta coffee, the terminal market is in London (LIFE market), while for Arabica, it is in New York (NYC market).

Inadequate mechanisms for setting an indicative price have led to a decline in the price fetched by farmers. For example, the price of Cashew nuts was TZS 2,997 in 2018/19 and fell to TZS 1,810 in 2022/23. This is a drop of 40%. **Figure 14** shows the trend in the change in indicative prices for cashew nuts.

Figure 14: Trend in Change in Cash Crop Prices for the Past Five Years



Source: *Auditors Analysis of average Prices obtained, 2023*

Figure 14 indicates the decrease in price fetched. Cashew nuts started with the highest price of TZS 2,997 in 2018/19 and TZS 1,810 in 2022/23, a drop of TZS 1,187 for five years. Figure 4.3 illustrates a significant decline in the market price of cashew nuts over a five-year period. Initially, in the 2018/19 season, cashew nuts had a peak price of TZS 2,997 per unit. However, by the 2022/23 season, the price had fallen to TZS 1,810 per unit.

In addition, the review of the pricing system indicated that Crop Boards did not have systematic and up-to-date mechanisms to capture the current World Auction's indicative prices for specified cash crops. It was pointed out that CBT had its participatory mechanism through the Stakeholders Annual General Meeting for setting indicative prices before 2018/19 when the Government stopped it on the fresh bid to control market price distortions. Thus, CBT had no indicative prices from the financial year 2020/2019 to 2022/2023 crop seasons. Farmers sold their crops under the Warehouse Receipt System through auctions and Primary Market.

Further, it was found that there was a diversion in price fetched in internal markets when compared to the price fetched at the world markets for the same quality of tea. The audit noted that the prices ranged between 30% and 67%, lower than the indicative prices of world auctions.

Therefore, this presupposes that Crop Boards did not conduct a comprehensive analysis of prices using available public domains to obtain the best indicative prices for respective crops. Failure to establish competitive prices for produced cash crops could lead to low yields in production by other farmers, which might stop producing cash crops for lack of best price and, at the same time, incur the loss of revenue from export fees and levies.

4.4 Audit Findings on the Regulation of Distribution of Fertilizers

4.4.1 Presence of Fertilizers and Fertilizer Supplements with Questionable Quality in the Market

The reviewed TFRA's Inspection Reports and Internal Audit Reports for the period from 2020/21 to 2022/23 indicated the presence of fertilizers and fertilizer supplements with questionable qualities. The audit noted the presence of unregistered foliar fertilizers, fertilizers, and fertilizer supplements that did not pass the test, as well as caked and expired fertilizers in the markets. Details of the quality aspects observed are elaborated hereunder:

(a) 2.5% of the Foliar Fertilizers Inspected were Unregistered

A review of TFRAs' Inspection Report of 2020/21 to 2022/23 and Internal Audit Report of July to September 2020 revealed that 28 varieties of unregistered foliar fertilizers were circulated to the market and sold to farmers. This contradicts Para 1.4 of the Approved Functions and Organization Structure of Tanzania Fertilizer Regulatory Authority of 2019, which requires TFRA to register and maintain a register of fertilizers and fertilizer supplements before they are supplied to the market.

The registration, among other things, ensures that fertilizers and fertilizer supplements distributed to the market meet the required quality standards. Unregistered fertilizers in the market imply that the supplied foliar fertilizers were not tested to verify their content and chemical composition, proving the quality of fertilizers distributed. **Table 4** provides the analysis of identified unregistered fertilizers by TFRA.

Table 4: Ratio of Registered to Unregistered Foliar Fertilizers

Financial Year	Registered FFS	Unregistered Foliar Fertilizers Found in the Market	Percentage of the Unregistered Foliar Fertilizers (%)
2020/21	282	7	2.48
2021/22	360	9	2.50
2022/23	470	12	2.55

Source: *Auditors' Analysis from TFRAs' Internal Audit Report, Zonal Inspection Report (2023)*

Table 4 shows an increase in the number of registered fertilizers and fertilizer supplements from 282 in the financial year 2020/21 to 470 in the financial year 2022/23. Similarly, during the same period, there was a percentage increase in identified unregistered foliar fertilizers found in the market through the inspections conducted by TFRA. The percentage of unregistered foliar fertilizers increased from 2.48% in the financial year 2020/21 to 2.55% in the financial year 2022/23.

This implied an increase in the percentage of imported fertilizers that did not comply with the registration procedures established by TFRA yet distributed to farmers. Unregistered fertilizers and fertilizer supplements are due to inadequate inspection at the entry points, agro-dealers, and manufacturers.

(b) 14% of Fertilizers and Fertilizer Supplements in the market did not Pass the Quality Test

The audit noted that 3 out of 21, equivalent to 14% of the fertilizers registered between January and March 2021, were registered but did not pass laboratory test results.

It was noted that fertilizers were registered before receiving laboratory test results. TFRA had not yet included the stage of reviewing and interpreting laboratory test reports before the consignment was distributed to dealers and farmers. Registration of Fertilizers and Fertilizer Supplements that did not pass the quality tests might have implications on the amount of fertilizer to be applied per unit area, consequently non-attainment of the intended aim of applying fertilizers to the farms and eventually affect the productivity of farmers economically.

4.4.2 Limited Accessibility of Fertilizers and Fertilizer Supplements to Farmers

The accessibility of good quality fertilizers and fertilizer supplements is influenced by the availability of distribution centres and agro-dealers where farmers can easily access fertilizers and fertilizer supplements based on their needs and at affordable prices.

Through the review of the Register of Agro-dealers and Implementation Report of Subsidy Programme for the year 2022/23, the audit found that, 1,712 out of 4,346 total registered agro-dealers (equivalent to 39%) in a subsidy programme were not selling and distributing the subsidized fertilizers and fertilizer supplements. Similarly, in the five (5) sampled regions, the percentage of agro-dealers not selling subsidized fertilizers ranged from 58% to 75%.

Furthermore, 41 out of 185 (equivalent to 22%) LGAs did not access fertilizers under the subsidy program. Eight (8) out of 39 (equivalent to 21%) LGAs did not have agro-dealers registered in the subsidy program in the five visited regions. As a result of the absence of agro-dealers in the respective LGAs, farmers had to travel to other LGAs searching for subsidized fertilizers.

- It was also noted that 2,551,239 out of 3,389,951 registered farmers in the subsidy program (equivalent to 75%) did not access and utilize fertilizers through the subsidy programme despite qualifying to access the subsidized fertilizers. The audit noted that this was due to various reasons, including Ineffective forecasting of the demand for fertilizers and fertilizer supplements;
- Untimely distribution of fertilizers and fertilizer supplements, hence delayed availability to farmers;
- Ineffective regulation of prices of fertilizers and fertilizer supplements;
- Ineffective Inspections of fertilizers and fertilizer supplements, distribution centres, and agro-dealers; and

- Inadequate performance evaluation of TFRA and agro-dealers regarding the distribution of fertilizers and fertilizer supplements.

Limited accessibility of fertilizers and fertilizer supplements to farmers contributed to the low utilization of fertilizers, which stood at 19 Kilograms per hectare[2]. This rate was below 50kg, the target from the Abuja Convention of 2006 of 31 kilograms per hectare (equivalent to 62%), being the target that the country aimed to achieve.

4.4.3 Ineffective Forecasting of the Demand for Fertilizers and Fertilizer Supplements

The audit noted that TFRA lacked an effective mechanism for demand forecasting to capture sufficient and accurate needs of fertilizers and fertilizer supplements in the country. It was noted that TFRA did not have an effective mechanism, system, or software for establishing the demand and utilization of fertilizers and fertilizer supplements to arrive at the reliable quantities and types needed.

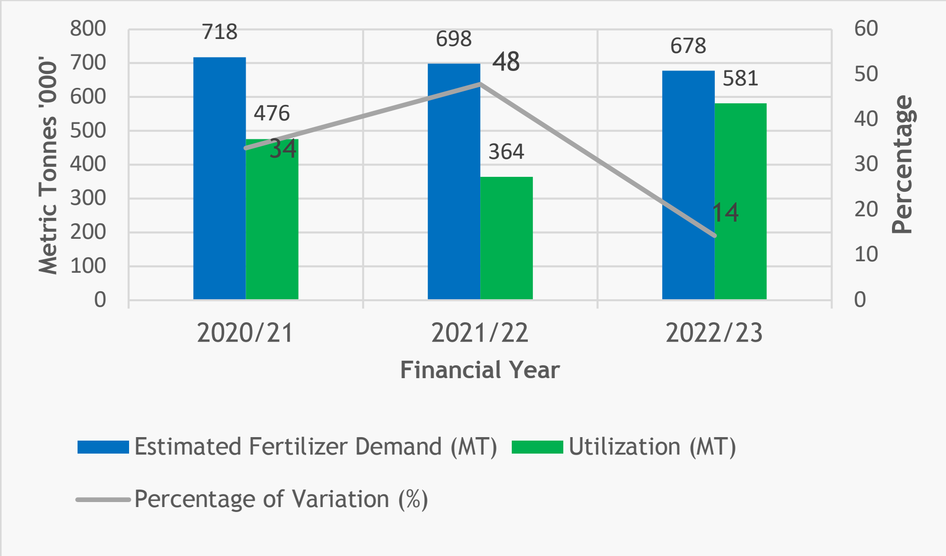
Instead, TFRA collected data and information on the requirements from LGAs and used them to forecast the demand, which could not provide the accurate information required. There was a variation of data on forecasting demand for fertilizers and fertilizer supplements that ranged from 14-18%.

Furthermore, the audit analysis of the forecast processes has revealed that TFRA did not consider farm size, quantity of fertilizer needed, and type of crops during the establishment of demand. Hence, the considered factors were ineffective in providing reliable information.

Auditors' analysis of FFS's demand and actual utilization statistics revealed that forecasting demand in that manner provided data that was higher than the utilization rate for the three years covered in this audit. **Figure 15** indicates the variation between demand forecast and utilization of Fertilizers and Fertilizer Supplements.

[2] Evaluation Report of Subsidy of July 2023

Figure 15: Variation between demand forecast and utilization of FFS



Source: *Auditors' analysis from demand and utilization data from TFRA (2023)*

Figure 15 shows that for all three years, the demand forecast was higher than the utilization rate of the respective years. It also shows percentage variations ranging from 14% to 48%, with the highest percentage recorded in 2021/22. Higher variations between the demand forecast and the utilization indicated inadequate use of correct data, such as historical data, utilization rate, and associated risks, as input for forecasting.
Furthermore, an audit analysis revealed that TFRA did not adequately consider the quantities, type, application rate, and agricultural seasons to provide reliable information.

Weaknesses in the collection of demand were caused by a shortage of agro-officers at the village level, which was needed to capture the demanded type of fertilizer based on soil contents in their respective villages.

As a result, our analysis of FFS's demand and actual utilization statistics revealed that for the three years covered in this audit, the forecasted demand data for fertilizers and fertilizer supplements were higher than the actual utilization of the respective areas by 14% to 48%.

4.4.4 Regulatory Activities Performed by TFRA did not ensure Timely Distribution of FFS to Farmers

The audit revealed that TFRA had fewer coordination efforts with the Tanzania Ports Authority (TPA) to ensure the timely distribution of quality FFS to farmers. For instance, due to inadequate coordination between TFRA and TPA, the fertilizer consignments expected to arrive on 22nd August 2022 were delayed and arrived on 02nd September 2022. This led to an additional price of TZS 1,086 per 50kg bag of NPK fertilizers distributed during the agricultural season of 2022/23.

Furthermore, the audit noted that TFRA did not effectively regulate and control the importation of fertilizers and fertilizer supplements through the Bulk Procurement System (BPS). For the period from 2020/21 to 2022/23, TFRA announced four (4) bids, requiring importers to import through Bulk Procurement System (BPS), but it was found that importers were not interested in two (2) out of four (4) bids announced.

It was further noted that even the two (2) successful bids announced by TFRA did not consider the importation of the approved fertilizers and fertilizer supplements, namely UREA, DAP, SA, CAN, and NPK, as per the first schedule of the Bulk Procurement of Fertilizer Regulations of 2017. Instead, the two (2) successful bids announced by TFRA included only two (2) types of fertilizers, DAP and UREA, leaving other types that farmers mostly used.

Similarly, the audit revealed that from 2020/21 to 2022/23, 48,530 out of 1,395,977 metric tonnes of fertilisers were imported through the Bulk Procurement System. This implies that only four per cent of importation was done through the Bulk Procurement System. This denied the opportunity to enjoy the economy of scale, which could have been obtained if the procurement had been made in bulk. It also affected the formulation of indicative prices.

4.5 Impact on the Attainment of the FYDP III and SDGs

This part explains the impacts of the conducted performance audits on the regulation of cash crops and regulation of distribution of fertilizers in the country towards the attainment of the Strategic Development Goals (SDGs) and Five-Year Development Plans (FYDP). The details of the observed impacts are provided hereunder:

FYDP III intends to ensure production of cash crops increases from 794,000 MT in 2019/2020 to 1,583,200 MT by 2025/26. Despite that requirement, the government, through crop regulatory boards, is at risk of not attaining the targets set because the production of cash crops has decreased over the years. For example, tea has dropped by 26% from 2018/19 to 2022/23, while cashew nuts dropped by 33% in the same year. Other cash crops lacked a progressive increase; instead, the production fluctuated.

Further, in the audit of the regulation of the distribution of fertilizers, there is an incidence of unregistered fertilizers, and also, 14% of fertilizers did not pass the quality test. This impairs the production of food crops and jeopardizes the attainment of FYDP III.

In addition to that, inadequate implementation of the performance audit on the regulation of exported cash crops and regulation of the distribution of fertilizers had an impact on the attainment of SDGs. Inadequate attainment of the intended production values for cash crops leads to the risk of attainment of SDG goal 8 target 8.2, which aims to ensure higher levels of economic productivity through diversification focusing on high-value addition. This is due to the fact that decreased production had led to decreased revenues for flourishing economic growth.

Also, inadequate implementation of both performance audits had an impact on SDG 2, which aims to end hunger. Target 2.4 of that goal intends to ensure sustainable food production systems and implement resilient agricultural practices by increasing productivity and production that help maintain ecosystems that would progressively improve land and soil quality. Since there is a noted weakness in the distribution of fertilizers, and since there are incidences of prevalence of unregistered fertilizers and regulation of cash crops, there is a risk of reduced production of both food and cash crops that might lead to hunger.

Moreover, the prevalence of unregistered fertilizers would have a direct impact on SDG 12 target 12.4. The target envisages achieving the environmentally sound management of chemicals and all wastes throughout their life cycle. This conforms with the agreed international frameworks and significantly reduces air, water and soil pollution to minimize their adverse impacts on human health and the environment. Unregulated fertilizers might have adverse conditions for consumers and the environment.

CHAPTER FIVE

HUMAN RESOURCES DEVELOPMENT

5.1 Introduction

This chapter presents the main audit findings derived from the performance audit reports related to technical education and rehabilitation programs for prisoners and the development, monitoring, and evaluation of staff competency in the public sector. It describes the audit areas, government entities involved in the audit, links to SDGs, and the impacts of FYDP II and III.

These performance audits include:

(a) Performance Audit on the Regulation of Technical Education in the Country;

(b) Performance Audit on the Implementation of the Prisoners' Rehabilitation Programs; and

(c) Performance Audit on the Development, Monitoring, and Evaluation of the Competency of Staff in the Public Sector.

5.1.1 Background Information

Human development is the ultimate aim of any development plan in Tanzania. Through regulation of technical education, the government focused on assessing the registration and accreditation processes of technical institutions, their support for quality assurance, the adequacy of procedures in coordination and reporting on regulation, and monitoring the provision of Technical Education and Training to have competent skills to suit labour market demand.

Additionally, the government, through the President's Office - Public Service Management and Good Governance (PO-PSMGG), focuses on Employee competencies, including a list of skills and behaviours that are specific and well-defined, and they are used to lay an organization's performance expectations for a job or the organization's culture as a whole. Development, monitoring, and evaluation of staff competency in the public sector are not innovations or trends but good practices to adopt.

Furthermore, through the Tanzanian Prisons Service (TPS), the Government of the United Republic of Tanzania has focused on rehabilitation through reformative treatment, which deals with rehabilitating prisoners by implementing rehabilitation programs.

5.1.2 Human Resources Development linked to FYDP III and SDGs

This section provides Human Development linked by FYDP III with the Performance Audits on Regulation of Technical Education, Development, Monitoring, and Evaluation of Competency of the staff and Implementation of Prisoners Rehabilitation Programs in the Public Sector in the light of accomplishing SDGs and FYDP III. The details are provided hereunder:

(a) Human Resources Development as reflected by SDGs

As a member of the United Nations, Tanzania is obliged to abide by the United Nations' 2030 Agenda on Sustainable Development Goals (SDGs). In order to address Human Resources development challenges, a performance audit on the regulation of technical education was conducted. The SDGs reflected this through Goal No. 4, which required the government to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all." Through Target 4.3, by 2030, the government should ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

The performance audit on monitoring and evaluating the Competency of Staff is reflected in the SDGs 8, which aimed to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all up to 2030". Through target 8.5 by 2030, the government should achieve full and productive employment, decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.

(b) Human Resources Development as reflected by FYDP III

Human resources management issues have been addressed through a performance audit on the regulation of technical education, which reflects the third Five-Year Development Plan (FYDP III).

Para 5.6 of FYDP III calls for readily available learning tools, workshops, qualified instructors, and accelerated investment in skill development. The key interventions in this section are:

i) Facilitate the availability of teaching and learning instruments and tools at all levels;
ii) Improve the availability of academic staff, laboratory technicians, workshop technicians, and librarians; and
iii) Review and update the curriculum with alignment to the labour market;

National Five-Year Development Plan III (2021/22 – 2025/26) recognizes the need to promote good governance and the rule of law to realize human development. Since the importance of good governance in achieving the broader objectives of national plans is valued in the FYDP III, the strategic plan has also focused on the promotion of good governance in public service.

This audit is linked to the FYPD III in the following manner:

i) Mainstream inclusive and user-friendly ICT applicability at all levels of skills training and learning;
ii) Promote innovation and transfers of skills and technology; and
iii) Promote employable skills for population groups with special needs.

(c) The link between Implementation of Prisoners Rehabilitation Programs with FYDP III and SDGs

Performance audit on the implementation of prisoner rehabilitation programs is linked with priority areas of the FYDPs III and SDGs, as summarized in **Table 5.**

Table 5: Linkage between Implementation of Prisoners Rehabilitation Programs vs FYDP and SDGs

Plans	Area of Priority	Area of Intervention
FYDPIII	Enhance public safety, law and order	Prisons Services Development Programme (Construction of five Vocational Training colleges in the Country by June 2026)
SDGs	Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.1 Significantly reduce all forms of violence everywhere

Source: *Auditors' Analysis of the FYDP and SDGs*

5.1.3 Government Strategies and Efforts in Human Resources Development

Table 6 below summarizes the described Government Strategies and Efforts made in the country toward human resources development:

Table 6: Summarized strategies and efforts made by the government in the development of human resources

S/N	Government Strategies	Government efforts
1.	Regulation of Technical Education	
	MoEST Strategic Plan (2016/17 – 2020/21)-To improve skills in selected economic sectors, which are grouped into core economies (agribusiness, tourism and hospitality, and energy), as well as enablers which are construction, transport and logistics, information and communication technology. In the NACTVET Strategic Plan (2021/22- 2025/26), the government has strategized on improving the quality and relevance of technical and vocational education and training (TVET) provision at all levels.	Based on the Education Minister's Speed during the budget Report in 2022/2023, it was noted that the government has established the construction of 16 Folk Development colleges (FDCs) to increase access to Technical Education, which will help increase graduates in the country. Also, the Government has managed to procure the furniture and learning facilities at Kongwa Technical Collage, Kasulu Technical Collage, Nyasa Technical Collage, and Ruangwa Technical Collage. Furthermore, the government continues to build the mastery centres of College at Arusha Technical Institute, the Dar es Salaam Institute of Technology and the National College of Transportation in the fields of Energy, Processing Skin, Transport and IT for improving Graduates of Vocational Education and Vocational Training in the country.
2.	Competency of the staff in the Public Sector,	
	PO-PSMGG's Five Years Strategic Plan 2021/22 -2025/26, the government strategized to have good governance and permeated the national socio-economic structure, ensuring a culture of accountability, rewarding good performance and effectively curbing corruption and other immoralities in society. The aim is to enable public service to work effectively and with due regard to social diversity.	The Government of the United Republic of Tanzania have managed to involve public servants in foreign countries like India, China, Korea and Japan. A total of 334 public servants were trained in long courses, and a total of 914 public servants were trained in short courses.

S/N	Government Strategies	Government efforts
3.	Prisoners	
	Tanzania Prisons Service Strategic Plans 2016/17 to 2020/21 and 2021/22 to 2025/26, the government strategized on plans which allowed TPS to focus on designated strategies for effective provision correction programs to prisoners.	The government of the United Republic established the Prisoner Correctional and Rehabilitation Services Division under the Tanzanian Prison Service (TPS) to rehabilitate prisoners. Also, TPS established a technical school prison in Ruanda-Mbeya and a juvenile prison (Wami Vijana) in Morogoro. Additionally, TPS has introduced an Ordinary Diploma in Correctional Science for Prison Officers at the Tanzania Correctional Training Academy (TCTA).

Source: *Auditors Analysis on Strategies and Efforts made by the Government*

5.2 Audit Objective and Scope

5.2.1 Audit Objectives

The main objective of the audit was to assess whether the responsible Ministries had adequately managed human resource development by focusing on the regulation of Technical Education, staff competency in public services and rehabilitation/correctional programs for prisoners.

The specific objectives of the audit were to:

(i) Determine whether the Ministry of Education, Science and Technology, through the National Council of Technical and Vocational Education and Training (NACTVET), has adequately regulated the provision of Technical Education and Training to ensure that graduates from Technical Institutions are of high quality and respond to changing needs, as well as technological innovations in the world.

(ii) Assess whether the responsible Ministries have effectively managed the development, monitoring and evaluation of staff competency to increase staff efficiency in public service delivery.

(iii) Assess whether the Tanzania Prisons Service has effectively implemented rehabilitation/correctional programmes to facilitate released prisoners' reintegration into the community.

5.2.2 Audit Scope

The Audit on the Regulation of Technical Education and Training focuses on assessing the processes in the registration and accreditation of Technical Institutions for the provision of Technical Education and Training, the support provided to Technical Institutions to ensure the quality of the provided Technical Education and Training, adequacy of the procedures used to ensure adherence to the quality of the provided Technical Education and Training, adequacy in the coordination and reporting on the regulation of Technical Education and Training, and adequacy in monitoring the provision of Technical Education and Training. The audit covered four financial years, starting from 2019/20 to 2022/23.

In the performance audit on the development management, Monitoring and Evaluation of the Competency of Staff in the Public Sector, the audit focused on assessing the effectiveness of the PO-PSMGG in ensuring that public institutions identify gaps in staff competency, develop capacity-building programs, implement capacity-building plans and measure the performance of their staff. The audit covered a period of five financial years from 2018/19 up to 2022/23.

The performance audit on the implementation of the rehabilitation programmes mainly focused on assessing the effectiveness of the rehabilitation programmes. Specifically, it focused on the design of rehabilitation programmes, their implementation, the reintegration process, and the monitoring and coordination of their implementation. The audit covered four financial years, from 2019–20 to 2022–23.

5.3 Audit Findings on the Regulation of Technical Education in the Country

This section presents a summary of findings on the performance audits on Regulation of Technical Education. The details of the findings of each audit are given hereunder:

5.3.1 Technical Education and Training Insufficiently Meeting the Required Labour Market Demand

The audit found that, NACTVET did not adequately regulate the provision of TET in the country. This is because the audit identified that the supply of technicians was less than the labour market in both the public and private sectors, as presented in Table 7.

Table 7: Supply of Labour Market at Technician Level

Sector	Demanded Technicians[3]	Cumulative Total Supply	Percentage Gap of Technicians (%)
ICT	67,936	25,476	63
Energy and Mining	8,254	5,505	33
Agribusiness	46,198	35,203	23
Tourism and Hospitality	6,374	5,214	18
Construction	22,216	18,506	17
Transport and Logistic	6,316	5,867	7
Total	**157,294**	**95,771**	**39**

Source: *Auditors' Analysis of NACTVET Newsletter 1 (January - February,2021)*

Table 7 shows that the cumulative average gap of technicians was 39%, and the Information and Communication Technology (ICT) sector had a 63% shortfall in technicians, indicating a critical need for skilled professionals to meet industry demands. Similarly, the Energy and Mining sector had a 33% gap, indicating a significant mismatch between supply and demand. At the same time, sectors like Tourism and Hospitality and Transport and Logistics showed lower gaps at 18% and 7%, respectively.

The insufficient provision of TET, which led to failure to meet the required labour market demand, was contributed by the following:

Insufficient Needs Assessment to Reflect the Labour Market Demand

The National Council for Technical and Vocational Education and Training Standards requires that Technical and Vocational Education and Training Institutions conduct tracer studies every five years to identify labour market demands. Therefore, it was expected that each technical institution would have conducted at least a single tracer study for the reviewed period of four financial years from 2019/20 to 2022/23.

The audit found that NACTVET did not adequately conduct labour market research on Technical Education and Training to align with labour market demand, which could have portrayed the area of improvement to trigger the changes and innovation in the delivery of Technical Education and Training with the updated curricula. **Table 8** summarises the number of institutions that conducted tracer studies.

Table 8: Conduct of Tracer Studies of Labour Market Survey

Financial Year	Number of Technical Institutions	Number of conducted tracer studies	Percentage (%)
2018/19	393	145	37
2019/20	447	148	33

[3] Survey on mapping skills gap and Skills demand survey by Line Manager.

2021/22	451	145	32
2022/23	474	180	38

Source: *Auditors' Analysis of the Tracer Studies from the NACTVET (2023)*

Table 8 indicates that from 2018/19 to 2022/23, the number of TVET institutions that conducted tracer studies was less than half of the available institutions in each financial year, with a percentage range between 32 and 38 of the public Technical Institutions.

This was caused by a lack of stipulated timeline and guidelines from NACTVET for conducting the labour market survey to identify the skills needed. Insufficient needs assessment to reflect the labour market demand led to the following consequences:

(i) Insufficient Number of Qualified Technicians to Meet the Demand of the Labour Market

The audit found that, due to the growth in the construction sector, significant skill gaps were caused by the increasing demand for skilled technicians and artisans to meet the requirements of the sector. The overall picture was consistent with the idea that new technology was influencing the skill levels needed in the workplace, and it was found that Technical Institutions did not teach all of the needed skills. **Table 9** summarizes details of the supply labour market demand at the technician level as of 2021.

Table 9: Supply of Labour Market demand at Technician Level as of 2021

Sector	Demand of Technicians	Cumulative Total Supply	Percentage Gap of Technicians (%)
ICT	67,936	25,476	63
Energy and Mining	8,254	5,505	33
Agribusiness	46,198	35,203	23
Tourism and Hospitality	6,374	5,214	18
Construction	22,216	18,506	17
Transport and Logistic	6,316	5,867	7
Total	**157,294**	**95,771**	**39**

Source: *Auditors' Analysis of NACTVET Newsletter 1 (January - February, 2021)*

Table 9 shows the cumulative average skill gap of 39%, in which the Information and Communication Technology (ICT) sector had a 63% shortfall in technicians, indicating a critical need for skilled professionals to meet industry demands. Similarly, the Energy and Mining sector had a 33% gap, indicating a significant mismatch between supply and demand. At the same time, sectors like Tourism and Hospitality and Transport and Logistics showed lower gaps at 18% and 7%, respectively.

(ii) Low Growth of Economic Sectors

The growth of economic sectors such as ICT, Energy and Mining, and Agribusiness, which had a high percentage of the gap of the required technicians, as shown in **Table 9**, contributed to inadequate development plans for the availability of a sufficient number of technicians with the required technicality to enhance productivity in the economic sector. Hence, this can lead to retard of economic sectors.

5.3.2 Inadequate Regulation of the Technical Institutions to meet the required quality and standards

The audit noted challenges in the management of regulation of the conditions imposed on the Certificate of Registration for Technical Institutions, as revealed in the following shortfalls:

(a) Inadequate Teaching Staff in Technical Institutions

The audit found that 41 out of the 252 technical institutions that were sampled reported a shortfall of teaching staff. In addition, the shortage of teaching staff was verified in the visited technical institutions, and it was noted that 4 out of 6 visited technical institutions, namely, the National Institute of Transport (NIT), Legacy College of Tourism and Business Studies, Mwanza Medical Academy, and Samail Colleges of Technology and Industry, had a shortage of teaching staff compared to the requirements. Likewise, it was further indicated that two departments at Mwanza Medical Academy, namely Pharmaceutical Science and Clinical Medicine, also had a shortage ratio of teaching staff per student compared to the standards required 1:25.

This was attributed to insufficient financial resources to recruit technical teachers to accommodate the demands of the standards. As a result, the higher student-to-teaching staff ratio implies that students in a given department are less likely to receive individual attention and support, which might lower the quality of education they receive.

(b) Insufficient Learning Facilities with the Required Standards

The audit found deficiencies that could impair the quality of technical education provided. The absence of learning facilities contributed to the inadequate delivery of the Competency-Based Education and Training (CBET) curriculum.

Table 10: Learning Facilities in the Visited Technical Institutions

Technical Institutions	Noted deficiencies in learning facilities
National Institute of Transport (NIT)	• Shortage of classrooms, laboratories, workshops and library to support training for a large number of students
Legacy College of Tourism and Business Studies	• The college does not have a computer laboratory or library.
Mwanza Medical Academy	• The Institution has one computer lab with a capacity of 20 students.
Tanzania Institute of Accountancy (TIA) - Mbeya	• Small library • Dilapidated toilets
Nzega Nursing School	• Lack of quality office and quality assurance committees
Samail Colleges of Technology	e-library is accessible only on the campus

Source: *Auditors' Physical verification conducted and Council Paper No NCP 78.03.03.01 (2021)*

From **Table 10**, A range of deficiencies in learning services was revealed, hindering the adequate delivery of skills to the required standards at specific Technical Institutions. Additionally, during the physical verification conducted, depreciation of learning facilities was observed, as shown in **Photo 1.**

Photo 1: Conditions of Learning Facilities in the Visited Technical Institutions

Source: Physical Verification as conducted on 11th September 2023

Photo 1, shows dilapidated toilets and wooden painted columns supporting the roof of the lecture room as observed at Mbeya Tanzania Institute of Accountants on September 11,2023.

Further, the audit noted the presence of a shortage of teachers and physical infrastructure compared to the number of students for accommodation, as presented in **Table 11.**

Table 11: Status of the Available Lecture Rooms with the Number of Teachers and Students

Technical Institutions	Number of Students	Number of Lecture Rooms
National Institute of Transport (NIT)	13,945	54
Legacy College of Tourism and Business Studies	2	1
Mwanza Medical Academy	74	7
Tanzania Institute of Accountancy (TIA)	3188	11
Nzega Nursing School	158	4
Samail Colleges of Technology	27	5

***Source**: Auditor's Analysis from the Visited Technical Institutions, 2023*

Table 11 shows a shortage of lecture rooms, which could not accommodate the number of students for the required 40 hours per week. This was due to the insufficient financial resources of the technical institutions to increase lecture rooms to accommodate students as per the required hours per week. However, Samail Colleges of Technology had insufficient lecture rooms with adequate facilities for learning compared to the number of students available.

5.3.3 Inadequate registration and accreditation of Technical Institutions and Technical Teachers

The inadequate registration and accreditation of technical institutions and technical teachers was further observed, as detailed hereunder;

(a) Inadequate Registration Process of Technical Institutions

The Audit found that upon receiving the filled application form from the technical institution for evaluation and preparation of physical verification for assessment and grant of the appropriate status of registration, NACTVET had not stipulated a timeline for the completion of the process. That hindered an assessment of the effectiveness of the registration process in timeline delivery.

Further, it was noted that for the registered technical institutions, there was a presence of non-compliance with registration requirements, such as admission of unqualified students, Insufficient Academic staff and teaching resources. The identified inadequacy of the registration process of the technical institutions was attributed to the following shortfalls:

Risk of Unrealistic Observed Conditions during Compliance Monitoring Visits

Despite the compliance monitoring visits, the audit found that these visits made host institutions aware and likely to set favourable conditions for observation.

Furthermore, based on the review of the Internal Audit Report on the CME Department (Committee Paper No. 27.03), the audit that NACTVET did not have a schedule for surprises that could reveal the observed conditions during regular compliance monitoring visits. The NACTVET depended on the whistle-blow and public outcry to conduct the surprise compliance monitoring visits, whereby the deficiencies had already happened for the Technical Institutions (post-mortem) rather than preventive compliance monitoring.

Absence of the Information System for Tracking the Registration Status of Technical Institutions

The Audit found that NACTVET did not have any computerized information system for tracking registration or accreditation status for the registered Technical Institutions. It was found that the practice was still manual and that the Technical Institution was supposed to inform the council by letters on renewal of registration and accreditation.

Consequently, the audit noted through the review of the registration and accreditation database of Technical Institutions from NACTVET as of May, 2023 that the number of technical institutions with provisional registration increased from 36 in 2019/20 to 63 in 2022/23. **Table 12** depicts the increment of provisional Registration of Technical Institutions.

Table 12: Provisional Registration of Technical Institutions

Financial year	Number of Registered	Number with Provisional	Percentage with Provisional Registration
2019/20	386	36	9
2020/21	421	47	11
2021/22	469	59	13
2022/23	492	63	13

Source: Auditors' Analysis from NACTVET Database,2023

Table 12 indicates the increase in total and provisional registrations. The percentage of technical institutions with provisional status remained constant at 9% in 2019/20, then increased to 11% in 2020/21, and further to 13% in both 2021/22 and 2022/23.

(b) Inadequate Registration of Technical Teachers

The Audit found that the registration of teachers ranges from 2019/2020 67% to 2022/23 56%, as described in **Table 13**. These registration trends indicated a dynamic number of teacher registrations, with variations in overall numbers and the corresponding percentage of registered technical teachers over the audit period.

Table 13: Registration of Technical Teachers in the Country

Financial Year	Total Technical Teachers	Registered Technical Teachers	Percentage of Registration (%)
2019/20	10,195	6,784	67
2020/21	10,239	6,869	67
2021/22	11,704	6,932	59
2022/23	*12,392*	6,935	56

Source: Auditors' Analysis of Teachers Registration Data, 2023

Table 13 shows the summary registration of Technical Teachers from 2019/2020 to 2022/23.

Similarly, the audit analysed the extent of technical teacher registration in the visited zones. **Table 14** depicts the extent of registration of technical teachers across zones.

Table 14: Registration of Technical Teachers in the Visited Zones

Zone	Estimated number of Technical Teachers	The registered number of Technical Teachers	Percentage of Registered Teachers
Northern Zone	2,071	1,179	57
Eastern Zone	4,452	2,566	58
Lake Zone	1,417	763	54
Southern Zone	299	139	46
Southern Highlands Zone	1,635	902	55
Western Zone	668	347	52
Central Zone	1,120	624	56
Zanzibar Office	730	416	57
Total	**12,392**	**6,935**	**56**

Source: Auditors' Analysis of Teachers Registration data, 2023

Table 14 notes that the registration of technical teachers in the Southern Zone was 46%. In contrast, in the Northern Zone, Eastern Zone, Lake Zone, Southern Highlands Zone, Western Zone, Central and Zanzibar Office Zone, teachers' registration ranged from 58% to 52%. Therefore, the average percentage of teachers registered in all Zones in the country was 56%.

The following were the factors that contributed to the unsatisfactory registration of Technical Teachers;

Teachers' Registration Targets are below the actual Requirements

The audit noted that by 2019/20, NACTVET had already registered 6,784 technical education teachers, and the number of teachers increased from 10,195 to 12,392 by 2022/23. Although NACTVET planned to register 6,000 technical teachers by June 2026, this target was half of the available technical teachers who were registered during the financial years from 2019/20 to 2022/23.

Lack of Annual Targets for Registration of Technical Teachers

The audit noted through the review of NACTVET's strategic plan for 2021/22-2025/26 that NACTVET aimed to register 6,000 Technical Teachers by June 2026. However, upon reviewing the results framework matrix of the same strategic plan, it was found that there was no specified annual target value for the indicator. Without defined annual targets, NACTVET could not measure the annual progress toward registering 6,000 Technical Teachers by June 2026.

(c) Ineffective Accreditation Process of Technical Institutions

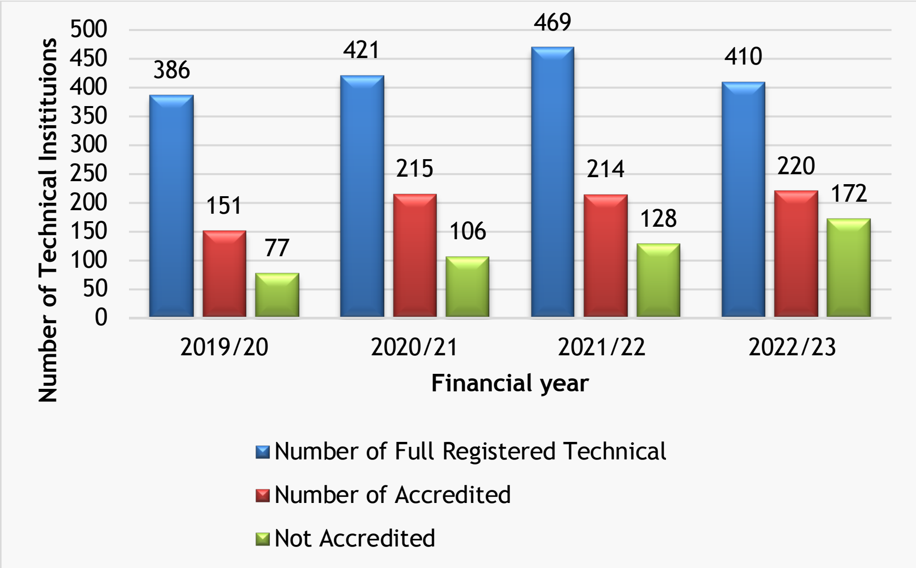
Through the review of Annual accreditation, reports found that adherence to the accreditation timeline for the technical institutions fluctuated yearly. Thus, the audit revealed an ineffective Accreditation of Technical Institutions, as detailed hereunder:

Delay of the Commencement of the Accreditation Process

The review of the Technical Institutions Register revealed that despite the requirement that Technical Institutions be guaranteed accreditation candidacy after completion of full registration, 51 Technical Institutions (equivalent to 10.8%) were recorded as having a delay to accreditation candidacy level. Out of the 51 Technical Institutions, 16 institutions were in the category of BTP Board, 22 were in the category of HAS Board, and 13 were in the category of SAT Board**.**

In addition to that, the audit noted an inefficiency in the Accreditation process of Technical Institutions because the number of non-accredited Technical Institutions fluctuated yearly. **Figure 16** compares the number of accredited and non-accredited technical institutions.

Figure 16: Comparison of the Number of Accredited and not Accredited Technical Institutions



Source: *Auditors' Analysis from Register for the Technical Institution, 2023*

As shown in **Figure 16,** in 2019/20, 77 out of 350 Technical Institutions were not accredited. In 2020/21, a total of 106 out of 421 Technical Institutions were not accredited; in the financial year 2021/22, a total of 128 out of 469 Technical Institutions were not accredited; and in 2022/23, a total of 220 out of 272 were not accredited.

It was noted that there was incremental growth in accredited institutions from 151 in the financial year 2019/20 to 220 in the financial year 2022/23. However, there was a variation in the number of non-accredited institutions, with an increase in the financial year 2022/23. Consequently, graduates might not be competitive in the labour market.

Inadequate Renewal of Accreditation on a Timely Basis

The audit found that upon a review of the NACTVET Register (May 2023), there were records of registration and accreditation information for a total of 474 Technical Institutions, including 163 Technical Institutions for Business, Tourism, and Planning (BTP), 212 Technical Institutions for Health and Allied Sciences (HAS), and 99 Technical Institutions for Science and Allied Technology (SAT). However, the audit found a delay in the renewal of the accreditation of institutions for the subject boards, as detailed **in Table 15.**

Table 15: Status of Renew of Accreditation of Technical Institutions

Subject Board	Number of Technical Institutions	Years from Grant of Full Accreditation
SAT	3	9 - 11
BTP	2	7 - 9
HAS	0	-

Source: Auditors' Analysis from the Accreditation Register as of May 2023

From **Table 15,** the audit noted that except for the technical institutions under the HAS subject, the remaining subject boards (BTP and SAT) had five technical institutions, which exceeded five years for the renewal of accreditation.

The delay in renewing the accreditation of Technical Institutions was attributed to the absence of an information system for tracking the registration and accreditation Status of Technical Institutions, centralization of the accreditation process of the Technical Institutions and inadequacies in compliance monitoring of Technical Institutions.

5.3.4 Shortfalls in review and Approval of Curricula to meet Labour Market Demands

The audit noted the following concerning curriculum reviews by technical education institutions and NACTVET:

Prevalence in the Use of Outdated Curricula by Technical Institutions

A review of the NACTVET Council Paper No. NCP 78.03.03.01 of 2020/21 indicated that 35 of 252, equivalent to 14% of the Technical Institutions visited during compliance monitoring visits, had been operating with outdated curricula. Similarly, a review of the Council Paper No. NCP 85 for the financial year 2022/23, indicated that 24 out of 105 visited Technical Institutions also operated with outdated curricula.

Table 16 shows the visited technical institutions operating with outdated curricula for the financial year 2022/23.

Table 16: Outdated Curricula Used in the Visited Technical Institutions

Name of Institutions	Total Number of Curricula	Number of Expired Curricula
National Institute of Transport (NIT)	41	7
Legacy College of Tourism and Business Studies	2	2
Mwanza Medical Academy	6	3

Name of Institutions	Total Number of Curricula	Number of Expired Curricula
Tanzania Institute of Accountancy (TIA)-Mbeya	20	0
Nzega Nursing School	3	3
Samail Colleges of Technology and Industry	3	0

Source: *Auditors' Analysis of the Curricula in the visited Technical Institutions, 2023*

Table 16 shows that NIT had 7 out of 41 curricula expired. However, Legacy College of Tourism and Business Studies and Nzega Nursing School had all available expired curricula.

Factors that contributed to institutions operating with the outdated curriculum included the absence of reminder letters sent to visited Technical Institutions upon the Expiration of the Curriculum, lack of a Web System to track expired or soon-to-expire curricula, ineffective compliance monitoring and delayed validation of curricula submitted by Technical Institutions.

5.3.5 Inadequate Compliance Monitoring to Ensure that Registered Institutions Provide Quality TET

The audit noted the following concerning the implementation of compliance monitoring in Technical Education and Training:

(a) Insufficient Compliance Monitoring to Ensure the Quality of the Provided Technical Education and Training

Through the review of the Annual Performance reports of 2019/20-2022/2023, the Audit noted that NACTVET did not conduct compliance monitoring in technical education institutions as planned. However, there was a decrease in the number of institutions monitored in 2021/22, with only 50 institutions (11%) subjected to compliance monitoring out of 465. In 2022/23, there was an increase in monitoring activities, with 105 out of 474 institutions monitored, indicating a compliance monitoring coverage of 22%. **Table 17** shows the extent of compliance monitoring.

Table 17: Percentage of Compliance Monitoring Conducted for the Period 2019/20-2022/23

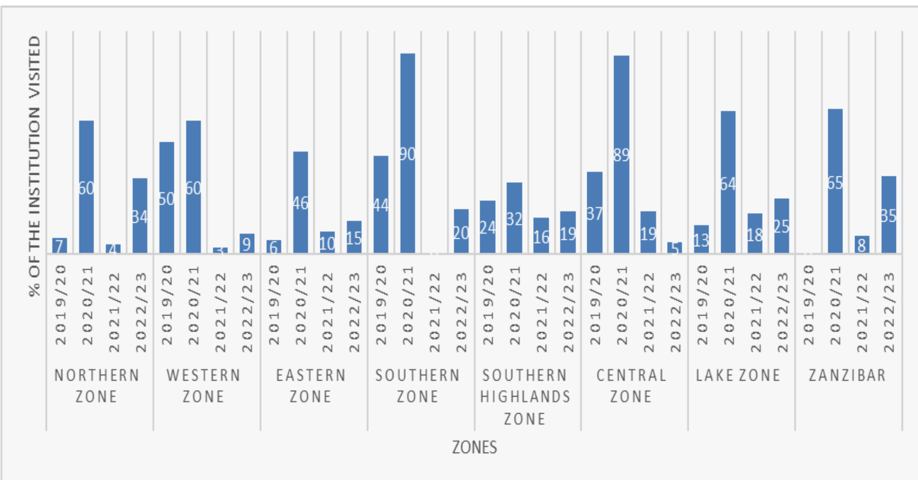
Financial year	Number of Technical Institutions	Number of Compliance Monitoring conducted	Percentage Monitored (%)
2019/20	407	119	29
2020/21	441	283	64
2021/22	465	50	11
2022/23	474	105	22

Source: *Auditors' Analysis of Compliance Monitoring Report, 2023*

Table 17 shows that, in the Financial Year 2019/20, out of 407 Technical Institutions, 119 institutions were visited for compliance monitoring, representing a coverage of 29%. Also, there was an increase in coverage during 2020/21, where 283 out of 441 institutions were monitored, resulting in an improved coverage of 64%. It was revealed that the percentage of compliance monitoring conducted varied across the financial years: 29% in 2019/20, increased to 64% in 2020/21, decreased to 11% in 2021/22, and rose to 22% in 2022/23.

Similarly, in the NACTVET zones, it was found that the number of visits each year for compliance monitoring fluctuated across zones. **Figure 17** depicts the compliance monitoring visits of technical Education across zones.

Figure 17: Percentage Compliance Monitoring Visits Across Zones (2019/20-2022/23)



Source: Auditors' Analysis of Compliance Monitoring Reports, 2023

Figure 17 shows the summary of the Percentage of Compliance Monitoring Visits Across Zones (2019/20-2022/23). This was attributed to a shortage of funds provided to the Department of Quality Assurance. Also, in the financial year 2021/22, NACTVET did not receive funds, so few technical institutions were visited.

This was attributed to inadequate coverage of monitoring and evaluation visits and a shortage of funds, whereby the requested funds were not disbursed as estimated during the plan. Another reason for the challenge is a shortage of staff, whereby NACTVET currently has a deficit of 74 staff out of 198 available, per the newly approved Functions and Organization Structure of NACTVET, 2023.

(b) NACTVET did not Periodically Review Guidelines, Regulations, and Procedures for maintaining the Quality Standards

It was found that the National Council for Technical Education (Examinations) Regulations, 2004, developed in 2004, was overdue for 17 years, while for the Registration of Technical Institutions Regulations 2001, no review was conducted for 19 years from 2001. Other documents, including guidelines on quality control and assurance, national technical awards, degree program offerings, quality management plans, self-evaluation, and foreign award evaluation, all developed around 2005, were not reviewed for 18 to 19 years. Moreover, the curriculum development and review procedures, established in June 2010, did not undergo the necessary review for 13 years.

The reason for the non-review of regulations and guidelines by NACTVET was due to non-prioritization of the activities concerning the review process of the regulations and guidelines, regardless of having plans for such activities. Also, the insufficient funds for reviewing the regulations and guidelines. Consequently, it impacted the provision of technical education and training in the country.

(c) The availability of Misconduct to Technical Institutions

Through the reviews of compliance monitoring reports from 2019/20 to 2022/23, the audit found a lack of CBET training for most academic staff, a shortage of relevant qualifications, and an absence of established institutional quality assurance systems. Further to that, Institutions were operating with expired and unapproved curricula. The absence of an established governance system was among the challenges noted in the monitoring report conducted by NACTVET. **Table 18** depicts the percentage of Institutions that Exhibited these Misconducts.

Table 18: Institutions Misconducts in Technical Institutions

Item	Percentage of Visited Institutions that Exhibited this Misconduct			
	2019/20	2020/21	2021/22	2022/23
Absence/poorly established institutional quality assurance systems;	35	77	6	15
Lack of CBET training for most academic staff;	83	132	2	60
Shortage of academic staff with relevant qualifications;	87	27	2	61
Institutions operating with expired/unapproved curricula	6	35	2	24
Absence of an established governance system:	-	17	-	49

Source: Auditors' Analysis of the NACTVET Compliance monitoring reports,2023

Table 18 shows that the misconduct of the absence or poorly established institutional quality assurance systems increased to 77% in 2020/21, improved to 6% in 2021/22, and then increased to 15% in 2022/23. In contrast, the lack of Competency-Based Education and Training (CBET) for most academic staff was higher at 132% in 2020/21, decreased to 2% in 2021/22, and increased to 60% in 2022/23.

This means that the enforcement measures given by NACTVET to technical institutions might not be tough enough to make the misbehaving institutions learn their lessons.

(d) Inadequate adherence to Student Admission Procedures in the system

The audit showed that through the review of compliance monitoring reports of 2019/20 to 2022/23, the frequently indicated misconduct in the report was non-compliance to students' admission procedures.

It was noted that from the financial year 2019/20 to 2022/23, non-compliance with students' admission procedures was one of the key incidents. It can be observed that out of 119 Technical Institutions visited in 2019, there were two (2) misconducts on the non-compliance of student admission procedures in 2019/20, in 2020/21, a total of 1,958 misconducts on the non-compliance of student admission procedures occurred to 252 Technical Institutes (TIs), in 2021/22 the total of 581 misconduct on the non-compliance of student admission procedures occurred to 105 TIs. In 2022/23, 581 cases of misconduct were repeated due to non-compliance with student admission procedures at 105 Technical Institutions.

5.3.6 Insufficient Coordination and Reporting in the Regulation of Technical Education and Training Activities

In assessing the coordination to ensure the uniformity to all respective sectors in the provision of Technical Education and Training, the team noted that there were issues hindering coordination from guaranteeing the uniformity of Technical Education and Training provided in the country, as explained hereunder:

(a) Shortage of the Number of Staff for Regulating Technical Education and Training

The Audit found that NACTVET had a shortage of staff. According to the Council's staff establishment plan, 198 staff are required; however, there are 124 staff, representing 62.6%, thus creating a deficit of 74 staff (37.4%). Furthermore, NACTVET, in the regulation of Technical Education and Training, faced the challenge of a staff shortage. Details are indicated in **Table 19.**

Table 19: Shortage of Staff at NACTVET

Department/ Unit	Number of Required Staff	Number of Available Staff	Variance
Institutional Guidance and Support	34	35	-1
Curriculum Development and Assessment	28	19	9
Compliance Monitoring and Evaluation	30	14	16
Quality assurance	40	35	5
Information Research and Planning	15	22	-7
Admission, Examinations and Certification	29	25	4
Total	**176**	**150**	**26**

Source: *Auditors' Analysis from Human Resource Information (NACTVET) 2023*

Table 19 shows a total of 150 staff members available at NACTVET, while the required number of staff for effective regulation of technical education was 176.

The shortage of staff led to NACTVET encountering challenges in regularly conducting activities, including critical tasks such as compliance monitoring and evaluation, curriculum development and assessment, and quality assurance activities.

(b) Shortage of funds for regulation of Technical Institutions

The review of NACTVET Annual Performance reports for the financial years 2019/20 to 2022/23 showed that, the estimated and planned budget, which depended on government sources, was not disbursed as planned in those three financial years (2020/21, 2022/22 and 2022/23) consecutively, while fund from sources of NACTVET was disbursed at hundred per cent (100%) as planned, as revealed in **Table 20.**

Table 20: Estimated and Received Budget for NACTVET Activities

Source	Item	Financial Year			
		2019/20	2020/21	2021/22	2022/23
Government	Budgeted (TZS Billion)	2.00	2.00	2.00	2.00
	Received (TZS Billion)	0.73	0	0	0
	Percentage (%)	37%	0	0	0
NACTVET own Source	Budgeted (TZS Billion)	8.66	10.20	9.67	9.26
	Received (TZS Billion)	6.41	7.16	7.51	5.73
	Percentage (%)	73.3	70.2	77.7	61.9

Source: *Auditors' Analysis from NACTVET's source on 31st March 2023, and Annual Performance Report 2019/20 to 2022/23*

As shown in **Table 20**, the funds from the government were not disbursed as planned, since in the financial year 2019/20, the percentage of disbursement of funds from the government was 37, whereas, for the consecutive three financial years of 2020/21, 2021/22 and 2022/23, there was no disbursement of fund from the government.

Consequently, insufficient funds could affect the implementation of the planned activities. In such a situation, activities will likely not be implemented on time, making NACTVET inadequately implement its annual plans.

5.3.7 Insufficient Monitoring of Technical Education and Training

Despite the strategic plan outlining six key indicators for monitoring TVET progress, including the increase in TVET institutions, the equipping of these institutions with modern facilities, the development and utilization of skills mapping guidelines, the establishment of TVET collaborations, the enhancement of linkages between TVET institutions and industries, and capacity building to staff, the audit found an absence of data collected on these indicators by MoEST.

This failure was primarily attributed to the lack of an effective system for gathering this information. The planned TVET Monitoring and Information System (TVET-MIS), intended for this purpose, was only 66% developed at the time of the audit.

5.4 Audit Findings on the Provision, Monitoring and Evaluation of the Competency of Staff in the Public Sector

This section presents a summary of findings on performance audits, management of development, and monitoring and evaluation of the competency of staff in the public sector. The details of the findings are given hereunder:

5.4.1 Ineffective Identification and Analysis of Competency Gaps in Public Institutions

The audit revealed that, in the review of the competency gaps, the identification and analysis among visited public institutions were accompanied by weaknesses that affected the effectiveness of capacity-building programs within government institutions to address the identified gaps. The following are weaknesses noted during the audit:

Inadequate Plans for Competency Gap Identification

The Audit found that there is inadequate inclusion of needs assessment in key organizational planning documents, as shown in **Table 21**.

Table 21: Inclusion of Competence Needs Assessment Activities in Organizational Plans

Type of Plans	MoF	MoW	TPSC	PSRS	PSSSF	TRA	TPA	Pangani DC	Mwanza CC	Mtwara MC
Strategic Plans	✓	×	×	×	×	✓	✓	×	×	✓
Annual Plans	×	×	×	✓	×	✓	✓	×	×	×
Other Plans	×	×	✓	×	✓	✓	✓	×	×	×

Source: *Auditor Analysis from Strategic, Annual and Other Plans 2018-2023*

Key

- ✓ Connotes the presence of a plan
- × Connotes the absence of a plan

Table 21 shows the summary of institutions that included competency needs assessments in the form of training needs assessments (TNA) in their strategic plan. Inadequate inclusion in the capacity building plans was caused by the lack of comprehensive capacity building programs, which guide how and when the competence needs assessment will be done and other capacity gaps will be identified.

(a) Insufficient Analysis of Human Resource Gap

The audit found that, all (10) visited public institutions did not have a comprehensive human resource plan, which was supposed to be a leading guidance on capacity-building interventions within their organizations. The visited public institutions contained only the Training Needs Assessment (TNAs) as guidance on the capacity gap analysis. Further, it was revealed that the submitted TNAs lacked a comprehensive assessment of crucial information regarding various gaps, such as Staff (Inventory) Gaps, Diversity Gap/Imbalance, and Competency Gaps, as presented in **Table 22**.

Table 22: Covered Key Competencies in Capacity Needs Assessment of the Public Institutions

Type of Competency	The extent of Assessment (Based on TNAs and OPRAS[4] in percentage (%)										
	MoF	MoW	TPSC	PSRS	PSSSF	TRA	TPA	Pangani DC	Mwanza cc	Mtwara MC	Average
Core Competencies	5	0	27	25	13	8	1	0	0	0	7.9
Leadership Competencies	10	0	9	38	13	24	17	0	0	0	11.1
Technical Competencies	85	100	64	37	74	68	82	100	100	100	81

Source: *Training Needs Assessment and Capacity Building Programs*

The analysis from Table 22 shows that, in general, 81% of all the needs presented by the training needs assessment were on technical competencies, while only 11.1% addressed leadership competencies. The remaining 7.9% of the needs were on core competencies. Also, it was noted that the capacity needs assessments were mainly done for technical competencies, with a limited extent for other competencies. The reason for not assessing the technical

[4] OPRAS was used as a needs assessment tool by PSSSF.

competencies is insufficient guidance on how the competency needs are analysed. The officials did not know how the competencies were analysed or if there was any framework for analysing the required competencies.

The main reason for inadequate human resource gap analysis was the narrow approaches in preparing needs analysis, including the traditional training need assessments among public institutions. Although training needs assessments are valuable, they represent only one aspect of a comprehensive human resource gap analysis

5.4.2 Ineffective Preparation of Skills Development Programs

The audit found that, the development of capacity-building programs was inadequate. Also, there was a mismatch between capacity building plans and identified skills gaps and a mismatch between training programs and identified performance challenges, as elaborated below:

(a) Ineffective Development of Capacity Building Programs and Plans

The Audit found that, public institutions did not sufficiently prepare training plans as per the requirements of the Training Policy for the Tanzania Public Service,2003 and the derivative annual training plans.

The audit found that public institutions did not sufficiently develop training plans and annual training plans as per the requirements of the Training Policy for the Tanzania Public Service, 2003. In the period of Five Years, only 4 out of 10 public institutions had developed institutional training plans, while the remaining six (6) did not do so. Similarly, the audit expected 50 annual training plans in the ten (10) visited public institutions. However, only 18 out of the 50 annual training plans were developed in the ten (10) public institutions that were visited.

This was attributed to low awareness among the staff managing training activities in the visited public institutions on the requirement to develop more comprehensive capacity-building programs and annual training plans.

(b) Development of Plans or Programs not based on the Analysed Challenges related to Staff Capacity Building

The audit found that the capacity-building plans were not developed based on the competence gaps identified during the needs assessment and the challenges analysed.
It was noted that the developed plans for the capacity building did not cover all the cadres of the Internal Auditors, Accountants and Procurement

Management Unit (PMU) officers. It also indicates partial inclusion for capacity building for cadres of Human Resources (HR) and Administrative Officers, Records Management (RMA) and Information and Communication Technology (ICT) officers.

(c) Inadequate Engagement of Stakeholders in Developing Capacity-Building Programs

The audit noted that public institutions have been engaging employees as a traditional approach to developing capacity-building programs. The development of plans started with the employees' engagement and was finalized by the heads of the departments and appointed teams within institutions. However, other categories of stakeholders, including customers, training institutions, and professional bodies, were not adequately engaged.

This was attributed to the non-engagement of stakeholders, which stands at 75% for all institutions, except for the Ministry of Water, which stands at 50%. This suggests that there is a need for Public Institutions to put weight on engaging stakeholders in developing capacity-building programs to come up with comprehensive programs to address identified competency gaps.

5.4.3 Inadequate implementation of capacity-building programs to enhance staff competency

The Audit found weaknesses in the visited public institutions of insufficiently implemented capacity-building programs to address the competency gaps in the public sector, which are presented in the following subsections;

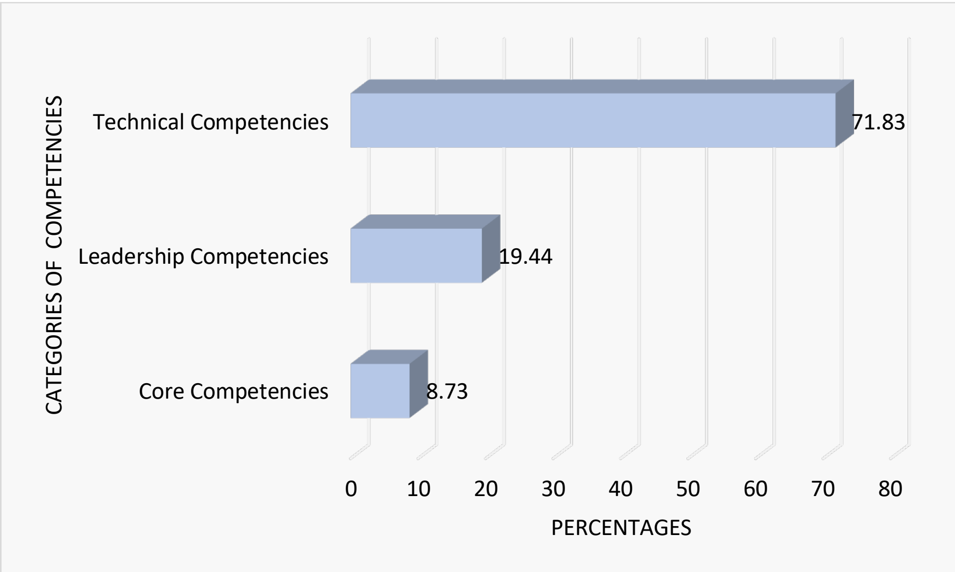
(a) Limited models for Implementing capacity building Program

The audit noted that all ten visited institutions preferred using classroom training as a model for implementing capacity-building programs over other models, such as Job rotation, Certifications class (CPA, PE, CENG, etc.), Acting on position, Practical model (Workshop), Mentoring, Counselling, Study tour, Forums and Experience sharing. In addition, some capacity-building implementation models were not in the implementation report. The management preferred the class training model because of its ease of implementation.

(b) Implemented Capacity Building Programs Did Not Address Organisational Competency Needs

The Audit found that none of the ten visited public institutions had a written document for their competency framework. The only documented competency framework was a leader's competency framework developed by the PO-PSMGG in 2008. Also, it was noted that despite not having a defined competency framework in the visited public institutions, the capacity-building programs that were executed across public institutions were limited to a few competency aspects, as shown in **Figure 18**.

Figure 18: Coverage of Competencies in the Implemented Capacity Building Programs among Public Institutions



Source: *Auditor analysis, 2023*

Figure 18 indicates that 71.83% of all capacity-building interventions implemented in the ten visited public institutions were based on technical competencies[5]; meanwhile, 19.44% were based on Leadership Competencies[6]. The remaining 8.73% of all capacity-building interventions implemented in

5 Technical Competencies: A set of knowledge and skills required to perform specific tasks, jobs, or functions within a particular field or industry.

6 Leadership competencies: Are a set of skills, attitudes and behaviours which apply to employees with management responsibilities

public institutions were based on core competencies[7]. This was caused by an outdated competency framework for leaders of 2008 that had been used without being reviewed for more than 14 years.

(c) Ineffective Implementation of Leadership Competency Framework (LCF)

The audit found that of the ten (10) visited public institutions, 9 of them did not use the Leadership Competency Framework, as required by the PO-PSMGG. The audit assessed the framework's implementation level from the visited public institutions are presented in **Table 23.**

Table 23: The extent of knowledge and implementation of the Public Service Leadership Competency Framework (LCF)

Institution	Knowledge of the LCF	Use of LCF
MoF	✓	×
MoW	×	×
PSSSF	×	×
PSRS	✓	×
TPSC	✓	✓
TRA	×	×
TPA	×	×
Mtwara MC	×	×
Pangani DC	×	×
Mwanza CC	×	×

Source: Analysis of Interview Minutes (2023)

Key

- ✓ Connotes the presence of aspect in the column
- × Connotes the absence of the aspect in the column

Table 23 generally shows that the leadership competency framework has not been used in 9 out of the 10 visited public institutions. Nevertheless, the public institutions were not even aware of the document; in 10 institutions, only 3 had knowledge of the competency framework. This was due to ineffective implementation of the leadership competency framework among the visited institutions, which was the awareness aspect of the existing leadership competency framework.

(d) Non-supportive Working Environment for Enhancing Staff Competence

7 Core competencies: They are a set of related knowledge, skills, and abilities that result in essential behaviours expected from those working for the organization.

The Audit found that, the working environment for Mtwara Municipal Council in Mtwara Region and Pangani District Council in Tanga Region were not conducive to the implementation of capacity-building programs. The environment did not also support the enhancement of staff competence despite undergoing capacity-building training.

For example, there were crumbling buildings, unorganised laboratories for workshops, ICT facilities, and video conferencing. Not all public institutions in various regions have conducive working environments, such as ICT facilities, internet, electricity, water, computers, etc, as shown in **Photo 2**.

Photo 2: Showing the working environment

Photo 2: *The photos show the two working environments: A conducive working environment on the left-hand side and a non-conducive working environment on the right-hand side. (The photos were taken by auditors on 8th December 2023)*

5.4.4 Ineffective Performance Management System

The Audit found that the current performance management system is accompanied by weaknesses that affect the objectives of establishing performance management systems, as detailed below:

(a) Ineffective Transitioning from OPRAS to PIPMIS and PEPMIS

The Audit found that, the transition from OPRAS to PEPMIS and PIPMIS was not effectively planned and executed. An uncontrolled transition created a gap in performance monitoring in public institutions, as described in **Table 24** from the second quarter of the financial year 2022/23.

Table 24: Performance Management Transitioning Overview

PMS System	Entity	1st July 2022 - 30th June 2023	1st July 2023 - 30th October 2023
		Status	Status
OPRAS	MoF	Ceased except for promotions	Ceased
	MoW	Ceased except for promotions	Ceased
	PSSSF	Used Modified OPRAS	Ceased
	PSRS	Ceased except for promotions	Ceased
	TPSC	Ceased except for promotions	Ceased
	TPA	Ceased	Ceased
	TRA	Not Applicable	Ceased
	MMC	Ceased	Ceased
	PDC	Ceased	Ceased
	MCC	Ceased	Ceased
PIPMIS & PEPMIS	MoF	Non-existent	No Training Launched
	MoW	Non-existent	No Training Launched
	PSSSF	Non-existent	No Training Launched
	PSRS	Non-existent	No Training Launched
	TPSC	Non-existent	No Training Launched
	TPA	Non-existent	No Training Launched
	TRA	Non-existent	Not Applied[8]
	MMC	Non-existent	No Training Launched
	PDC	Non-existent	No Training Launched
	MCC	Non-existent	No Training Launched

Source: Analysis of Interview Minutes from visited public institutions (2023)

Table 24 shows that, in the financial year 2022/23, four (4) of the ten (10) visited public institutions used OPRAS only for promotion purposes but not performance measurement.

(b) Variations in Performance Management Systems within Public Institutions

The Audit found that there were different performance management systems in the visited entities that are used to assess the performance of their employees. The audit noticed that four major categories of performance management systems are used in the government, and every system has a different performance evaluation algorithm. The first category of institutions

[8] TRA is using Balanced Score Card (BSC) as its Performance Management System

used the original OPRAS system, which is being terminated. It includes the Ministries of Finance, Water, TPSC and PSRS. These institutions do not have an alternative system for performance management, while PIPMIS/PEPMIS has not yet reached their institutions. The second category of public institutions is piloting the current PEPMIS and PIPMIS. It includes PSRS and TPSC. These public institutions no longer use the previous OPRAS system but have started piloting the current PEPMIS/PIPMIS without full rollup within the organization. The third category of public institutions is using the modified OPRAS system with newly added features from the original OPRAS, and some have modified performance scores algorithms, especially on the overall performance marks. One such institution under this category is PSSSF.

The fourth category of public institutions uses the Balanced Score Card (BSC), where the performance and scores evaluation uses algorithms different from the OPRAS or PEPMIS/PIPMIS. These institutions have been using BSC for a long time, even before the introduction of the new PEPMIS and PIPMIS. One such institution is the Tanzania Revenue Authority.

These are results of variations of the performance management systems in the public sector that minimize the effectiveness of PO-PSMGG in managing staff performance in the public sector.

(c) Ineffective Integration of Performance Management Systems with Other HR Parameters

The Audit found that, the systems are not integrated with other human resource parameters among the visited organizations. The performance appraisals were only done just as any other activity within an organization, and the results of the performance appraisals were used in a very limited manner in other human resource or administrative matters, as indicated in **Table 25.**

Table 25: The Assessment of Influence of PMS Systems on HR Parameters

HR Parameter	Influence	Observations
Performance Rewards	Limited Influence.	Other parameters highly influence performance rewards, including the decisions made by top organisational management. (As per Regulation 27(7)(c) of Public Service Regulations (PSR), 2022.
Training Programs	Limited Influence	Only 1 out of the five visited institutions had a PMS system that informs training programs. In other entities, training programs were primarily based on TNAs or available training opportunities. (As per Regulation 27(7)(a) of PSR)

HR Parameter	Influence	Observations
Promotions	Moderate Influence	This was effectively integrated during time-based promotions but did not inform performance-based promotions within public institutions. Time-based promotions were nearly automatic for everyone. Outstanding performers were not entitled to performance-based promotions as a result of PMS. (As per Regulation. 27(7)(d) of the PSR)
Sanctions	Limited Influence	There were no effective sanctions due to bad performance in the PMS. (As per Regulation 27(7)(e) of PSR)
Transfers IN and OUT	Limited Influence	The transfers IN and OUT are not influenced by the performance appraisals as a means of improving efficiency. The transfers in and out are based on individual influences or other disciplinary matters unrelated to PMS to increase efficiency or reduce inefficiencies in any position. (As per Regulation 106(1) of the PSR)

Source: *Auditors Analysis of Interview Minutes (2023)*

Table 25 shows how the performance management system influences key human resource parameters associated with performance. The audit discovered that PMS has a limited influence on key human resource management matters. Moreover, there was no effective completion of the PMS, except for a few staff in professional positions who would do so if it could potentially lead to promotions.

The risks of obtaining untruthful or unfair performance evaluations could negatively affect the government's objective of ensuring efficient and effective public service delivery.

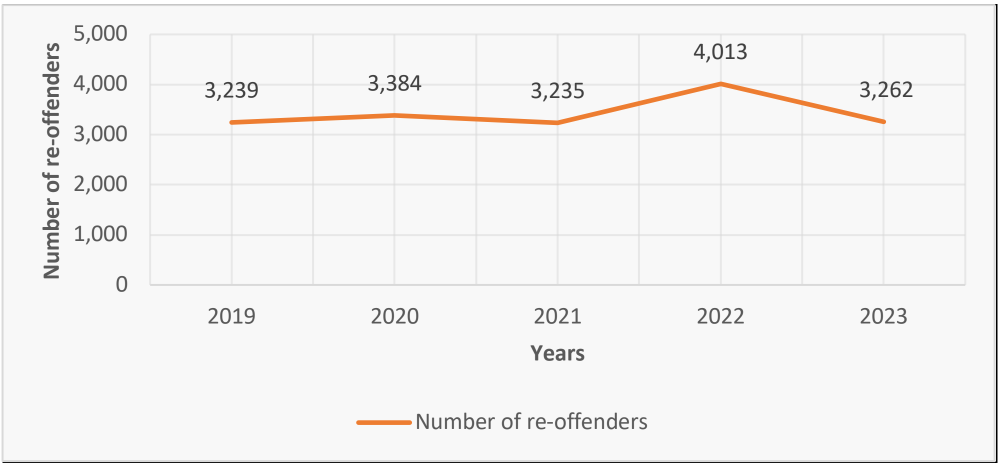
5.5 Audit Findings on the Implementation of Rehabilitation Programs in Prisons

This section presents a summary of findings on the implementation of prisoner rehabilitation programs. The details of the findings are given hereunder:

5.5.1 Increasing rate of re-offenders by 1.5% on average from 2019 to 2023

The audit noted that despite rehabilitation programmes being conducted, there was still a high and increasing rate of re-offenders by an average of 1.5% from the year 2019 to 2023 (**See Figure 19).**

Figure 19: Increase of recidivism for the period from 2019 to 2023

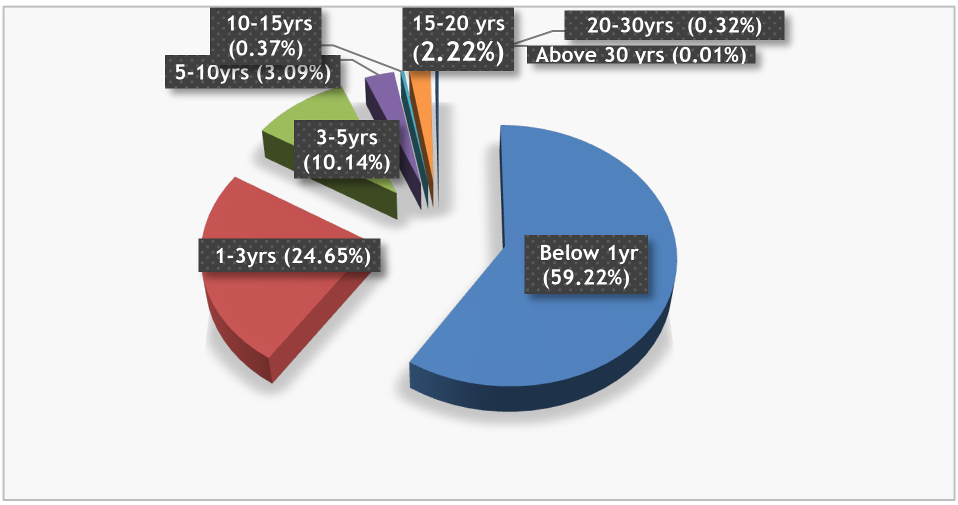


Source: *Auditors' Analysis of the extract of* ***recidivism*** *information from TPS*

The increasing rate suggests that more individuals who have previously been involved in criminal activities are returning to commit offenses again.

Furthermore, the audit found that the rate of recidivism was inversely propositional to the period of the prisoners' sentences; hence, more recidivist prisoners were those of shorter sentences (**See Figure 20**)

Figure 20: Percentage of recidivist prisoners in relation to the length of sentence



Source: *Auditors' analysis of the recidivist prisoners for the year 2019 - 2023 (2024)*

Figure 20 shows that from the year 2019 to 2023, 59.22% of prisoners who reoffended had a sentence below 1 year, 24.65% had a sentence of 1-3 years, 10.14% had a sentence of 3-5 years, 3.09% had a sentence of 5-10 years, 0.37% had a sentence of 10-15 years, 2.22% had a sentence of 15-20 years, 0.32% had a sentence of 20-30 years, and only 0.01% had a sentence above 30 years.

5.5.2 Absence of formally developed prison curriculums/guidelines to execute rehabilitation programmes

The audit found that there was no formally designed or structured curriculum document to guide the provision of the rehabilitation programmes. The programmes were implemented with no formal guidelines for TPS.

Consequently, there were neither clear requirements for prisoners' eligibility in a particular program nor a defined timeframe for prisoners to participate in the educational programmes. This made it difficult to assess and achieve the intended outcomes of the rehabilitation programmes.

5.5.3 Classification and Separation of prisoners were limited to gender and age

The audit reviewed prisoners' admission forms from seven visited prisons. The audit found that prisoners' classification was limited to gender and age while ignoring other factors, such as the nature of the offense, criminal record, and necessity of rehabilitation. Also, the audit found that prisoners and those on remand were confined in prisons instead of having separate accommodations for remandees. This was attributed by:

(i) Inadequate infrastructures to support the classification of prisoners

The interviews and the physical observation of the visited prisons revealed that most of the prison infrastructures were constructed during the colonial era. Therefore, some of the buildings were old, while others were uninhabitable. After independence, TPS adopted the rehabilitation philosophy, which required the classification of prisoners. Still, the infrastructures used since then are from the colonial era, which does not support the philosophy.

(ii) Core activities of the respective prisons determine the classification of prisoners

A review of the Prison Registration and Admission Forms showed that prisoners were required to indicate their specialties and the type of rehabilitation they wished to be attached to while in prison based on their skills and work experiences. However, from the reviewed forms, it was found that prisoners were registered and assigned to a core activity performed by the prison.

Despite the classification being determined by the core activity of respective prisons, there was no consideration and prioritisation of other programmes during the initial registration of prisoners. The audit found that other rehabilitation activities (besides farming) could not hold all prisoners due to inadequate resources, tools, and equipment. As a result, not all prisoners could benefit from these programmes.

(iii) Absence of policy and guidelines for the classification of prisoners

The audit noted that there were no structured guidelines to guide the classification of prisoners. As a result, significant differences in how rehabilitation programmes were implemented across prisons led to failure to assess their effectiveness.

This led to prisoners viewing the programmes as punishment and failing to integrate back into society, ultimately increasing the rate of re-offenders.

5.5.4 Ineffective Distribution of prisoners in the visited Prisons

During the site visit, the audit found that six (6) out of twelve (12) prisons had prisoners more than the designed capacity**.** **Table 26** shows the capacity of prisons, the number of inmates, and the percentage of over/undercrowding in the visited prisons.

Table 26: Prisons Capacity of Accommodating Inmates

Name of Prison	Category of prison	Prison capacity	Prisoners available	% of Over/(Under) crowding
Ruanda	Central	4000	972	143.0
Mkuza	District	70	165	135.7
Kongwa	District	120	158	31.7
Mahenge	District	50	62	24.0
Ukonga	District	945	1157	22.4
Idete	Farm	200	231	15.5
Magu	District	134	140	4.5
Karanga	Central	841	737	(12.4)
Ubena Zomozi	Farm	200	156	(22.0)
Same	District	160	112	(30.0)
Gereza la wanawake Morogoro	Farm	94	62	(34.0)
Kiberege	Farm	450	213	(52.7)
Wami Vijana	Farm	255	56	(78.0)

Source: *Auditors' analysis of data from visited prisons, 2023*

Table 26 above shows the overcrowding in several prisons as observed during the audit. Of the visited prisons, the Ruanda prison was highly overcrowded by 143%, while Ubena prison was under-occupied by 78%. However, the audit noted that some prisons, such as UbenaZomozi, Gereza la Wanawake- Morogorogo, Kiberege, and Wami Vijana, were not fully occupied.

Also, the table indicates that the district prisons were more crowded than the farm prisons. The TPS officials declared that overcrowding was due to a limited number of accommodation cells in prisons, which hindered adequate classification and separation of prisons. This also affected the provision of rehabilitation programs to prisoners.

Further, TPS admitted that there was no clear guideline on the allocation of prisoners to different prisons in the country.

5.5.5 Absence of a system allowing continuous education for prisoners who have completed primary school

The audit found that there was no provision for prisoners (students) at Wami-Vijana Prison who completed primary education to continue with education. This limited prisoners who graduated at the primary level from proceeding to the next education level.

This was attributed to the absence of a developed mechanism to link the graduated prisoners with the institutions that provide secondary and college education.

It was explained that students who completed primary education were still categorised as prisoners and were required to serve their sentences. As a result, they were not allowed to pursue secondary education outside the prison. Furthermore, the Wami-Vijana Prison did not provide secondary education.

Also, the audit found that the Wami-Vijana Prison was the only prison designed to offer formal primary education to prisoners. However, the prison was established to accommodate only male prisoners under 21 years, hence leaving the female prisoners unattended. It was further noted that female prisoners were housed in the other existing prisons where no formal primary education was provided.

5.5.6 Absence of a functional workshop at Wami-Vijana Prison

The audit further found that the Wami-Vijana prison was well equipped with tools and equipment for providing technical and vocational education. However, as seen in **Photo 3 (a) and (b)** below, there was no functioning workshop.

Photo 3: Workshop and equipment at Wami-Vijana Prison

Photo 3(a): *The outside (top) and inside (bottom) views of the non-functioning workshops at Wami-Vijana Prison. Photo taken by Auditor on 23rd September,2023*

Photo 3(b): *Stores for workshop tools at Wami-Vijana Prison; Photo taken by Auditor on 23rd September, 2023*

The incomplete workshop was not in use, limiting the provision of technical and vocational education despite having ample tools and equipment. Additionally, there was no electricity to power the machines, which created a high risk of them deteriorating due to prolonged disuse.

The consequences of limitations in providing formal and technical education include deterioration of tools and equipment used in providing vocational education to prisoners and prisoners missing their right to self-education developments. These result in an increasing rate of illiteracy and inadequate implementation of rehabilitation programmes, which consequently leads to prisoners' failure to integrate into the community, causing an increasing rate of re-offenders.

5.5.7 The curriculum for training entry-level prison officers does not adequately cover correctional Programmes

During the review of the curriculum used to train entry-level prison officers, it was revealed that the curriculum does not cover the provision of rehabilitation programmes. Instead, it focuses on providing the necessary knowledge to the officers, such as parade, health, administration duties, ethical conduct, and safety in prison, as shown in **Table 27**.

Table 27: Contents of Prison curriculum for entry-level prison officers

Module	Issues Covered
General Studies	Constitution, democracy, globalization, cybercrime, organ of state, etc
Drilling	Arm drilling, foot drilling, weapon training, self-defence, field craft, etc
Health Education	First aid, accident, diseases, etc
Prison Administration	Prison inspection, escape of prisoners, prison security, prisoners' classification, and transport of prisoners.
Community Service	Human rights and criminology

Source: *Auditors' analysis of the curriculum for entry-level prison officers*

Table 27 shows the curriculum content for entry-level prison officers. The audit found that the curriculum designed for entry-level prison officers encompassed various topics beyond rehabilitation, which is the primary focus of the TPS. These included psychological issues, handling of special needs and vulnerable groups, communication, and interpersonal skills[9] .

The interviews with TPS's training officials noted that prisoners' rehabilitation programmes were not included in entry-level officers' curricula due to a lack of periodic curriculum review to ensure that the curriculum reflected the core function of TPS.

The omission of rehabilitation issues from the curriculum for entry-level officers posed the risk of recruiting individuals who might unfairly handle prisoners, thereby reducing the likelihood of effectively conducting rehabilitation. This, in turn, could discourage prisoners from addressing their offending behaviour and seeking to amend the charges of the crimes.

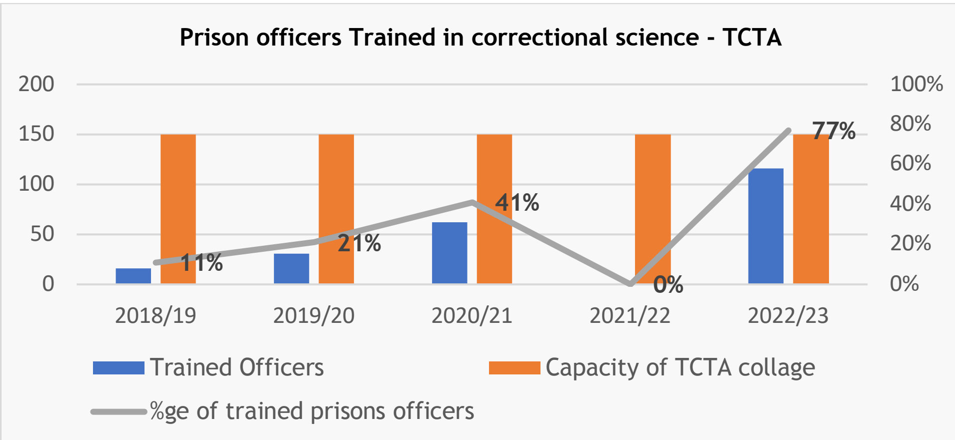
[9] https://www.unodc.org/documents/centralasia/PrisonReform/training_curriculum-en.pdf

5.5.8 Limited enrolment of prison officers to Basic Technician Certificate in Correctional Science and Ordinary Diploma in Correctional Science programmes at TCTA

TPS made an initiative by establishing the Tanzania Correctional Training Academy (TCTA) in 2015 at Ukonga, Dar es Salaam. The Academy trains prison staff in Basic Technician Certificate in Correctional Science (BTCCS) and Ordinary Diploma in Correctional Science (ODCS).

Despite the initiatives made, the number of prison officers trained in correctional science from TCTA for the financial year 2018/19 to 2022/23 was very small, as shown in **Figure 21**

Figure 21: The percentage of prison officers trained at TCTA for the financial year 2018/19 -2022/23



Source: *Auditors' analysis from officers' enrolment records at Tanzania Correctional Training Academy, 2023*

Figure 21 reveals that for the period of five years, the percentage of prison officers who received training in correctional science did not exceed 50% of the college's capacity, except in 2023, when the percentage of enrolled officers was 77%. It further indicated that the prison officers who attended the Basic Technician Certificate in Correctional Science and Ordinary Diploma in Correctional Science at TCTA ranged from 11% to 77% for the financial year 2018/19 to 2022/23.

This implies that a significant number of prison officers did not get access to correctional programmes to improve their knowledge and skills to perform rehabilitation programmes.

As a result, there was an insufficient number of prison officers equipped with expert rehabilitation programmes. For instance, in the visited prisons, the number of prison officers who attended the correctional science education was low compared to the number of available prison officers, as shown in **Table 28**.

Table 28: Prison officers who attended correctional science education in the visited prisons

Prison	Category of prison	Total number of prison officers available	Prison officers who attended TCTA	% of prison officers received correctional training
Mahenge	District	57	0	0
Ubena	Farm	92	0	0
Kongwa	Farm	82	0	0
Same	District	64	0	0
Karanga	Central	267	0	0
Kiberege	Farm	87	1	1
Wanawake	Farm	53	1	2
Wami-Vijana	Farm	87	2	2
Magu	District	62	1	2
Idete	Farm	63	2	3
Mkuza	District	149	5	3
Tukuyu	District	55	1	2
Ruanda	District	239	3	1
Kilosa	District	58	0	0
Ukonga	District	459	12	3

Source: Auditors' analysis from data collected in the visited prisons, 2023

Table 28 shows that less than 5% of the prison officers in the visited prisons have received rehabilitation training at TCTA. The percentage of prison officers trained in correctional programmes at TCTA ranged from zero to three per cent. The table further indicated that none of the prison officers working at Mahenge, Ubena, or Kongwa prisons had attended a correctional program at TCTA. Ukonga was observed to have the highest number of prison officers who attended the training, which was 12 officers.

Below are some of the reasons for the limited number of prison officers who attend this course.

- ***Self-funding by a prison officer***: It was found that the correctional science course provided by the TCTA was important. However, the prison officers are required to pay for their own expenses. This hindered the influx of officers from registering for this course.
- ***The absence of prison officers' motivation to enrol in a rehabilitation education program:*** Interviews with the prison officers revealed a prevailing lack of interest in attending rehabilitation education

programmes. Some interviewed officers did not perceive the importance of incorporating correctional science into their skill set. Their perspective stemmed from the belief that the knowledge acquired during the entry-level course at Kiwira College and subsequent promotional courses adequately equipped them with relevant skills to fulfil their duties.

5.5.9 Absence of formally designed programmes to integrate the soon-to-be discharged prisoners

The audit found that despite the knowledge acquired while participating in such types of rehabilitation programmes, there were no formally designed programmes to prepare prisoners nearing their release to integrate into the community and overcome the challenges they are likely to face after their release.

The lack of a designed formal reintegration programme for prisoners was due to the absence of a defined rehabilitation cycle. This meant there were no elaborate stages for prisoners to pass through from the time of imprisonment until their release.

The lack of formal reintegration programmes for discharged prisoners made it difficult to reintegrate into the community after their release, and it became hard for them to access various services and support in the community. This resulted in an increased recidivism rate.

5.5.10 Absence of aftercare services in facilitating prisoners' re-integration into the community

During the site visit, the audit found that the relationship between prisoners and TPS ends when the prisoners complete their sentences. They further indicated that no after-care service was offered to prisoners who completed their sentences to enable them to overcome the challenges encountered when they returned to the community.

A review of the MoHA organisation structure indicated that the Ministry has an Aftercare Services Section to facilitate the re-integration service of offenders into the community. The section has the necessary collaborative arrangements with the community to ensure the delivery of prescribed aftercare services and supervision.

However, the audit revealed that the section was mainly established to facilitate aftercare services for prisoners sentenced under the Community Service Program and the Probation Program, but not for prisoners who

completed their sentences.
The lack of guidelines for implementing aftercare services resulted in the absence of aftercare services for prisoners who completed their sentences. This posed a risk of reoffending when they encountered resistance from the community in acquiring basic needs, such as accommodation and meals.

5.5.11 Absence of key performance indicators for effective monitoring of rehabilitation programmes in prisons

The audit found that MoHA had a checklist which the M&E Department used to measure the performance of all institutions reporting to the Ministry. However, a review of the checklist revealed that it did not include indicators that would facilitate measuring the performance of TPS in managing rehabilitation programmes.

The audit observed that the absence of rehabilitation aspects in the key performance indicators was attributed to several reasons. The reasons include lack of clarity in monitoring goals and outcomes by the respective directorate, inadequate development and implementation of a robust system for monitoring and evaluating rehabilitation initiatives, and insufficient coordination between TPS (the program implementers) and Ministry of Home Affairs (monitoring authorities) on the most relevant KPIs for assessing rehabilitation efforts.

5.6 Impact on the Attainment of the FYDP and SDGs

The following details of the observed impacts are provided hereunder:

Regarding the regulation of technical education and training, there was a considerable mismatch between the kinds of graduate employers expected from both the public and private sectors. The mismatch was caused by insufficient quality of skills in Technical Education and Training to align with the labour market. There was also a shortage of qualified technicians to meet labour market demands, with a 39% cumulative skill gap across various sectors and a critical shortfall in key areas.

Furthermore, the audit found shortfalls in the review and Approval of Curricula to meet Labour Market Demands. It was revealed that NACTVET, through technical institutions, is using outdated curricula, which could affect the graduates' ability to meet the labour market demand. Additionally, the audit noted ineffectiveness in the validation and approval of the curriculum, an indication that the technical education provided by NACTVTET does not meet the required standards to enable the graduates to compete in the labour market. In turn, it has affected the government's intervention in the development of skills, as reflected in FYDPIII and SDG.

In the Monitoring and Evaluation of the Competency of Staff in the Public Sector, the audit found weaknesses that affected the government's intervention in improving staff competency. The President's Office - Public Service Management and Good Governance was ineffective in the identification and analysis of competency gaps in public institutions. It was noted that only four of the nine visited institutions had included needs assessments as training needs assessments (TNA) in their strategic plan. The remaining five institutions did not include that.

Also, it was found that there were inadequate action plans for implementing capacity-building programs to enhance staff competency. The laxity was observed in public institutions which did not implement all planned capacity-building programs, while others implemented by more than 100 per cent. Finally, the audit noted an ineffective performance management system caused by the ineffective transition from OPRAS to PIPMIS and PEPMIS. The audit found that in all ten (10) visited institutions, the transition from OPRAS to PEPMIS and PIPMIS was not effectively planned and executed. Ultimately, SDG Goal No. 8, which aimed to promote sustained, inclusive, and sustainable economic growth, full and productive employment, decent work for all, and FYDP interventions, could not be attained.

Furthermore, regarding the impact of the Implementation of prisoner rehabilitation on the attainment of SDGs, the audit found that the planned target for the construction of a Technical College for prisoners was small compared to the number of prisons available in the country, resulting in an increasing rate of re-offenders by an average of 1.5% from the year 2019 to 2023. A small number of technical colleges limits the attainment of SDG No.16 for promoting peaceful and inclusive societies for sustainable development. This causes a rise in the trend of offenders.

CHAPTER SIX

URBAN PLANNING MANAGEMENT

6.1 Introduction

This chapter summarises the findings derived from the Performance Audit report on the Management of Town Planning. It describes the audit area, government entities involved in the audit, links to SDGs, and the impact of FYDP II and III.

6.1.1 Background Information

Town Planning is a spatial ordering of land use in urban settings that involves the set of general patterns of land use, the character and location of public buildings and structures, the design of streets, the location and development of transit and transportation systems and all other physical facilities which are necessary or desirable to promote the economic betterment and general welfare[10]. Town planning, as stipulated in Section 4(1) (a) of the Urban Planning Act, 2007, aims to facilitate sustainable, efficient and orderly management of land use practices. It helps ensure security and equity in access to land resources while enabling public participation in preparing and implementing land use policies and plans[11]. It also provides a framework for incorporating such relevant principles contained in the national and structural development policies from time to time, as may be defined by the Government[12].

In Tanzania, urbanisation is largely informal and unplanned, with a large fraction of inhabitants residing in areas lacking basic services, such as clean water, sanitation, roads, and electricity. Also, environmental risks in urban settlements are potentially large, and impacts rooted in agglomeration and poor environmental conditions have been extensively documented. For

[10] Planning: The Town Planners' Perspective; Journal of Geography and Regional Planning, 2019
[11] Urban Planning Act 2007
[12] Town and Country Planning Act ,CAP 355 [R.E 2002]

example, a single flood in April 2018 claimed the lives of 15 people and displaced more than 2,000 families living in the Dar es Salaam Msimbazi River basin[13].

6.1.2 Urban Planning Management as Linked to the SDGs and the FYDP II and III

Urban Planning as Linked to SDGs

Urban planning is deeply intertwined with the Sustainable Development Goals (SDGs), particularly with Goal 11, which focuses on sustainable cities and communities. Target 3 of Goal 11 specifically aims to enhance inclusive and sustainable urbanisation, emphasizing participatory and integrated human settlement planning and management by 2030. This target underscores the critical role of urban planning in achieving sustainable development objectives. Governments can significantly contribute to realising Target 3 of SDG Goal 11 by effectively managing town planning activities and ensuring that cities and human settlements are inclusive, resilient, and sustainable.

Furthermore, urban planning intersects with other SDGs, indicating its multidimensional impact on sustainable development. For instance, Goal 3 emphasises good health and well-being, which urban planning can support by ensuring access to clean water, sanitation, healthcare facilities, and green spaces in cities, thereby improving urban residents' overall health and well-being. Additionally, Goal 7 underscores affordable and clean energy, where urban planning is crucial in promoting renewable energy sources and energy-efficient infrastructure, contributing to providing sustainable energy for urban populations.

Moreover, Goal 9 emphasises industry, innovation, and infrastructure, highlighting the importance of resilient infrastructure development and sustainable urbanisation practices. Urban planning facilitates inclusive and sustainable industrialisation and innovation by fostering the development of resilient infrastructure in cities. Furthermore, Goal 13 focuses on climate action, where urban planning can mitigate and adapt to climate change impacts by integrating climate-resilient infrastructure and sustainable transportation systems into city planning.

[13] International Bank for Reconstruction and Development, 2019 Tanzania Country Environmental Analysis.

Urban Planning as Linked to FYDP II and III

The strategic direction of the Second National Five-Year Development Plan (FYDP II), 2015/16 - 2020/21, was to ensure that Tanzania is characterised by planned and serviced urban settlements with functioning town planning procedures, including improved solid and liquid waste management, use of sustainable transport and cleaner energy. The Plan also addresses the critical implications of rapid urban population growth on settlements.

The strategic direction for the Third National Five-Year Development Plan (FYDP III), 2021/22 - 2025/26, is to ensure land tenure security to economic agents and promote planned and serviced urban settlements with functioning town planning procedures, including improved solid and liquid waste management, use of sustainable transport and cleaner energy. The key interventions in this section are to promote and facilitate planning, surveying and titling of land parcels for investment and human settlement; preparation of urban, island and coastal development master plans; establish affordable housing schemes; upgrade and scale up an Integrated Land Management Information System, and Promoting the use of ICT in land surveying and titling.

6.1.3 Government Strategies and Efforts in Urban Planning Management

According to the Second National Five-Year Development Plan II (2016/17 – 2020/2, the Government had set strategies to increase land-allocated plots from 952,516 in 2015/16 to 2,952,516 in 2020/21. Also, according to the Third National Five-Year Development Plan (2021/22 - 2025/26), the Government had set strategies to increase the number of Towns with up-to-date general planning schemes (Master Plans) from 24 in 2019/20 to 54 and to increase land allocated plots from 1,551,716 in 2019/20 to 4,051,716 (indicating increase of 2,500,000 allocated land plots) in 2025/26.

The MLHHSD reviewed their National Land Policy of 1995, National Human Settlements Policy of 2000, and the Land Survey Act, Cap 324, and is preparing a new Housing Policy. It also automates the activities of the land sector through the Integrated Land Management Information System (ILMIS). Also, through MLHHSD, the government has developed and approved 8,429 out of 8,000 layout plans planned from the financial year 2019/20 to 2022/23, which indicated overall performance by 105%.

6.2 Audit Objective and Scope

6.2.1 Audit Objectives

The main objective of the audit was to assess whether the MLHHSD and PO-RALG, through Planning Authorities, effectively designed, developed and implemented town plans to create functionally efficient and aesthetically pleasing environments for living and working.

Specifically, the audit focused on assessing whether:

(i) The design and preparation of general and detailed planning schemes were adequately done;
(ii) The designed and approved urban planning schemes were effectively implemented;
(iii) The enforcement of developed urban planning schemes was adequately done; and
(iv) The performance of planning authorities on town/urban planning was periodically evaluated.

6.2.2 Audit Scope

The main audited entities were the Ministry of Lands, Housing and Human Settlements Development (MLHHSD) and the President's Office - Regional Administration and Local Government (PO-RALG) through LGAs. The audit mainly focused on the design and development of general and detailed plans, effective implementation of designed and approved urban planning schemes, enforcement of developed urban planning schemes, and performance evaluation of the planning authorities. The audit covered four financial years from 2019/20 to 2022/23.

6.3 Audit Findings on the Management of Town Planning

This section presents the main findings on the Management of Town Planning in Tanzania.

6.3.1 Ineffective Management of Town Planning Activities in the Country

The Audit noted ineffective management of town planning activities as the result of unplanned settlement. This was a result of inadequate preparation of master and detailed planning schemes, whereby from the financial year 2019/20 to 2022/23, a total of 76 master plans were to be developed and approved. It was found that a total of 40 master plans were developed, and only five master plans were approved by 2022/23, which is equivalent to 6.58 per cent of the set targets.

The audit identified deficiencies in town planning management, leading to widespread unplanned settlements across Tanzania's municipal, city, and town councils. Despite policy directives, timely planning, surveying, and land servicing were lacking, resulting in informal settlements covering 70% of general land and a notable increase in unplanned areas.

In particular, the audit noted that 95% of its land in the Arusha region is occupied by unplanned settlements, primarily due to occupation by settlers and farmers. Financial constraints and a lack of implementation guidelines further hampered effective planning and infrastructure development, exacerbating challenges in adhering to master plans and designated land use patterns.

Moreover, the audit noted non-compliance with master plans, especially in central business districts, where mass development occurred instead of vertical construction. Inadequate dissemination of implementation guidelines and limited community engagement in the planning process compounded implementation challenges, highlighting the urgent need for enhanced coordination and capacity-building initiatives to address these deficiencies.

6.3.2 Inadequate Design and Development of Town Planning Schemes

(a) MLHHSD and PO-RALG did not Ensure that Developed Planning Schemes Complied with the Standards

In the review of developed Town Plans and Surveys for the financial years from 2019/20 to 2022/23, from 5 out of 11 selected planning authorities, the audit noted that the developed plans did not include all town planning aspects as required by established standards. The key missing aspects include recreational facilities, public facilities, parking lots, carriageways, right-of-way roads, and footpaths. These aspects are missing because most layout plans cover small areas, as most were prepared upon the request of landowners.

According to the level of services, the audit also revealed that developed cities, such as Dar es Salaam, Mwanza, Tanga and Dodoma, lacked railway corridors, tram, metro, and public utilities in Cities. During the site visit, it was further observed that there were no specific corridors for water supply utilities and no zones for trade and industries, education facilities, low-rise, high-rise, skyscrapers, and residential areas. **Table 29** provides the status of the gaps from each visited planning authority.

Table 29: Insufficient Plot Size Allocated for Public Services in the Developed Town Plans

LGA	Name of the Reviewed Plan and Drawing Number	Land use	Standard Size Required	Size as per approved drawing	Percentage of deviation (%)
Mtwara MC	Mjimwema Layout "Samia City" D2157/117	District Hospital	5-10Ha	2.2522Ha	55
	Mjimwema Layout "Samia City" 03/MTW/162/082011-A	Market	4Ha	0.5844Ha	85
Kinondoni MC	Mabwepande Layout Plan DSM/KND/591/072022	Primary School	1.5-4.5Ha	1.057Ha	30
		Petrol Station	0.25-0.4Ha	0.2448Ha	2
Iringa MC	Mgongo-Nduli Layout Plan 07/IRA/313/112021	Market	4Ha	1.52Ha	62
Mafinga TC	Luganga Layout Plan III 07/MAF/31/042019	Market	4Ha	0.75Ha	81
		Shopping Mall	3.6Ha	3.06Ha	15
Dodoma CC	Ndachi Layout Plan I 08/NDCH/01/102019	College	5-10Ha	1.3Ha	74
	Ndachi Layout Plan II 08/NDCH/02/102019	Shopping Mall	3.6Ha	0.8Ha	78

Source: Auditors' Analysis of Sampled Approved Layout Plans from visited LGAs, (2023)

Table 29 shows that the sampled approved layout plans from five visited LGAs provided areas with plots that did not comply with the set sizes of plots specified in the Urban Planning Space Standards Regulations of 2018. The lowest noted default was observed in Kinondoni MC, where the percentage of deviation was 2%, and the highest default was observed in Mtwara MC, where the percentage of variation was 85%.

The deviations resulted from inadequate checks and balances in preparing and approving planning schemes. This emanated from the fact that detailed planning schemes were found to be prepared and approved by the same entity, i.e., land sector staff responsible for the preparation of detailed planning schemes in the Planning Authorities reports to MLHHSD, which is also an Approving Authority.

This resulted in the development of public facilities that did not provide the intended services. For instance, a market built on a 0.5Ha instead of a 4Ha area will have fewer facilities to provide services to the intended population. Similarly, a 1.3Ha college that was supposed to be built on a 5 to 10Ha will eventually be unable to accommodate all required facilities for higher learning institutions.

(b) The Planning Authorities Did Not Adequately Identify Areas for Inclusion in Town Planning

The audit noted that planning authorities did not adequately identify areas for inclusion in town plans because they acquired land before planning. This has limited the planning authorities (LGAs) from identifying areas to be included in development since these areas would require compensation. The areas for inclusion in Town planning are zoning, open spaces, education centres, modern transport systems, community centres, and utility service corridors.

The review of availed Detailed Planning Schemes in 7 out of 11 visited Planning Authorities indicated that all reviewed Master Plans did not adequately identify areas for inclusion in Town Planning. It was revealed that one LGA, namely Dodoma CC, managed to cover three aspects: zoning, areas for education and recreation, and modern metropolitan transportation and infrastructure. One LGA, namely Dar es Salaam CC, managed to cover two aspects: zoning and areas for open spaces. Moreover, the remaining five LGAs managed to cover only one aspect of zoning: the issues related to open spaces, education and **recreation**, modern transport systems, community centres, and utility service corridors.

These were attributed to the pace of development in most planning authorities, which superseded government plans. Also, LGAs did not have sufficient funds for compensation and acquiring land for planning.

The audit noted that only three out of eleven visited LGAs planned and received funds for compensation. The remaining LGAs either did not plan for compensation or planned for compensation, but nothing was disbursed.

Hence, landowners developed their areas based on their interests. This is attributed to informal settlements, which later results in a need to regularise the informal settlements, which is not the best practice for town development.

(c) Not all Visited Planning Authorities Adequately Included Areas for Future Development in their Respective Detailed Plans

In 11 visited LGAs, a total of 79 Detailed Plans were sampled. Only 61.54% included areas for future development, and the rest did not include. The percentage for inclusion of areas for future development from the visited LGAs ranged from 22.58% to 100%. Three Planning Authorities of Kinondoni MC, Mafinga TC and Ilemela MC have successfully included areas for future development in their Detailed Plans, followed by Mtwara MC and Masasi TC, which have included areas for future development above 80%. Further, it was revealed that four planning authorities, Iringa MC, Mwanza CC, Tanga CC, and Korogwe TC, included areas for future development by 67%. Dodoma CC stood at 22.58% in including areas for future development, and Dar es Salaam CC had no information on including future development. Dar es Salaam CC has no detailed development plan for new areas; instead, it has only renewal and regularisation schemes, which do not provide this information.

This was because most of these areas have not been acquired by respective planning authorities, which requires compensation since the development in respective Cities, municipalities, and Town Councils was found to be ahead of developed Detailed Plans.

This has resulted in not having enough areas reserved for necessary future development, such as hospitals, schools, and government offices, which requires the planning authorities to use even more funds for compensation and to acquire land for development.

(d) Planning Authorities Did Not Adequately Involve Stakeholders in Towns' Physical Planning and Design

The review of the Minutes (2023) on the involvement of stakeholders during the preparation of Master Plans from visited Planning Authorities revealed that, in most cases, the Planning Authorities involved Government Institutions only in the physical mapping and design of towns. In 11 visited LGA, a total of 4,550 out of 117,951 required stakeholders to be involved in four years of the audit were involved. This is equivalent to 37% of all stakeholders.

In this regard, inadequate involvement of stakeholders in the planning and designing of towns eventually leads to a lack of necessary inputs from stakeholders that are required to inform the planning. This led to high costs of providing infrastructure services such as storm water drains, electricity and roads, which were not integrated or covered at the stage of preparing planning schemes.

6.3.3 The Developed Town Planning Schemes were not Effectively Implemented

The audit noted that MLHHSD and Planning Authorities indicated that the planning schemes were not adequately developed, as detailed below:

(a) Towns were not Developed as per Approved Town Plans

Reviewing the General Planning Schemes, Town Plans, and Survey Plans and observation during field verification in visited Planning Authorities, the audit noted that the Towns were not developed as per the approved General Planning Schemes and Detailed Plans. The audit revealed a non-adherence to the approved town plans in the features indicated in **Table 30** as follows.

Table 30: Implementation of Approved Master and Detailed Town Plans in the Visited Planning Authorities

Region	LGA	Undefined Zoning	Encroached Space	Lack of Landscape of Town centres	Lack of Location of Public Utilities	Lack of Recreation centres	Lack of Modernised Road network	Non-Non-adherence to High rise Building Areas (CBDs)
Dodoma	Dodoma CC	✓	✓	✓	✓	✓	✓	✓
Iringa	Iringa MC	✓	✓	✓	✓	✓	✓	✓
	Mafinga TC	✓	✓	✓	✓	✓	✓	✓
Dar es Salaam	Dar CC	✓	✓	✓	✓	✓	✓	x
	Kinondoni MC	✓	✓	✓	✓	✓	✓	✓
Mtwara	Mtwara MC	✓	✓	✓	✓	✓	✓	✓
	Masasi TC	✓	✓	✓	✓	✓	✓	✓

Source: *Auditors' analysis and Master Plans from visited LGAs (2023)*

Table 30 indicates that all visited Planning Authorities had undefined zoning, encroached open spaces and non-adherence to high-rise building areas. Other missing items were the landscape of town centres, the location for public utilities, recreation centres and the modernised road network. Only Dar es

Salam City Council was found to adhere to the requirements of high-rise building areas. Further, the Audit noted inadequate compliance to Planning Schemes with Standards of Developed Town Plans as presented in **Table 31.**

Table 31: The Extent of Compliance of Planning Schemes with Standards of Developed Town Plans

Council	Compliance of Aspects on Overall Observation from Planning Authorities						
	Plot Sizes in Urban Areas	Plot Ratio, use and setbacks in metres Maximum Coverage	Road width with walkways	Open Spaces	Parking lots (Parking rations)	Right of Way and Wayleave	Corridors for inclusion railway infrastructure
Dodoma CC	✓	x	x	x	x	x	x
Iringa MC	✓	✓	x	x	x	x	x
Mafinga TC	✓	✓	x	x	x	x	x
Dar CC	✓	x	x	x	x	x	x
Kinondoni MC	✓	x	x	x	x	x	x
Mtwara MC	✓	✓	x	x	x	x	x
Masasi TC	✓	✓	x	x	x	x	x

Source: *Auditor's Analysis from Reviewed Urban Planning (Planning and Space Standards) Regulations, 2018 versus Observed Actual Implementation, (2023)*

Table 31 indicates that all visited Planning Authorities complied with established standards for plot size. In this respect, 4 Planning Authorities, equivalent to 57%, adhered to the established plot ratio use and setback standards. Further, it shows that auditors found 100% non-compliance with the established standards on road width with walkways, open spaces, parking lots, right of way and way leaves, and corridor inclusion for railway infrastructure.

The observed performance gaps were due to weak enforcement of development control in respective planning authorities and delays in approving Master Plans and Detailed Planning Schemes. For instance, the Master Plan for Mafinga Town Council was supposed to be approved in 2020, but was delayed until January 2024. These identified performance gaps resulted in the mushrooming of unplanned development within respective Planning Authorities.

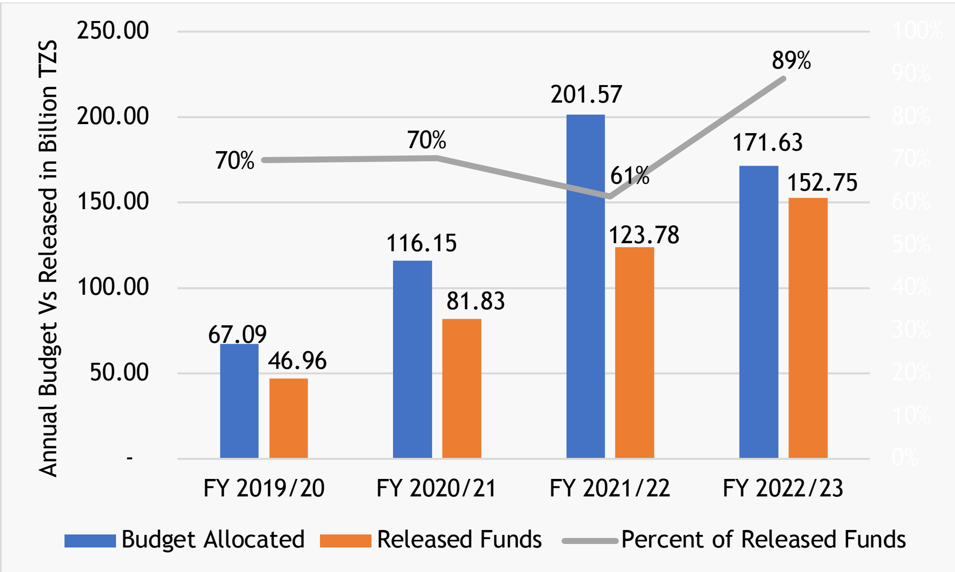
(b) The Planning Authorities Did Not Ensure the Availability of Resources to Facilitate the Implementation of Town Planning Activities

The audit noted that there were inadequate resources allocated, as further detailed here under:

(i) The Inadequate Allocation of Financial Resources

The review of Annual Progress Reports and MTEF for financial years 2019/20 to 2022/23, indicated that MLHHSD planned for financial resources to implement town planning activities. However, it was noted that the budgeted amount was not all disbursed, as detailed **in Figure 22.**

Figure 22: Planned and Disbursed Funds for Town Planning Activities



Source: *Annual Performance Report and MTEFs of Financial Year (2019/20-2022/23) from the MLHHSD*

Figure 22 shows that, in all financial years, MLHHSD did not receive funds as budgeted. Also, the disbursed funds ranged from 61% to 89% of the budget. Disbursements were also found to have continuously increased from TZS 47 billion in 2019/20 to TZS 153 billion in 2022/23.

Also, inadequate disbursement of funds was noted at PO-RALG, where the disbursed funds for the implementation of town planning under the Division of Rural and Urban Development (DRUD) for the period of 3 financial years (2019/20 to 2021/22), the division received less than budgeted funds which were 5%, 4% and 26% in the financial year 2019/20, 2020/21 and 2021/22 respectively.

Through reviews of the Annual Budgets and MTEF of financial years 2019/20 to 2022/23 of the planning authorities, the audit noted that the percentage of undisbursed budgeted funds ranged from zero per cent to 81%.

The visited planning authorities and PO-RALG indicated that inadequate disbursement of funds was attributed to the existing reporting structure of officers dealing with land issues, i.e., town planners, surveyors, etc. It was found that these officers were reporting to MLHHSD. As a result, MLHHSD did not prioritise disbursing funds for the land sector activities in planning authorities.

(ii) Inadequate Allocation of the Required Human Resources

The review of the Annual Progress Report of the Ministry of Lands, Housing and Human Settlements Development for the financial years 2019/20 to 2022/23 indicated that MLHHSD did not adequately plan for resources for managing the implementation of town planning activities. The report showed that, by 30th June 2021, the Ministry's Headquarters, Regional Land Offices and LGAs had 2,139 employees, whereas the required number was 5,234. This made a deficit of 2,895 staff, [14] which was equivalent to 55% of the required staff. Furthermore, the breakdown of the staff in LGAs and Regional Land Offices countrywide as of June 2023, is shown in **Table 32.**

Table 32: The Breakdown of Staff in LGAs and the Regional Land Offices Countrywide

Cadre	Required Staff (a)	Existing Staff (b)	Available Staff (c)=a-b	Percentage of variation (%) (c/a)*100
Town Planners	786	175	611	77.7
Land Surveyors	1,018	145	873	85.8
Land Officers	1,206	605	601	49.8
Total	**3010**	**925**	**2085**	**69.3**

Source: *Auditor's Analysis of IKAMA / Staffing Level from MLHHSD, (2023)*

Table 32 shows that the deficit of required staff ranged from 49.8% to 85.8%. In contrast, a low deficit was identified in land officers, and a high deficit was noted in the land surveyor cadre, which had a deficit of 85.8%. In contrast, a

[14] Annual Progress Report of MLHHSD for 2020/21.

low deficit was noted in the land officers, with 49.8%. In total, the identified deficit counted at 69.3%. The audit also revealed a shortage of staff from the visited Planning Authorities. The staff shortage ranged from 10% to 71%, as detailed in **Table 33.**

Table 33: The Deficit of Staff from the Visited LGAs as of 2022/23

Region	Council	Required Staff	Available	Deficit	Percentage of Deficit
Dodoma	Dodoma CC	93	45	48	52
Iringa	Iringa MC	38	16	22	58
	Mafinga TC	20	9	11	55
Dar es Salaam	Dar CC	75	31	44	59
	Kinondoni MC	58	22	36	62
Mtwara	Mtwara MC	24	8	16	67
	Masasi TC	16	7	9	56
Mwanza	Ilemela MC	20	18	2	10
	Mwanza CC	48	27	21	44
Tanga	Tanga CC	48	14	34	71
	Korogwe TC	20	9	11	55

Source: *Auditor's Analysis of IKAMA / Staffing Level from Visited Planning Authorities (LGAs), (2023)*

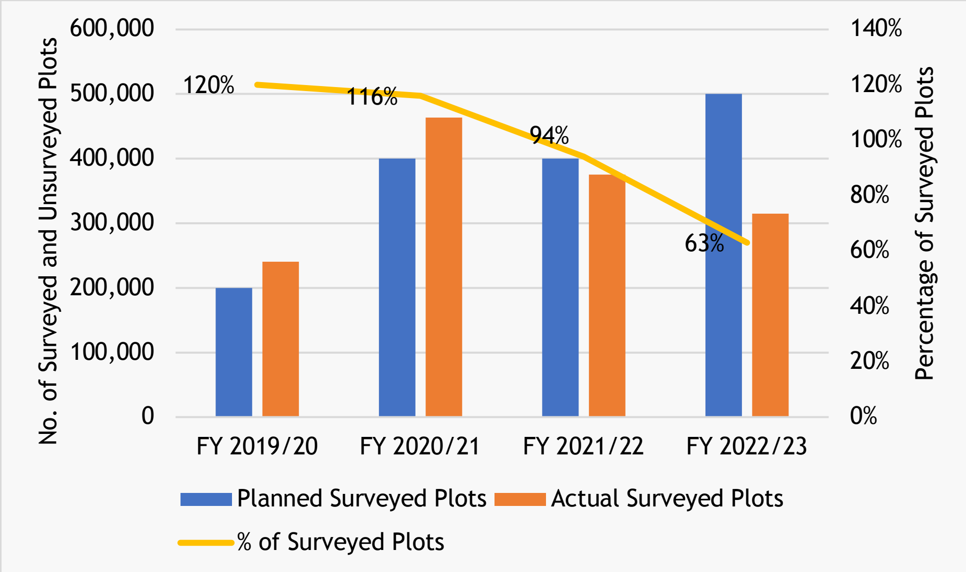
Table 33 indicates a deficit of staff ranging from 10% to 71%, whereby Tanga CC had the highest demand for staff at 71%. This deficit led to a huge workload for staff working in their respective LGAs. Also, it led to inadequate performance in the management of Town planning activities. As a result, there were inadequate development controls for the ongoing town development.

The deficiency of staff responsible for town planning activities in the visited LGAs resulted in a lack of urban development control. This was evidenced by the lack of land rangers at a lower level who ensured that the ongoing construction and developments were closely monitored. The Land Rangers could have scouted and closely monitored ongoing land development.

(iii) The Planned Land Parcels Were Not Surveyed on time

The audit noted that MLHHSD, through Land Regional Offices and LGAs, did not timely survey plots. This was observed through a review of MLHHSDs' Annual Performance Report of the financial year 2019/20-2022/23, which indicated plots that were planned for survey, but the exercise was not conducted in respective financial years, as shown in **Figure 23.**

Figure 23: The Extent of Surveyed Plots Against the Set Targets



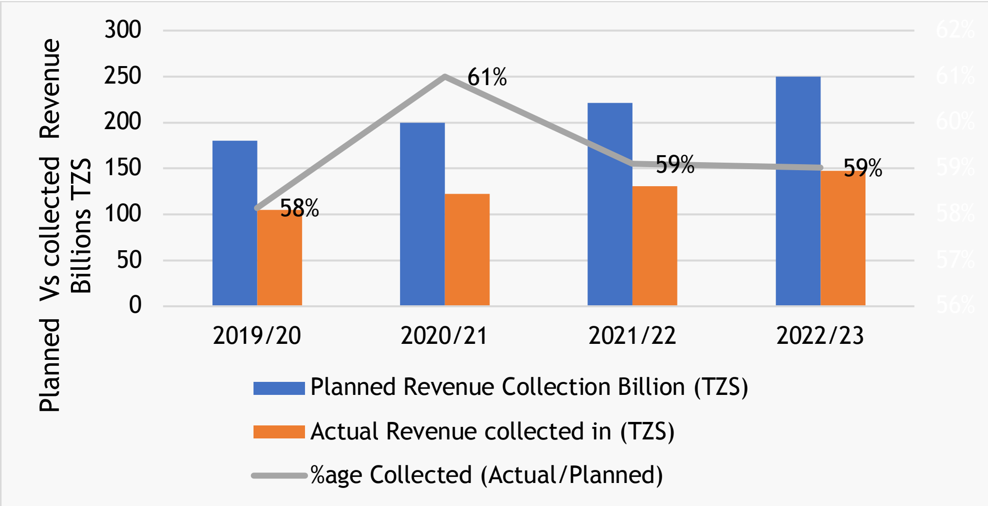
Source: *Annual Performance Reports and MTEFs for Financial Year (2019/20-2022/23)*

Figure 23 shows that MLHHSD achieved its targets by timely surveying plots planned in the financial years 2019/20 and 2020/21. The percentage of plots surveyed on time stood at 120% and 116% in the financial years 2019/20 and 2020/21, respectively. However, MLHHSD did not achieve its set targets for surveying plots on time, when the percentage of performance was 94% and 63% in the financial years 2021/22 and 2022/23, respectively. This implied that 24,166 plots were not surveyed in 2021/22, while 185,023 plots were not surveyed in 2022/23.

This is attributed to ineffective issuance of the Certificate of Right of Occupancy, whereby for the past four financial years, 2019/20-2022/23, MLHHSD did not manage to issue CROs by 100% of its planned targets. On average, the issuance of CROs stood at 22.5%. The status of issued CROs stood at 20% (39,626 CROs) in the financial year 2019/20, 38% (75,171 CROs) in the financial year 2020/21, whereas in the financial year 2021/22 at 15% (72,982 CROs) and 17% (85,512 CROs) in the financial year 2022/23.

The inadequate issuance of CROs contributed to the inability to survey the plots on time; it was also contributed by the low awareness of property owners on obtaining CROs and the lack of an effective system in the country to fast-track the slow and bureaucratic documentation process. As a result, it led to inadequate revenue collection from sources of land. The extent of the annual performances of collected revenue from land sources is shown in **Figure 24.**

Figure 24: Revenue Collected from Land Sources



Source: *MTEF and Annual Performance Reports of Financial Year (2019/20 - 2022/23)*

Figure 24 shows that the performance of revenue collection from land sources ranged between 58% and 61%, which is low compared to the reported physical performance. This was attributed to the improper conduct of surveys to planned plots.

(iv) Ineffective Automated System for Town Planning Activities

The audit noted that MLHHSD installed and operated ILMIS in 2 out of 6 regions by June 2023. These regions were Dodoma and Dar es Salaam. This is equivalent to 3.3% of the planned target. This implies that MLHHSD underperformed by 96.67% against the target of ensuring the ILMIS was operationalised in 6 regions.

Moreover, Brief Meeting Minutes of Land Sector Staff of Dar Es Salaam Region held on 03 June 2023 revealed other challenges related to the ILMIS. The challenges are a lack of skills in the use of the ILMIS System, leading to duplication of information, Low Storage Capacity of ILIMIS, and failure to capture all the required information. As a result, the information on survey drawings and town plans could not be converted into ILMIS due to their size and format.

This situation has contributed to the failure to achieve the targeted goal of implementing an automated system to streamline town planning activities.

6.3.4 MLHHSD and PO-RALG, through LGAs, did not Adequately Enforce Planning Schemes and Master Plans

The audit found that the planning authorities did not have effective urban development control mechanisms because there was no information on zoning guidance, ensuring public participation in land-related matters, and using land Rangers to patrol during the development of construction works. 6 out of 11 of the visited planning authorities use only the issuing of building permits to control physical development.

The ineffective enforcement of development control led to developers' reluctance to continue with development without obtaining consent from the planning authority. Furthermore, the inability to adequately implement mechanisms for urban development control resulted in challenges, including the encroachment of public spaces and the mushrooming and continued development of un-surveyed areas.

6.3.5 Ineffective Performance Evaluation of the Planning Authorities in Town Planning Activities

The audit noted ineffective performance evaluation of the Planning Authorities in town planning activities, as explained below.

(a) Ineffective Monitoring of the Performance of Town Planning Authorities

The review of MLHHSD's Annual Performance Reports from the financial year 2019/20 to 2022/23 revealed that MLHHSD was supposed to visit and evaluate the performance of LGAs every quarter. Nevertheless, the Ministry did not monitor the performance of LGAs as required, as shown in **Table 34.**

Table 34: Monitoring Town Planning Activities Implemented in Various Planning Authorities

FY	Activity to be monitored	Planned Number of LGAs to be monitored	Actual Number of LGAs Monitored	Percentage Performance
2019/20	Urban Development Control Standards	111	45	41
2020/21	Planning, Surveying and Titling Programme	No Data	22	-
2021/22	Planning, Surveying and Titling Programme	No Data	61	-
	General Activities	184	46	25

FY	Activity to be monitored	Planned Number of LGAs to be monitored	Actual Number of LGAs Monitored	Percentage Performance
2022/23	Preparation and Implementation of Detailed Plans	184	98	53
	Preparation and Implementation of Regularisation Schemes	184	162	88
	Urban Development Control Standards	30	46	153

Source: *Auditor's Analysis from MLHHSD's Annual Performance Reports of Financial Year (2019/20) and (2022/23)*

Table 34 shows that MLHHSD did not manage to monitor all Planning Authorities as planned. It is indicated that MLHHSD exceeded the planned target of monitoring urban development control standards activities by 153% in the financial year 2022/23. The overperformance was due to the implementation of a new programme for planning, surveying, and titling. The extent of monitoring other planned activities ranged from 25% to 88.%.

In the same vein, PO-RALG did not monitor and evaluate the performance of LGAs on town planning activities. This was because town planning activities implemented by land sector staff in LGAs were reported to MLHHSD. This was due to the change in the organisational structure.

This was caused by an inadequate number of human resources to facilitate monitoring and evaluations of planned town planning activities by Planning Authorities. For instance, the deficit of staff from the Policy and Planning Unit ranged from 25% to 52% of the required human resources.

(b) Inadequate Follow-Up on the Issues Identified During the Monitoring of Town Planning Authorities

The audit noted that feedback reports by Ministries to planning authorities were not provided after monitoring, and follow-up on the implementation of observed issues was not conducted. The lack of follow-up on the issues identified during the monitoring of town planning authorities was due to the inadequacy of resources such as financial and human resources.

6.4 Impact on the Attainment of the FYDP and SDGs

This section details the impacts of the observed challenges in the overall management of town planning towards achieving sustainable development goals (SDGs) and Five Years Development Plans II and III.

Target 3 of SDG goal No.11 aims to enhance inclusive and sustainable urbanisation and capacity for participatory, integrated, and sustainable human settlement planning and management in all countries by 2030. FYDP II and III aimed to ensure the country is characterised by planned and serviced urban settlements with functioning town planning procedures.

The FYDP II Evaluation report highlights the untapped opportunities during the implementation of FYDP II, where rapidly growing population and urbanisation presented an opportunity for investors and other stakeholders to invest in housing projects, including mortgage and the housing finance sub-sector. With its annual population growth rate of 2.97 per cent, Tanzania has been adding 1.5 million to its population yearly since 2015, and investors would have used this opportunity to increase revenue.

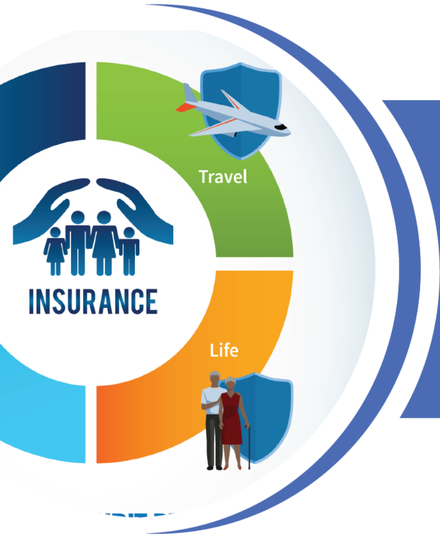
Another untapped opportunity during the implementation of FYDP II was the improvement of the urban transportation network since there was rapid urbanisation at an average rate of 5.1 per cent per annum. This is 1.0 per cent higher than the average urbanisation rate of Sub-Saharan Africa (SSA) and 3.0 per cent higher than the global average in the major urban areas such as Dar es Salaam, Arusha, and Mwanza. Improvement of the urban transportation networks would improve mobility and reduce congestion.

The key interventions as per FYDP III aim to promote and facilitate planning, surveying and titling of land parcels for investment and human settlement; preparation of urban, island and coastal development master plans; establish affordable housing schemes; upgrade and scale up an Integrated Land Management Information System, and Promoting the use of ICT in land surveying and titling.

The audit found that the Integrated Land Management Information System was installed in two regions out of six planned regions up to June 2023. This was equivalent to 33% of the planned target. Moreover, the development Plan (FYDP III), 2021/22 - 2025/26 set strategies to increase the number of Towns with up-to-date general planning schemes (Master Plans) from 24 in 2019/20 to 54 in 2025/26, indicating a total of 30 master plans were to be approved. For the three years of implementation, five master plans were approved, equivalent to 16.67% and managed to develop a total of 31 master plans.

Furthermore, the FYDP III's strategy was to increase the allocated plots from 1,551,716 in 2019/20 to 4,051,716 (indicating an increase of 2,500,000 allocated land plots) in 2025/26. For the three financial years from 2020/21 to 2022/23, the total of newly allocated plots was 233,665, equivalent to 9% of the target of 2,500,000 allocated land plots.

This indicated the risks of not attaining the set targets of the FYDP III and SDGs by 2030.



CHAPTER SEVEN

MANAGEMENT OF INSURANCE AND LOANS

7.1 Introduction

This chapter presents the main audit findings derived from the performance audit reports related to the supervision and monitoring of insurance services and the management of higher education students' loan repayment. It describes the audit areas, government entities involved in the audit, links to SDGs, and the impacts of FYDP II and III.

These performance audits include:

(a) Performance Audit on the supervision and monitoring of insurance service; and

(b) Performance Audit on the management of higher education students' loan repayment.

7.1.1 Background Information

Tanzania's insurance industry has experienced significant growth and development since market liberalization in 1996, with increasing insurance service providers operating in the market. These providers offer a wide range of insurance products, including life and general insurance business[15], catering to the diverse needs of individuals and businesses.

As the insurance sector expands, it becomes crucial to ensure that adequate oversight and supervision mechanisms are in place to maintain the stability and

[15] https://www.tanzaniainvest.com/finance/insurance/tanzania-insurance-sector-report

soundness of the industry[16]. Currently, the insurance sector in Tanzania is primarily governed by the Insurance Act, 2009[17], which establishes the Regularity Authority responsible for overseeing the insurance industry and repealed the former Insurance Act of 1996.

Similarly, since 1994/95, the Higher Education Students' Loan Board has been granted the authority to provide financial assistance, in the form of loans, to economically disadvantaged students who have gained admission into accredited higher education institutions, both within the country and abroad. The Board is also mandated to recover all loans issued to students of Higher Learning Institutions and Training Institutions. This recovered amount is then allocated to other deserving students to ensure the sustainability of the loan scheme.

From 1994/95 to 2022/23, 759,722 eligible and needy Tanzanian students were granted admission to Higher Education Institutions, enabling them to pursue academic programs. This was made possible through a total allocation of TZS 5.99 trillion. However, the Board has faced numerous challenges since its formation. These include increasing loan applicants, insufficient government allocation of loan funds, delays in loan disbursement, and poor repayment rates.

7.1.2 Management of Insurance and Higher Education Students' Loans as linked to FYDP and SDGs

To guard against adverse effects of risks and increase the insurance sub-sector contribution to the economy, FYDP II and III focus on three priority areas and key interventions for the insurance subsector. For the higher education students' loans, under FYDP II, by 2020, the government had a target to increase the proportion of science and engineering students in tertiary and higher learning accessing student loans by 56%. The key interventions include increasing access to student loans at the tertiary level. Similarly, under FYDP III, the government has an intervention to increase access to student loans in Higher Education, especially for those in Science, Mathematics, and special and rare cadre courses.

Table 35 summarizes the linkage of audited areas, namely insurance services and higher education students' loans, with the FYDP II and III.

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[16] The role of Tanzania insurance regulatory authority (TIRA) on insurance industry development in Tanzania. Francis T. Kamwambia. The open University of Tanzania, 2013.

[17] https://www.tira.go.tz/pages/who-we-are

Table 35: Linkage of Audited Areas with the FYDP II and III

Audited area	Key Priority Areas in FYDP III	Key interventions
Insurance services	• Creating awareness programmes and public sensitization of the public on insurance matters; • Developing local demand-driven products; and • Developing a system to ease claims, complaint handling and settlement.	• Create and conduct inclusive public awareness programmes; • Develop and promote local demand-driven insurance products; and • Develop a robust complaint-handling system.
	Domestic Private Finance	To diversify insurance products and expand the penetration of the insurance sector, the Government accelerated the assessment of the Takaful model of insurance regulations. Approval of Takaful regulations is also likely to attract FDI in the country to offer these services.
Higher education students' loans	Quality and Relevant Education	Increase access to student loans in Higher Education, especially for those in Science, Mathematics, and special and rare cadre courses.

Source: National Five-Year Development Plan 2021/22 - 2025/26

Furthermore, the audited areas for insurance services and higher education student loans address the UN 2030 Agenda for Sustainable Development. The Performance audit on supervision and monitoring of insurance service providers addresses Goal 8, *"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"*. It focused on Target 8.10, which requires the Government to strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

Likewise, the performance audit on the management of higher education students' loan repayment addresses Goal 4, *"Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all". It focused on target* 4.3, which requires the government, by 2030, to ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

7.1.3 Government Strategies and Efforts in Managing Insurance Services and Higher Education Students' Loans

Under FYDP III, together with the Financial Sector Development Master Plan of 2020/21 – 2029/30 under the insurance subsector, the government planned to diversify insurance products and expand the penetration of the insurance sector; promote insurance companies and social security schemes to mobilize long-term savings; and strengthen the legal and regulatory framework for an effective deposit insurance system.

The Review of Annual Insurance Market Report for the Year Ended 2022 indicated that the government, through the Tanzania Insurance Regulatory Authority (TIRA), had developed 16 new insurance products that cater to the needs of the low-income population. These products include micro-insurance, livestock insurance, agriculture insurance, health insurance, funeral insurance, and marine insurance. Also, 13 insurance intermediaries have been registered by the government to issue insurance through digital platforms distributed by mobile network operators. The government, through TIRA, has also developed an upgraded TIRA Management Information System (TIRA MIS) to improve supervision and monitoring of the insurance industry.

Similarly, under the FYPDP III, the government has set a target of ensuring tertiary and higher learning students with access to student loans increase from 60% in 2019/20 to 90% in 2025/26 while Technical Education students with access to student loans to increase from 20% in 2019/20 to 35% in 2025/26.

7.2 Audit Objective and Scope

7.2.1 Audit Objectives

The main objective of the audits was to assess whether the Tanzania Insurance Regulatory Authority (TIRA) and the Higher Education Students' Loans Board have effectively managed the supervision and monitoring of insurance service providers and collection of loan repayments from beneficiaries, respectively.

Specifically, the audit assessed whether:

(i) The Tanzania Insurance Regulatory Authority (TIRA) was effectively supervising and monitoring Insurance Service Providers to ensure that the operating insurance companies had the required legal, technical, and financial soundness; and

(ii) The Higher Education Students' Loans Board (HESLB) has managed the loan recovery from beneficiaries to ensure the sustainability of the fund.

7.2.2 Audit Scope

The performance audit on the supervision and monitoring of insurance service providers mainly focused on assessing whether TIRA is efficiently supervising and monitoring insurance companies. It specifically assessed the inspection activities of insurance service providers, the financial soundness of insurance companies, the timely, fair, and transparent management of insurance claims, and the management of public awareness creation on insurance services. The main audited entity was the Tanzania Insurance Regulatory Authority. The audit covered four financial years, from 2019/20 to 2022/23. This period-was selected because the financial services industry, including insurance, contributed TZS 5,720.8 billion to the GDP, representing 3.6% of the total GDP in 2021.

Likewise, the performance audit on the management of higher education students' loans focused on examining how HESLB collects due and overdue loans from beneficiaries, the loan repayment forecasting process, evaluation of the effectiveness of the process in tracing beneficiaries, the effectiveness and efficiency of the billing process in enhancing loan repayment, timely loan recovery from defaulters. The main audited entity was the Higher Education Students' Loans Board (HESLB).[18] The audit covered eight (8) financial years from 2014/15 to 2022/23 due to various reforms done by HESLB, including the change of the monthly deduction rate from 8% to 15% and the introduction of a zero-rating policy for waving value retention fees and penalties on Higher Education Students loans.

7.3 Audit Findings on the Supervision and Monitoring of Insurance Service Providers

The audit acknowledges the efforts made by the Tanzania Insurance Regulatory Authority to continue to supervise and monitor insurance service providers. These efforts included registering 1,165 insurance service providers, establishing an Online Registration System (ORS) for registering insurance service providers, approving new insurance products, and carrying out various insurance awareness programs in Zones and the Zanzibar Office. Despite these efforts, the audit noted various weaknesses, summarised below:

7.3.1 Increase of Outstanding claims by Insurance Companies by 11%

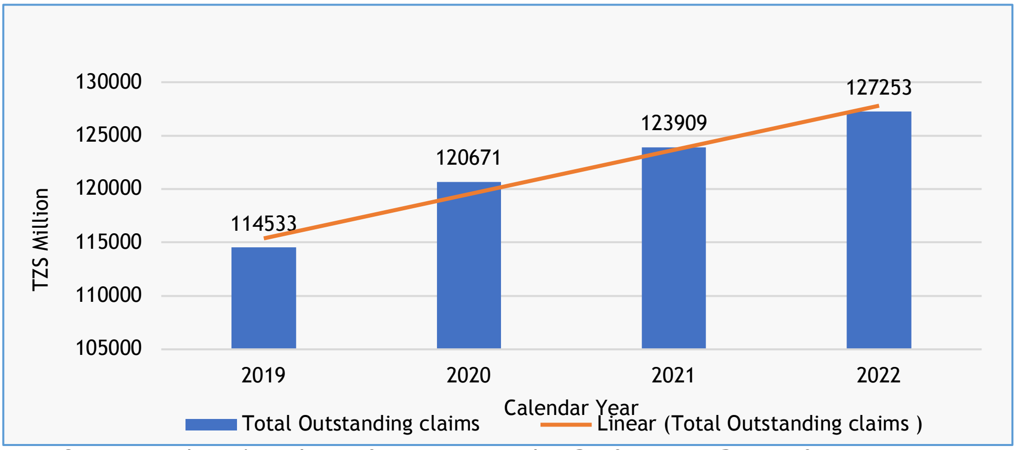
The reviewed Insurance Market Performance Reports issued in August 2022 covered the calendar years from 2019 to 2021. Annual Returns for the calendar year 2022 indicated the presence of outstanding claims at the end of each

18 HESLB Strategic Plan of 2017/18 to 2021/22

calendar year across various classes of business transacted by the insurance companies.

Figure 25 details the increase in cumulative outstanding claims pending at the end of the calendar year for respective insurers of both General and Life insurance companies for the calendar years from 2019 to 2022.

Figure 25: Outstanding Claims for the General and Life Insurance Companies for the Period from 2019 - 2022



Source: *Auditors' Analysis of Insurance Market Performance Report for 2019 - 2021 and Insurers' Annual Returns for the Calendar Year 2022.*

Figure 25 shows that outstanding claims increased from TZS 114.532 billion in 2019 to TZS 127.253 billion in 2022, equivalent to 11% for the four calendar years under review. The audit noted that the following factors mainly attributed to the existence of outstanding claims:

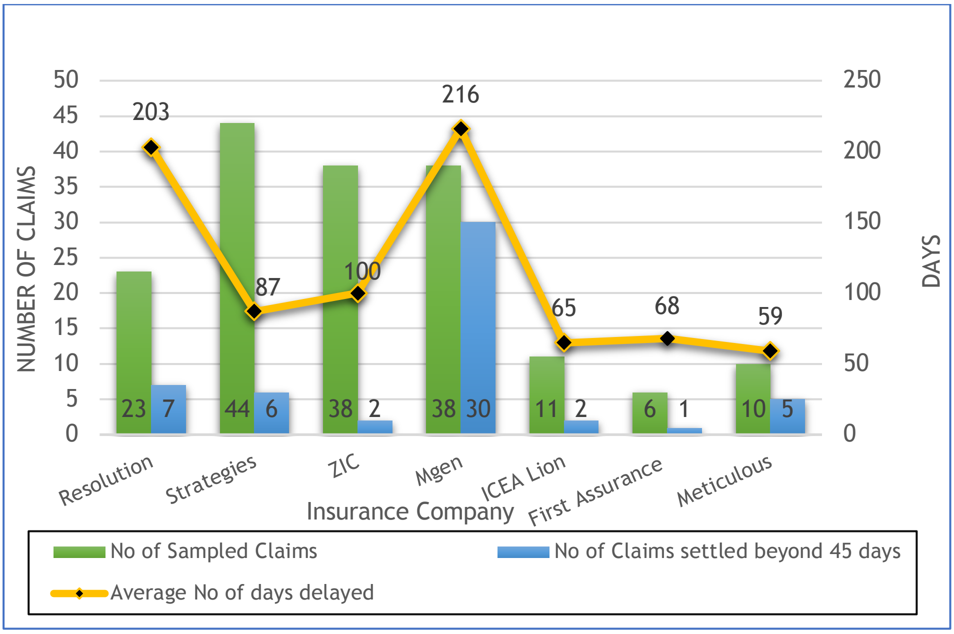
(a) Existence of COVID-19 Pandemic

The Insurance Market Performance Report reported that the COVID-19 pandemic caused an increase in life assurance claims. This is because with the COVID-19 impact on the economy, claims on life assurance business increased, with the benefits ratio reaching 67.6% in 2021 compared to 58.6% in 2020. While life assurance experienced an increase of 9% in policyholders' benefits payment, general insurance experienced only a 3.3% increase in loss ratio to reach 47.4% in 2021.

(b) Delayed Settlement of Approved Claims by Insurance Companies

Upon reviewing the Claims Registers of insurance companies and TIRA's Inspection Reports for the financial year 2019/20 to 2022/23, the Audit observed that some of the insurance companies delayed the settlement of claims for more than 45 days after receipt of fully executed of the discharge vouchers from the claimants, as illustrated on **Figure 26.**

Figure 26: Analysis of Delayed Settlement of Approved Claims by Insurance and Reinsurance Companies from 2019-2023



Source: *Auditors' analysis based on TIRA's Inspection Reports of 2019/20-2022/23*

Figure 26 illustrates instances of delayed claim settlements from the sampled insurance companies with claims that remained unsettled for more than 45 days after issuing the discharge voucher (DV). The average number of days taken ranged from 59 to 216 days consumed by Meticulous and M-Gen Tanzania insurance, respectively. The total percentage of delayed claims was 30%, resulting in the untimely settlement of TZS 439.15 million by insurance companies, as reflected in the TIRA's Inspection Reports from the financial years 2019/20 to 2022/23. Hence, it denies policyholders the right to be compensated by insurers in a timely manner.

Delayed settlement of approved claims by insurance companies has several effects. Firstly, policyholders often face financial hardship as they experience delays in accessing their insurance payouts. Legal issues, such as disputes and regulatory penalties, can also increase litigation costs for insurers and policyholders. These consequences highlight the importance of an efficient and timely process of claims settlement within the insurance industry.

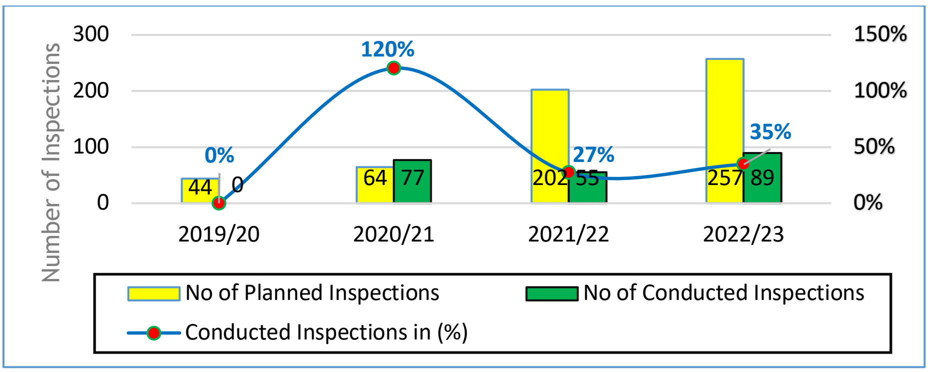
7.3.2 Non-conduct of risk analysis to the Insurance Intermediaries led into inadequate inspections by TIRA to the Insurance Intermediaries

According to the management of TIRA, risk analysis for intermediaries[19] is required to be conducted based on the volume of business and compliance with market conduct on the licensed business. This is because the nature of the risk posed by intermediaries differs from those of insurers, which are insurance risk carriers. The Authority added that the selection of Intermediaries starts at zonal levels, where Zonal Managers select registrants during the annual budget compilation to check issues on market conduct among registrants in their locality.

However, the audit did not obtain the basis and evidence that TIRA applied in selecting the insurance intermediaries[20] for onsite inspections by either TIRA's Head Office or Zonal Offices. Non-conducting of risk analysis to insurance intermediaries was mainly attributed to the inadequacy of risk-based inspection plans and the statement that the insurance agents are inspected through their principals, which led to the failure of TIRA to indicate the basis for selecting the insurance intermediaries to conduct on-site inspections.

Consequently, the intermediaries were not adequately inspected by TIRA for the reviewed period of 2019/20 to 2022/23, as indicated in **Figure 27.**

Figure 27: Performance of Conducted Inspections to Insurance Intermediaries 2019/20 - 2022/23



***Source:** Analysis of TIRA's Action Plans and Inspection Reports from 2019/20 to 2022/23 (2023)*

[19] (brokers, insurance agencies and banc)

[20] As per the Annual Insurance Market Performance Reports for the Year Ended December 2022; intermediaries include; Insurance Agents, Insurance Brokers, Re-insurance Brokers, Loss Adjusters/Assessors, Private Investigators, Bancassurance Agents, Actuarial Firms and Insurance Digital Platforms.

Insufficient inspections of insurance intermediaries were also contributed by inspection plans that do not address the need for TIRA to plan and allocate resources for inspections of insurance intermediaries.

The Management of TIRA stated that the insurance agents are inspected through their principal (insurance companies) during inspections and that the inspection plans are in place for the inspection of brokers depending on the identified issues. However, the audit identified that the Inspection Procedural Manual requires TIRA to inspect the insurance agency using the provided checklist on the areas and procedures for the inspection of insurance agents. Further reviews of the TIRA's action plans for the financial years 2021/22 and 2022/23, noted that the Authority, through its Zonal Offices, planned to carry out on-site inspections on market conduct to 55 and 190 insurance agents by June 2022 and 2023, respectively.

Inadequate on-site inspections of insurance intermediaries could result in increased non-compliance with the existing legal framework in the insurance sector by the players.

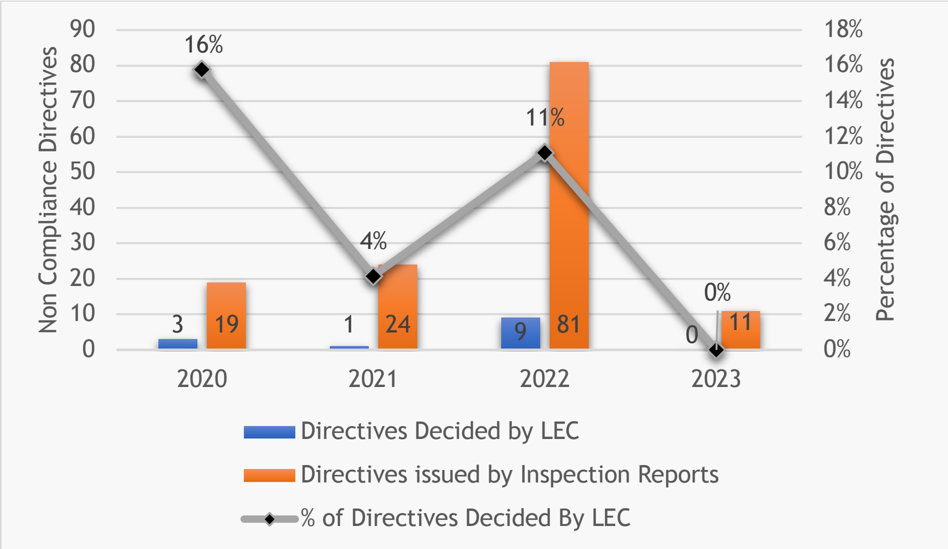
7.3.3 Insufficient Follow-up on the Implementation of Recommendations Issued to Insurance Service Providers During Inspections

The audit found that TIRA did not conduct follow-ups on the implementation of previously issued recommendations during the subsequent inspections for validation of the level of implementation. For example, in the years 2022 and 2023, TIRA issued 140 recommendations from the onsite inspections to insurance companies; however, no follow-ups were done by the Authority.

The Management of TIRA stated that the directives/recommendations given in the Inspection Reports about non-compliance with laws, regulations, and guidelines or circulars are discussed in the Legal Enforcement Committee (LEC) Meetings, and their deliberations/decisions are included in the Matrix, indicating matters arising from each LEC meeting. Thereafter, the Legal Unit will follow up on the deliberations by LEC.

However, the audit revealed that a matrix indicating issues raised during LEC meetings was prepared. However, the reviews of the Matrices on Matter Arising from the conducted LEC meetings revealed that not all recommendations about non-compliance with laws, regulations, and guidelines or circulars issued from each inspection report were discussed, decided, and included in the said matrices. **Figure 28** indicates the extent to which the LEC meetings were discussed and decided, including the proposed directives/recommendations from the inspection reports.

Figure 28: Comparisons of the number of directives about non-compliance from Inspection Reports Against the number of directives decided by LEC



Source: *Inspection Reports, LEC Minutes, and Matrices on Matters arising from LEC meetings.*

Figure 28 shows that, on average, the number of directives on compliance with laws, regulations, and guidelines or circulars issued from Inspection Reports was 34, and decided by LEC was 3, resulting in an average performance of only eight per cent.

Insufficient follow-up and reporting on the implementation status of issued directives/recommendations during the inspection could lead to inadequate evaluation and impact assessment of TIRA's recommendations issued to the insurance companies. Hence, the risks of repeating malpractices conducted by insurance companies may remain high.

7.3.4 The presence of Insurance Companies Operating below the required level of solvency margin due to inadequate conduct of solvency analysis by TIRA

Reviewed Financial and Solvency Analysis Reports prepared by TIRA revealed that the Authority managed to assess licensed insurance companies' financial and solvency analysis from 2019 to the third quarter of 2022. However, TIRA did not conduct a solvency analysis for the last quarter of 2022, and the whole of the year 2023. **Table 36** presents a detailed analysis of the solvency assessment conducted by TIRA for insurance companies.

Table 36: Extent of Assessment of Financial and Solvency Analysis of Licensed Insurance Companies by TIRA from 2019 to 2023

Calendar year	Number of registered companies	Number of registered companies assessed				% of Registered companies assessed			
		1rst quarter	2nd quarter	3rd quarter	4th quarter	1rst quarter	2nd quarter	3rd quarter	4th quarter
2019	32	32	32	32	32	100	100	100	100
2020	34	34	31	33	30	100	91	97	88
2021	33	33	33	32	33	100	100	97	100
2022	35	33	31	35	0	94	89	100	0
2023	36	0	0	0	0	0	0	0	0

Source: *Analysis of TIRA's Reports on Solvency Margin Status for Insurance Companies from the Calendar year 2019 to 2023.*

Table 36 shows that TIRA conducted the financial soundness (solvency analysis) of insurance companies to a large extent for the calendar year 2019 to 2022, representing a performance of more than 90%. However, TIRA did not assess solvency analysis in the 4th quarter of 2022, and the whole of the calendar year of 2023.

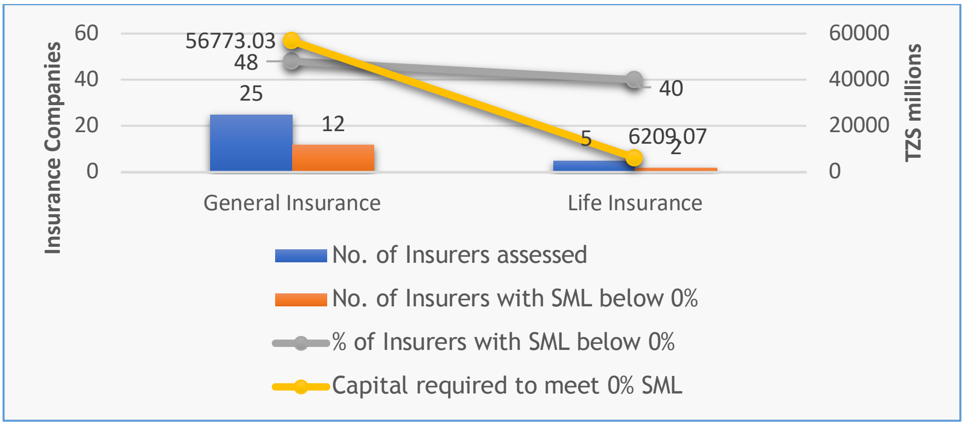
Inadequate conduct of off-site financial and solvency analysis has resulted in the following:

(a) **48% of General Insurers and 40% of Life Insurers were operating below the statutory solvency margin level**

Regulation 21(1) of Insurance Regulation 2009 requires an insurer's assets transacting classes of general business to exceed the insurer's total liabilities by 20% of the net premium written or the minimum amount specified in that Regulation. Thus, insurers are required to maintain the safety margin level (SML) above 0%, while prudential requirements require companies to meet at least 50% of the ratio.

However, the audit revealed that some insurance companies operate with a solvency margin level below the statutory level of 0% SML, as illustrated in **Figure 29**.

Figure 29: Extent of Compliance with Statutory Levels of Solvency Margin by General and Life Insurance Companies as of 30th June 2022



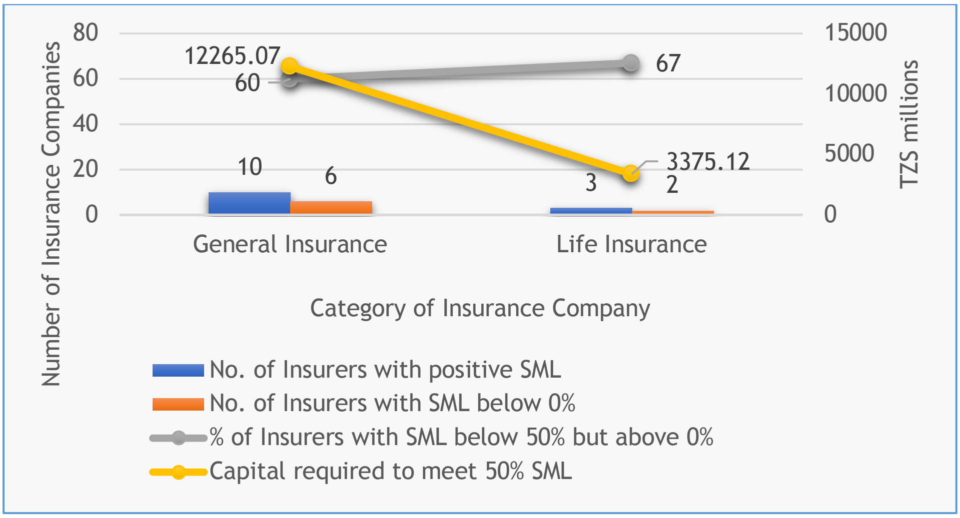
Source: *Analysis of TIRA's Status of Insurers Solvency Margin Report as of 30th June 2022.*

Figure 29 shows that 48% of General Insurers and 40% of Life Insurers were operating below the statutory solvency margin level of 0%. Consequently, those insurers were operating with a negative solvency margin. As a result, the General Insurers were required to inject a capital of TZS 56,773.03 million. In contrast, Life Insurers were required to inject a capital of TZS 6,209.07 million to achieve the statutory level, as per the requirement of Section 20(1) of the Insurance Act No. 10, 2009.

(b) **60% of General Insurers and 67% of Life Insurers were operating below the prudential solvency margin level of 50%**

Further analysis of the Solvency Margin Report also found that insurers of both general and life insurance were operating with a required statutory solvency level of above 0% (positive solvency margin level). Still, it was operating below the prudential requirement of at least 50% of the ratio, as presented in **Figure 30**:

Figure 30: Insurance Companies Operating with Solvency Margin Levels above the Statutory Level but below the Prudential Level



Source: *Analysis of TIRA's Status of Insurers Solvency Margin Report as of 30th June 2022*

Figure 30 shows that 60% of General Insurers and 67% of Life Insurers were operating below the prudential solvency margin level of 50%. As a result, the General Insurers were required to inject a capital of TZS 12,265.07 million. In contrast, Life Insurers were required to inject a capital of TZS 3,375.12 million to achieve the prudential level of 50%.

Following further analysis, the audit insurance companies operating below the required margin of solvency, as described below:

(i) High management Costs and a Decrease in Gross Written Premiums

Reviewed TIRA's Onsite Inspection Report for MAXINSURE (TANZANIA) LIMITED dated July 2022, found that the Company's management expenses as a per cent of net premiums earned increased from 79.1% in 2020 to 110.1% in 2021, above the maximum prudent standard of 25%, and higher than the industry average of 44.3% in 2020. The report also reported that during the interim period ending 31st March 2022, the company recorded a combined management expense ratio of 83.3%. This implies that the company was incurring losses.

Furthermore, the audit noted that the company's written gross premium decreased by 34.3% from TZS 10,474 million in 2020 to TZS 6,884 million in 2021. Furthermore, during the interim period that ended 30 September 2022, the company recorded underwriting losses of TZS 1,925 million.

(ii) Limited Number of Actuarial Professional Firms in the Country

A review of the Study on Inclusive Insurance and Risk Financing in the United Republic of Tanzania (2023) noted that only six actuarial firms were operating in the country as of June 2023. This situation entails a shortage of fully qualified and experienced insurance professional actuaries, which ultimately affects the quality of underwriting of premiums by insurance companies, brokers, or agencies. Hence, there was a risk of charging incorrect premiums, which would ultimately contribute to the insolvency of the insurance companies.

Insolvency of insurance companies indicates that they do not maintain sufficient cash flows to meet their liabilities, thus affecting the company’s financial health.

As a result of inadequate supervision by TIRA, Insurance companies are not sufficiently monitoring their financial health through the maintenance of accepted solvency margin levels, and they are mismanaging their financial status. Poor solvency margins result in a cash flow crisis and diminishing financial capacity to settle insurance claims when they arise. Similarly, this could lead to the total collapse of the insurance companies.

7.3.5 TIRA has Inadequately Ensured all Insurance Companies Maintain Required Security Deposit at the Bank of Tanzania

Regulation 20 (1) of the Insurance Regulations 2009, as amended in 2021, states that the deposit should form part of the assets regarding the insurer's capital. The Regulations added that the deposits made by the insurer shall be invested by the Bank of Tanzania in government securities, as proposed by the insurer and approved by the Commissioner. The Bank of Tanzania shall issue a certificate of such investment.

The review of BoT’s Statement of Securities Pledged against the Commissioner of Insurance as of 07 January 2024 regarding the compliance status to Regulation (20)(1) of the Insurance Regulations of 2009 requires insurers to establish and maintain a security deposit of at least 50% of the company's prescribed minimum paid-up capital at the Bank of Tanzania. Notably, 54% of Insurance Companies were non-compliant with Regulation 20 of the Insurance Regulations 2009. **Table 37** summarises the status of insurance companies' maintenance of minimum-security deposits with BoT.

Table 37: Status of Maintenance of Minimum-Security Deposit with BoT for the Registered Insurance Companies

Total Number of Insurers (Number and Percentage)	Number of Insurers with security deposit above the minimum requirement	Number of Insurers with security deposits below the minimum requirement	Number of Insurers with no security deposits
35	**16**	**11**	**8**
100%	**46%**	**31%**	**23%**

Source: *Reviewed Statement of Securities Pledged as of 07 January 2024 and Annual Insurance Market Performance Report of 31st December 2022*

Table 37 shows that as of 31 December 2023, 46% of registered insurers held minimum security deposits with BoT above the minimum requirement, 31% had securities deposits below the minimum requirement, which was a total deficit of TZS 4.262 billion, and 23% did not hold securities deposits with the Bank of Tanzania, which was a total sum of TZS 8.262 billion.

According to the Management of TIRA, auditors were supposed to consider balances in BoT statements and balances available on Trust Accounts since the Trust account temporarily holds funds meant for compliance with Regulation 20 while companies await an auction at BoT. However, Auditors did not consider funds held with insurance companies in the trust as part of the security deposit/investment held with BoT because the balances held in the Trust account do not conform with Regulation 20 (1) of the Insurance Regulation 2009, as amended in 2021. The balances of insurers held in the Trust account should be invested by the Bank of Tanzania in government securities to be termed as an investment to comply with Regulation 20(1).

Insufficiency and non-holding of minimum-security deposits at BoT were mainly caused by inadequate enforcement by TIRA on compliance by Insurers with Regulation 20(1) of the Insurance Regulations of 2009. Consequently, the Insurance Companies did not deposit more than TZS 12.5 billion at BoT as a security deposit. This means that if any of those companies fails or becomes liquidated, policyholders will be left without any compensation for their claims and no premium refund on their still-running policies.

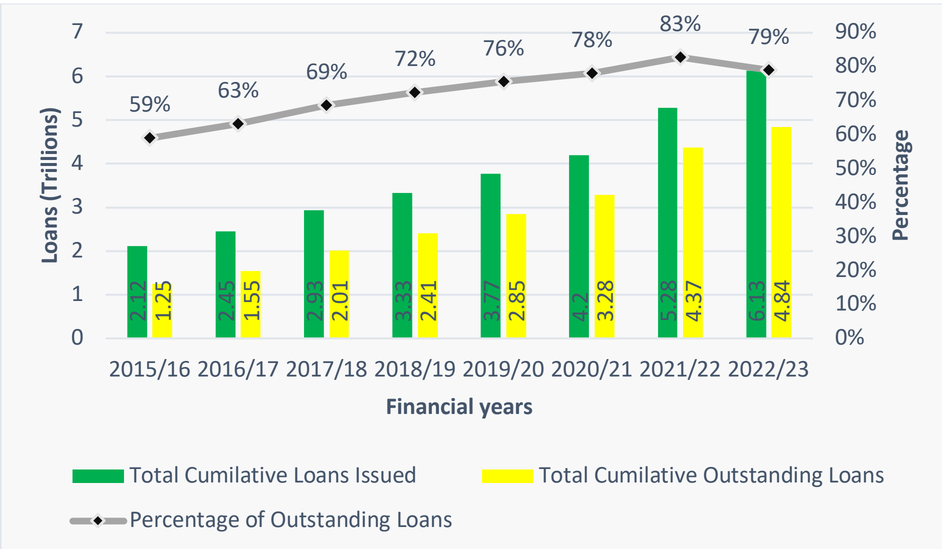
7.4 Audit Findings on Management of Student Loan Recovery and Repayment

7.4.1 Increase of Outstanding loans by 3.15 trillion

The Higher Education Student's Loans Board (HESLB) is mandated by the HESLB Act, Cap. 178, 2008, to oversee student loan issuance, repayment, and recovery. As per the 2019 HESLB Loan Repayment and Recovery Manual, loan repayments must be made monthly: employed beneficiaries contribute 15% of their basic salary, while self-employed individuals pay the greater TZS 100,000 or 10% of taxable income.

Analysis of loan disbursed data and loan repayment status found that outstanding loans are increasing yearly, as presented in **Figure 31.** The outstanding loans increased from TZS 1.25 trillion in the financial year 2015/16 to TZS 4.84 trillion in the financial year 2021/22, with an average growth rate of 23%.

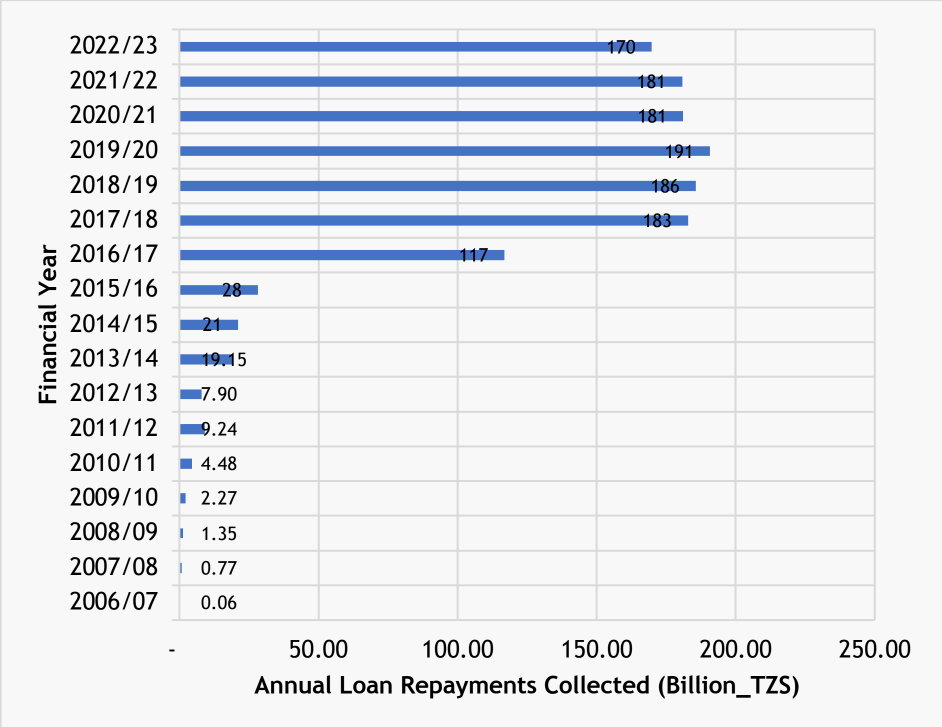
Figure 31: Status of Outstanding Students' Loans



Source: *Auditors' Analysis of Loanee Ledger of 2022, 2023*

Figure 31 shows that the percentage of outstanding loans increased from 59% in the financial year 2015/19 to 83% in the financial year 2021/22. This indicated that there is a higher injection of funds to finance students' loans and a slow collection of loan repayment. The increase in outstanding loans was mainly attributed to the decline in loan repayment, as shown in **Figure 32**:

Figure 32: Trend of Collection of Students' Loan Repayment



Source: *Auditors' Analysis of the Loan Repayments Database, 2022*

Figure 32 shows that in the financial year 2019/20, HESLB recorded the highest collections of loan repayment since its establishment, amounting to TZS 191 billion. However, the trends started to decline to TZS 170 billion in the 2022/23 financial year. This was caused by the change of policy to a zero-rating policy in July 2021, changing penalties and value retention fees to zero-rated.

The increase in outstanding claims causes the government to allocate more of its budget to finance students, as shown in **Table 38.**

Table 38: Government Subvention on the Student Loans Disbursement

Financial Year	Amount (TZS in Billion)
2018/19	268.9
2019/20	219.4
2020/21	334.0
2021/22	393.8

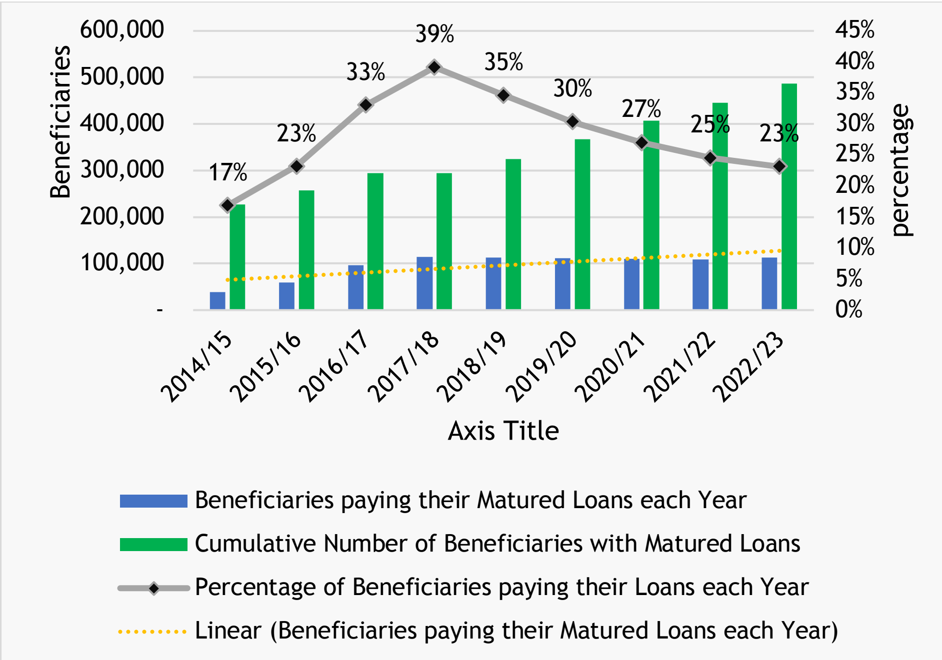
Source: *Annual performance reports 2019-2022*

Table 38 reveals that the government subvention to the students' loan disbursement increased from TZS 268.9 in 2018/9 to TZS 393.8, equivalent to an increase of TZS 124.9 billion.

7.4.2 Few Beneficiaries Repaid their Loans

The audit found that the percentage of beneficiaries paying their loans decreases over the years, indicating that a smaller proportion of beneficiaries are paying off their loans each year. The proportion of beneficiaries paying their loans decreased from 39% in 2017/18 to 23% in 2022/23, as shown in **Figure 33**.

Figure 33: Number of Beneficiaries with Matured Loans against Beneficiaries who paid their Loans each year



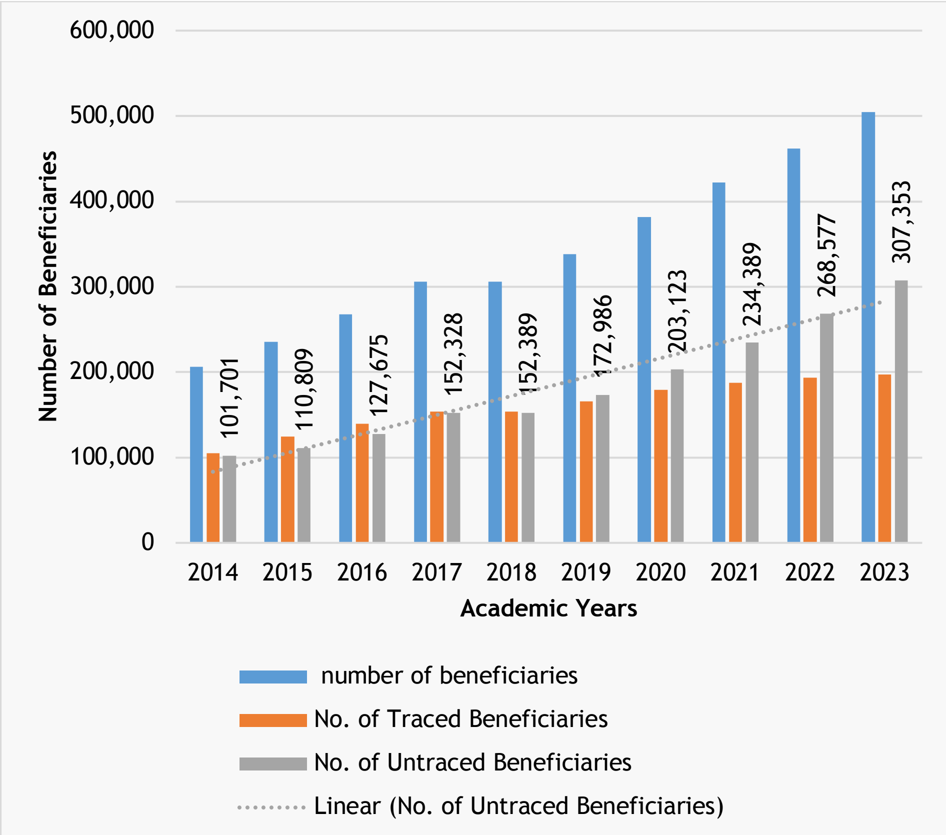
Source: *Auditors' Analysis of the HESLB's matured loans database, 2023 and Actual Repayments*

Figure 33 indicates that the percentage of beneficiaries paying off their loans has decreased over the years, indicating that a smaller proportion of beneficiaries are paying off their loans each year. For example, in 2018/19, 35% of beneficiaries paid their loans, while in 2022/23. , 23% of beneficiaries paid their loans.

This situation was attributed to ineffective tracing of the loan beneficiaries, whereby out of 486,549 beneficiaries with matured loans, only 197,232 had been traced and billed, equivalent to 41% of all beneficiaries with matured loans.

Further review of the Loanee ledgers and matured loan database indicated that HESLB did not identify and bill 61% of the beneficiaries with matured loans as of September 2023, as detailed in **Figure 34**.

Figure 34: Status of Identification of Loan Beneficiaries for Payment



Source: *Auditors' Analysis of the Matured Loan Database, 2023*

Figure 34 indicates the number of untraced beneficiaries increased from 101,710 beneficiaries in 2014 to 307,353 beneficiaries in 2023, equivalent to an increase of 202% for a period of 8 years.

Various factors contributed to this, including ineffective inspections by employers, lack of integration of ICT systems with key stakeholders having vast databases of self-employed loan beneficiaries, ineffective awareness campaigns, promotions and advertisements in tracing beneficiaries, and lack of coordination among stakeholders.

Consequently, analysis of the Matured Loans database and Loanee Ledger, 2023, revealed a notable increase in matured loans overdue for ten years, from 0.42 per cent in 2014/15 to 2.52 per cent in the financial year 2022/23. This implies that the loan portfolio was at higher risk as such loans were expected to be liquidated within a period of 10 to 15 years. However, HESLB did not collect any installments for these loans.

7.4.3 Loans Repayments from Self - Beneficiaries were done by an average of 11% compared to 38% from the employed beneficiaries

The audit noted that the HESLB collected a small proportion of loan repayments from self-beneficiaries by an average of TZS 38 billion, equivalent to 11% from 2014/15 to 2022/23, as indicated in **Table 39.** This indicates that HESLB mainly focused on collecting loan repayments from employed beneficiaries.

Table 39: Comparison of Loan Collection from Employed Beneficiaries and Self beneficiaries

Financial years	Annual Loan Repayment Collected (In TZS Billions)	Cumulative Collection from employment beneficiaries (In TZS Billions)	Cumulative Collection from self-beneficiaries (In TZS Billions)	% of loan repayment collected from self-beneficiaries
2014/15	21.16	65.61	1.91	0.3
2015/16	28.21	94.98	3.48	1.5
2016/17	116.81	199.41	7.90	4.2
2017/18	182.86	369.89	14.11	5.9
2018/19	177.72	539.93	27.63	12.9
2019/20	190.72	713.84	42.63	14.3
2020/21	181.04	881.89	54.59	11.4
2021/22	180.72	1,032.51	84.54	28.6
2022/23	169.83	1,181.40	104.70	19.3
	Average collection		38	11

Source: *Auditors' Analysis of the Matured Loans Database and Loanee Ledger,2023*

Table 39 indicates that the HESLB collected a small proportion of loan repayments from self-beneficiaries, ranging between 0.3% in 2014/15 to 19.3% in 2022/23. Until the financial year 2022/23, HELSB has collected a cumulative of TZS 1,181.40 billion from employed beneficiaries and TZS 104.70 billion from self-employed beneficiaries.

The ineffective collection of mature loans resulted from ineffective tracing strategies, including a lack of integration of the ICT system with institutions like TRA, NSSF, RITA, TCU, TRA, NIDA and BRELA, having extensive databases of beneficiaries, as illustrated below:

Insufficient Integration of HESLB ICT Systems with Other Key Stakeholders

A review of the core systems (OLAMS and ILMS) that managed loan disbursements and repayments systems at HESLB noted that the systems were not fully integrated with key stakeholders' systems, including NSSF, RITA, TCU, TRA, NIDA and BRELA. This hindered data sharing for the effective tracing of beneficiaries and collection of repayments from employers and individual beneficiaries, as indicated in **Table 40.** The audit found that HESLB is connected to the Government network data-sharing platform (GovESB). However, the integration focused only on disbursement.

Table 40: Extent of Integration of the HESLB System with Other Actors' Systems

Name of the stakeholder	Name of the system	Status	Why is this system important to HESLB
National Identification Authority (NIDA),	IDENCRAFT System	Not integrated	To know the location of beneficiaries, names and age.
Tanzania Revenue Authority (TRA),	E-filling	Not integrated	To know the names of business owners
PSSSF	PSSSF Member	Not integrated	To know the names of members who have income
NHIF	Unknown	Not integrated	To know the names of members who have income
NSSF	Unknown	Not integrated	To know the names of members who have income
BRELA	Online Registration System	Not integrated	To know the names of the owners and the location of the business
RITA	e-RITA	Not integrated	To know the insolvency management, trusteeship services, data verification, and legal support are crucial in supporting the operations and objectives of HESLB in administering student loans.
President's Office-Public Service and Good Governance	HCMIS	Integrated	To know employment particulars of public servants.

Source: *Auditors' Analysis of Corresponding between HESLB and stakeholders, and GovESB Systems Integration, 2023*

The lack of integration was caused by the absence of a comprehensive assessment of the modality of tracing beneficiaries, especially after graduation.

Additionally, the problem was attributed to the inadequate system design, which resulted in further incompatibility with other systems.

Consequently, HESLB has errors in capturing loan beneficiaries in its system. Some loan beneficiaries lack important information, such as year of graduation, address, telephone numbers, course studied, etc. Lack of proper tracing of the loan beneficiaries results in insufficient collection of loan recovery, which could affect the sustainability of the HESLB.

7.4.4 TZS 150.28 billion were not charged by HESLB to non-compliant employers

The audit noted that HESLB did not take enforcement measures regarding the non-compliant employers who failed to submit the names of employees who were loan beneficiaries to the Board, contrary to Section 21(2) of the HESLB Act, as shown in **Table 41.**

Table 41: Number of Uncharged Penalties to Employers

Financial	Number of Non-Compliant Employers	Penalties for each at a rate of TZS Millions	Total Uncharged Penalties (In TZS Billions)
2022/23	220	7	1.54
2021/22	2111	7	14.78
2020/21	No Data	7	N/A
2019/20	3524	7	24.67
2018/19	2815	7	19.71
2017/18	3561	7	24.93
2016/17	5634	7	39.44
2015/16	3603	7	25.22
Grand Total			**150.28**

Source: *Auditors Analysis of the HESLB's Reminder Notice, 2023*

From **Table 41**, it can be seen that there was a variation in total uncharged fines of TZS 150 billion over the financial years from 2015/16 to 2022/23. Starting from TZS 1.54 billion in 2015/16, the figures varied and increased to TZS 25.22 billion in 2022/23. The HESLB did not enforce penalties on non-compliant employers due to a lack of effective strategies to collect revenues from fees and fines. This is because HESLB did not send demand notices to the beneficiaries with loans past due over ten years, contrary to para 4.1 (a, b &c) of the Loan Repayment and Recovery Manual, 2019.

Consequently, a review of matured loans showed that there were loans that had passed due dates for over ten years, and no measures were taken against defaulters. Thus, the cumulative overdue loans of over ten years increased from TZS 6.7 billion in 2014/15 to TZS 110 billion in 2022/23, equivalent to an increase of TZS 103.3 billion in a period of 8 years, as indicated in **Table 42.**

Table 42: Number of Beneficiaries with Loans Past Due over Ten Years

Financial Year	Number of Beneficiaries	Overdue Amount (In TZS Billions
2014/15	10,259	6.74
2015/16	11,364	8.07
2016/17	12,811	9.87
2017/18	14,492	12.22
2018/19	20,167	19.78
2019/20	27,882	35.38
2020/21	33,282	59.60
2021/22	38,750	83.79
2022/23	42,969	109.91

Source: Auditors' Analysis of the Loanee ledger as of June 2023

From **Table 42,** it can be noted that there was a significant increase in the number of beneficiaries with unrecovered amounts from TZS 10,259 to TZS 42,969. However, HESLB did not take any measures to recover the overdue amount.

7.5 Impact on the Attainment of the FYDP and SDGs

Impact on the Supervision and Monitoring of Insurance Service Providers

The weaknesses in the supervision of insurance service providers have caused the insurance uptake in terms of people reporting that they have insurance cover, to decrease from 15% in 2017 to 10% in 2023, equivalent to a nominal decrease of 0.7 million people, as indicated in the FinScope Report of 2023. This indicates that the supervision and monitoring of insurance services in the country, involving both life and non-life, need more intervention to be implemented by the government.

This, in turn, has affected the key intervention by the government in strengthening the insurance services, which aims to ensure that 18% of the adult population uses insurance services under FYDP III. Moreover, it affected the government's target of ensuring that 50% of the adult population has access to and uses insurance products by 2030, under the Financial Sector Development Master Plans of 2020/21 – 2029/30.

The absence of a national insurance policy was the major cause of the slight increase in the uptake of new insurance and new investors in the insurance industry**.** This resulted in the non-achieving of the targets for the registration of new registrants. For instance, in the financial years 2020/21, 2021/22 and 2022/23, new registrants were 68%, 39% and 63% out of the set targets, respectively. Ultimately, SDG Goal 8 under Target 8.10, which requires the Government to Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all, was unattainable.

Impact on the Management of Higher Education Students' Loans Recovery

Weaknesses observed in the management and collection of loan repayments from beneficiaries by the Higher Education Students' Loans Board have resulted in an increase of overdue loans of over ten years from TZS 6.7 billion in 2014/15 to TZS 110 billion in 2022/23. This was caused by the HESLB's lack of enforcement of loan recovery.

Insufficient recovery of student loans might distress the government's target of ensuring tertiary and higher learning students with access to student loans increased from 60% in 2019/20 to 90% in 2025/26 as targeted under FYDP III.

CHAPTER EIGHT

MANAGEMENT OF NATURAL RESOURCES

8.1 Introduction

This chapter presents the main audit findings derived from the performance audit reports related to the management of beaches, provision of support to small-scale miners, and management of fisheries resources. It describes the audit areas, government entities involved in the audit, links to SDGs, and the impacts of FYDP II and III.

These performance audits include:

(a) Performance Audit on the Management of Beaches;

(b) Performance Audit on the Provision of Support to Small-scale Miners; and

(c) Performance Audit on the Management of Fisheries Resources.

8.1.1 Background Information

Tanzania is endowed with a lot of natural resources, including attractive beaches, minerals, fisheries, and resources in lakes and the Indian Ocean.
Beaches -play a crucial role in human life, including tourist attractions for locals and foreigners, as they act as recreational areas. Tourism is one of the leading economic sectors in Tanzania, contributing 17% of the GDP and 25% of foreign income. Also, employment in tourism represents about 5.3% of the country's total employment in 2021. However, the sector is faced with challenges, such as the absence of a sustainable plan for the development of investment along the coastal areas and the absence of beaches adequately utilized for tourism activities.

In Tanzania, mining is mostly practised by small-scale miners. More than 1.2 million people, constituting more than 90% of the mining labour force in the country, are involved in small-scale mining operations. However, this sub-sector is characterized by limited knowledge and information on the geology and mineral resources, lack of appropriate mining and mineral processing technologies, limited access to project investment capital and operating funds, and limited access to appropriate training for the subsector development.

Furthermore, Tanzania's fisheries sector has been growing at an average annual rate of 1.5% and plays an important socio-economic role in food security and socioeconomic well-being. The country's current per capita fish consumption is 8.5 kg and contributes to 30% of daily animal protein intake. It also contributes 1.7% of the GDP and provides direct employment to 195,435 fishermen and 30,064 aqua farmers. However, the sector faces a number of challenges, including limited extension services, limited access to finance, high post-harvest losses, limited value addition and limited access to appropriate fishing and aquaculture technologies.

8.1.2 Management of Natural Resources as Linked to SDGs and FYDPs (II and III)

This part provides information on managing natural resources as aligned to the SDGs, FYDP II and III. The details are provided hereunder:

(a) Management of Natural Resources as Linked to SDGs

To address issues related to the management of natural resources in the country, three performance audits were undertaken under the aspects of beaches, minerals, and fisheries resources. Their linkages to SDGs are explained hereunder:

The Performance Audit on the Management of Beaches is directly linked to Goal number 14, sub-goals 14.1, 14.2 and 14.7 of the 17 SDGs of the United Nations, which aim at preventing and significantly reducing marine pollution, particularly land-based activities and conserving at least 10% of coastal and marine areas, consistent with national and international law and based on the best available scientific information in all countries by 2030—sub goal 14.7 increase the economic benefits from the sustainable use of marine resources, including tourism. Therefore, properly managing beaches will enhance government initiatives towards attaining SDG Targets 14.1, 14.2 and 14.7.

The Performance Audit on the Provision of Support to SSMs is also linked to goal number SDG No. 8 sub, goal 8.3 of the 17 SDGs of the United Nations, which focuses on promoting inclusive and sustainable economic growth, fully and productive employment and decent work for all women and men by 2030. It is also reflected under goal No. 1, which calls for ending poverty in all its forms everywhere.

Moreover, the Performance Audit on the Management of Fisheries Resources is linked to goal number 14, sub-goals 14.4 and 14.6 of the 17 United Nations SDGs, which target conservation and sustainable use of the oceans, seas and marine resources for sustainable development. Specifically, the goal insists on effectively regulating, harvesting, and ending overfishing and other fishing malpractices to restore fish stocks and prohibit certain forms of fisheries subsidies contributing to overcapacity and overfishing.

(b) Management of Natural Resources as Linked to FYDP II and III

The linkage of the Performance Audits under the management of natural resources to FYDP II and III is indicated in **Table 43** hereunder:

Table 43: Linkage of the Management of Natural Resources to FYDP II and III

Audit Name	Development Plan	Priority Area/Sector	Interventions
Management of Beaches	FYDP II	Tourism	Improve the enabling environment for the tourism sector and diversification of tourism products (southern circuit, identification of new areas, heritage tourism).
	FYDP III	Tourism	Promote new tourism product development and diversification for sustainable growth.
		Blue Economy	Strengthen coordination of relevant infrastructure research, investment, production, conservation, tourism, shipping, and other maritime transportation services.
Provision of support to Small Scale Miners by the Government	FYDP II	Mining and Metals	Mineral beneficiation and value addition.
			Training and skills development
	FYDP III	Mining	Empower small-scale miners, including youth and women, to participate in feasible mining activities.

Audit Name	Development Plan	Priority Area/Sector	Interventions
			Promote mineral value addition and beneficiation.
			Strengthen Corporation and Mineral Markets, Demonstration Centres and Centres of Excellence.
Management of Fisheries Resources	FYDP II	Agriculture	Improvement of research and training activities in fisheries subsector
			Strengthening control of fisheries resources and trade of fisheries products in marine and inland waters with better management of the respective environment
	FYDP III	Agriculture	Conserve marine and freshwater fisheries protected areas
			Ensure access to capital, expertise, skills, knowledge and fishing gears to fishers.
			Strengthen Fisheries' institutional capacity.

Source: *Auditors' Analysis of FYDP II and III, 2024*

8.1.3 Government Strategies and Efforts in the Management of Natural Resources

To ensure the effective utilisation of natural resources, the Government, through the responsible Ministries, has set strategies to ensure the effective management of natural resources. **Figure 35** indicates the details under each aspect.

Figure 35: Government Strategies and Efforts in the Management of Natural Resources

Management of Beaches	Provision of Support to SSMs	Management of Fisheries Resources
• Identification of beaches in both 2016 and 2021 • Formulation of strategies such as the Quick Win strategy in 2019 • Formulation of the Tanzania's Southern Circuit Marketing and Promotion Strategy for the period 2021-2026 • Development of Strategic Plan for 2021/22- 2025/26	• Prepared strategies in 2019 for the development and support of the small-scale mining sub-sector • Establishment of demonstration centres for SSMs • Procurement of affordable drill rigs to serve SSMs • Establishment of mineral markets • Provision of training to SSMs • Awareness creation to Financial Institutions	• Development of the Fisheries Strategic Plan (2020/21-2025/26) • Development of Guidelines for beach management units (BMUs), (2017) • Enhancing the transformation of the fisheries sector • Curbing the increased use of illegal fishing gear and tapping the vast potential for aquaculture development

8.2 Audit Objective and Scope

8.2.1 Audit Objectives

The main objective of the audits was to assess whether the Ministry of Livestock and Fisheries, the Ministry of Natural Resources and Tourism, the Ministry of Minerals and the President's Office - Regional Administration and Local Government (PO-RALG) had adequately managed the natural resources as linked to the implementation of FYDPs and SDGs.

Specifically, the audit assessed whether:

(i) The President's Office - Regional Administration and Local Government, Ministry of Natural Resources and Tourism and the Marine Parks and Reserves Unit have adequately managed beaches to protect natural habitat and increase beach tourism.

(ii) The Ministry of Minerals, through the State Mining Corporation (STAMICO) and Mining Commission, has provided adequate support to Small Scale Miners to facilitate the transformation of the small-scale mining sub-sector; and

(iii) The Ministry of Livestock and Fisheries and PO-RALG, through LGAs, have effectively implemented fisheries control measures to enhance sustainable fisheries practices in the country.

8.2.2 Audit Scope

The audit on the Management of Beaches covered the President's Office-Regional Administration and Local Government (PO-RALG), the Ministry of Natural Resources and Tourism (MNRT) and the Marine Parks and Reserves Unit. This audit focused on the adequacy of the development of beaches to increase coastal tourism, the effectiveness of adherence to key requirements of environmental management of coastal areas, the adequacy of the promotion and marketing of beach tourism, and the effectiveness of PO-RALG and MNRT in monitoring beaches. The assessment of these aspects was covered for five financial years, from 2019/20 to 2022/23.

The Audit on Provision of Support to small-scale miners covered the Ministry of Minerals, the State Mining Corporation, and the Mining Commission. The focus of the audit was on assessing the adequacy of support provided to Small Scale Miners (SSMs) by looking at the extent of support given to SSMs, resource utilisation, coordination and monitoring and evaluation of the performance of the small-scale miners. The assessment of these aspects was covered for five financial years, from 2018/19 to 2022/23.

The Audit on the Management of Fisheries Resources included the Ministry of Livestock and Fisheries (MLF) and the President's Office – Regional Administration and Local Government (PO-RALG) through LGAs. The audit mainly focused on assessing the development and implementation of Monitoring Control and Surveillance (MCS) measures; the reliability of the information; the completeness, reliability, and periodic updating of the database; the appropriateness of the monitoring, control and surveillance (MCS), including the fish quality inspection plan and the application of sanctions; and the adequacy of coordination among players in implementing fisheries management measures. The assessment of these aspects was covered for five financial years, from 2018/19 to 2022/23.

8.3 Audit Findings on the Management of Beaches

Tanzania has at least 1424 km of coastline. However, the audit noted that up to October 2023, 71 out of 79 (equivalent to 89%) of the identified potential beach areas in the country were not yet developed and utilised for beach tourism. Instead, the areas were utilised for other purposes, such as small-scale farming (cashew nuts and coconuts), livestock keeping, salt harvesting activities, etc.

This is despite the identified potential beach areas having good features for beach tourism, such as swimming, snorkelling, scuba diving, water sports, and sunbathing. However, the beaches were missing features for supporting activities necessary for making the beaches or parks a popular destination for travellers seeking both relaxation and adventure for tourists.

Underutilising beach areas for coastal tourism denied the government the ability to generate revenue from beach tourism. My analysis of revenue generated by the sample beaches indicated revenue collection from the sampled beaches had not increased significantly. For instance, 2 out of 5 beaches along the marine parks' areas, namely Mnazi Bay Ruvuma Estuary and Marine Park Tanga Coelacanth, the revenue collected decreased from TZS 7,165,204 and TZS 30,964,023 in 2019/20 to TZS 5,765,810 and TZS 24,506,556 in 2022/23 respectively. Meanwhile, Thanda Beach in the Mafia Island Marine Park's revenue collection increased from TZS 801,148,614 in 2029/20 to TZS 1,182,593,303 in 2022/23 after being developed.

The ineffective utilisation of available beaches in the country was attributed to the following:

8.3.1 MNRT, MPRU and PO-RALG strategies and plans for the development of beaches were not adequate to facilitate the development of beaches

The audit identified several shortcomings in the management and promotion of beaches within the Ministry of Natural Resources and Tourism (MNRT) and the President's Office, Regional Administration and Local Government (PO-RALG)

The audit noted that MNRT had been operating with an outdated Tourism Master Plan from 2002, which had been prepared over two decades ago. This outdated plan failed to address current needs, particularly areas requiring investment to support modern strategies and plans for beach management. Furthermore, despite having a Quick Win Strategy in place in 2019, MNRT did not incorporate its recommendations into its Annual Action Plan. For example, recommendations such as establishing an institution responsible for beach management and development were overlooked in all four Annual Action Plans from 2019/20 to 2022/23.

Similarly, the MNRT's strategies for promoting and marketing beaches for tourism were inadequate. While the Tanzania Tourist Board is required to adopt technological changes, especially marketing strategies and human resource development, to cope with changing customer behaviour and preferences, the audit found that TTB's strategy for marketing and promotion of tourism products was more focused on wild animals and cultural tourism and little attention was given to the beaches.

In addition, the audit found that PO-RALG did not have specific plans for the management of beaches in the country, implying that PO-RALG did not prioritise the development of beaches as part of its core activity, even though most of the beaches fall under PO-RALG through LGAs which is the Planning Authorities.

For the case of MPRU, the audit revealed that there were also inadequacies in the strategies and plans to facilitate the development of beaches. For the period under the Audit 2019/20 – 2022/23 scope, the Audit noted that MPRU lacked a strategic plan. Also, there was a lack of general management plans in two out of five visited MPAs, while three out of five MPAs lacked updated General Management Plans.

The observed shortfalls were attributed to a lack of timeframe and budget for implementing the strategies.

Consequently, it was not easy to measure the performance of the implementation of the set strategy.

8.3.2 Inadequate Implementation of Available Strategies and Plans to Facilitate Development of Beaches

The Audit found that 80% of the planned interventions of the MNRT in the Quick Win Strategy of 2019 were not implemented, while 60% of the interventions in MNRT Strategic Plan 2021/22–2025/26 were not implemented (***Refer Figure 36***).

Figure 36: Overall Implementation of MNRT's Strategies as of 2019/20 - 2022/23

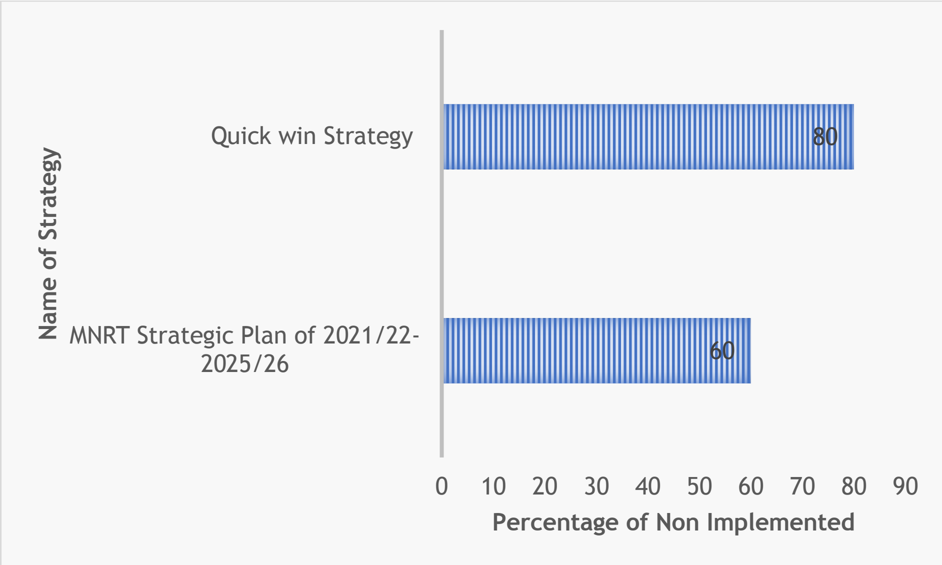


Figure 36 shows that MNRT did not adequately implement the planned intervention. 80% of the planned interventions in the Quick Win Strategy and 60% of the interventions in the MNRT Strategic Plan were not implemented. The interventions not implemented as planned in the Quick Win Strategy include establishing or appointing an institution responsible for overall beach management and empowerment of EPZA for coastal development. Also, an intervention not established for MNRT's strategic plan includes MICE, beach, and the introduction of cruise ships, which were planned to be implemented in the financial year 2022/23.

Also, an intervention not established for MNRT's strategic plan includes MICE, beach, and the introduction of cruise ships, which were planned to be implemented in the financial year 2022/23 due to non-disbursement of fund budgeted amounting to TZS 658 million. As a result, the planned intervention was not implemented.

The challenges were caused by a lack of fund disbursement to implement the activity. As such, the planned interventions were consequently not implemented.

8.3.3 Inadequate Adherence to Key Requirements of Environmental Management

The Audit found that 82%, 25% and 100% of the beaches visited in LGAs, private beaches and beaches under the government, respectively, did not comply with environmental protection requirements. The non-adherence was on sanitation facilities, uncontrolled human activities and non-conducting of EIA and environmental audits. The key causes of the non-adherence of environmental issues are detailed in **Table 44.**

Table 44: Causes for Non-Adherence to the Environmental Requirements

Common Causes of Non-Adherence to the Environmental Requirements	No. of Beaches with the same problem	No. of LGAs facing the same Problem
Inadequate enforcement	9	4
Inadequate Monitoring	11	4
Lack of awareness campaigns on Environmental issues in the Community	2	2
Beaches not prioritized	1	1

Source: *Auditors' Analysis of information from visited LGAs, 2023*

Table 44 shows various causes for non-compliance to environmental issues in visited LGAs. These include inadequate enforcement and monitoring and a lack of awareness campaigns on environmental issues in the community.

Non-compliance with environmental protection requirements was contributed to by inadequate enforcement by responsible entities, namely MPRU, PO-RALG, and MNRT, which allowed human activities to affect the environment. Furthermore, all three entities were inadequately monitored to ensure compliance with environmental protection requirements. In addition, the management of beaches was not highly prioritised because MNRT, which is responsible for tourism, did not have statistics on visitors for beach tourism and the contribution of beach tourism, which greatly contributed to inefficiencies in managing beaches.

As a result, the ongoing human activities facilitated environmental degradation, such as cutting mangrove trees and extracting coral sand from coral reefs along the coastal areas. In addition, stern measures to control environmental protection requirements were not in place due to the failure to undertake environmental impact assessments of various developments taking place along the coastal areas. This led to the destruction of the natural habitat of living organisms, including breading areas along the coastal areas.

8.3.4 Limited Strategies for the promotion and marketing of beach tourism

The Corporate Strategic Plan 2017/18-2021/22 of TTB requires TTB to execute an International Marketing Strategy (IMS) by emphasising the use of modern digital marketing techniques, including online marketing while using traditional marketing techniques.

The audit found that TTB has developed five strategies. However, they did not adequately cover the strategy for promoting beaches, as detailed in Table 45.

Table 45: Coverage of Promotion of Beach Tourism on the TTB Strategies

Name of the Strategies	Beach Tourism Strategies	Audit Remarks
Tanzania's Southern Circuit Marketing and Promotion Strategy of 2021-2026	Covered general marketing of tourism products. It covered digital and social media marketing strategy by creating a video clip with different themes taken at Mikumi National Park, Nyerere National Park, Ruaha National Park and Udzungwa Mountains National Park	Beach aspects were not widely covered because Tanzania's Southern Circuit Marketing and Promotional Strategy 2021-2026 was prepared under the REGROW project as an initial document to help implement the promotion of Southern Circuit. Thus, the strategy has a short-term and medium target of up to 2026.
International Tourism Marketing Strategy for Destination Tanzania 2020-2025	Covered general marketing of tourism products without specifying the products	The strategy has no short-term target and no medium-term target. All the targets have to be attained by 2025, but they are not specific to beaches.
Domestic Tourism Marketing Strategy of 2018 - 2023	Covered general domestic marketing strategies, the beach being among them.	The strategy has no short-term target and no medium-term target. All the targets have to be attained by 2023
Tanzania Cultural Tourism Experiences Marketing Strategy May 2021	It does not cover beach issues. It is based on cultural issues.	It covered the cultural tourism aspect. The strategies have no issues related to beaches.
Using Bar Codes with various tourist attractions	It covered country tourism videos, various tourist attractions, and beach products.	We covered various tourism products in the country, including beaches.

***Source**: Strategies of TTB for the year 2021 to 2026, 2020 to 2025, 2021-2026 and 2021*

Table 45 shows that one out of five reviewed strategies covered the promotion and marketing of beaches that used the Bar Code strategy. Using a Bar Code, users are linked directly to short video clips with tourism products. The other four did not directly cover the promotion of beach tourism. The inadequate coverage of beach tourism in TTB strategies limited the attainment of the targeted number of tourists and revenue from beach tourism.

8.3.5 Ineffective Implementation of the Available Plans for the Promotion and Marketing of Beach Tourism

The audit noted that during 2020/21 and 2021/22, all planned activities on beach and cruise ship tourism development in the potential areas and strengthening publicity of new tourism products were not implemented. Similarly, for the financial year 2020/21, the fund to implement beach tourism activities was not disbursed. The reason given for the lack of implementation of the planned activities was the COVID-19 pandemic.

The ineffective implementation of plans to promote beach tourism has contributed to achieving the target number of tourists in the country and the objective of diversifying tourism products.

8.3.6 Ineffective Coordination in the Promotion and Marketing of Beaches for Tourism

The audit, through the interview with TTB officials, revealed that they only coordinated with the Marine Parks and Reserve Unit when they had a specific event. Still, there was no documentation to support their statement. Also, there were no planned coordination mechanisms with Local Government Authorities. This was because each institution worked independently of the other and lacked close cooperation in promoting the beach areas.

Ineffective coordination in the country's promotion and marketing of beaches contributed to the limited strategies and plans for promoting and marketing beach tourism. There was also low prioritization of beach tourism products compared to other tourism products. Consequently, the potential increase in revenue from beach tourism products was not realized.

8.3.7 Ineffective monitoring and Coordination of beach activities in the country

(a) Ineffective monitoring of Beaches by PO-RALG

The audit noted that despite the PO-RALG mandate to monitor the function performed by the LGAs, including the management of beaches, the ministry was not executing its role of monitoring LGAs effectively. This is because PO-RALG did not have measurable indicators to monitor the development of beaches in the country. The reviewed annual plans of the Rural and Urban Development Division revealed no plans or frameworks for monitoring beaches. The Division focused on the administrative aspect while not prioritising issues related to the management of beaches.

Further, PO-RALG lacked reliable data and information for measuring the performance of LGAs. As an overseer of LGAs, PO-RALG lacked data that could be used for various decision-making to improve the management of beaches, enhance coastal tourism, and protect natural habitats. The main cause was that LGAs were not submitting performance reports to PO-RALG regarding the management of beaches in the country. As a result, PO-RALG had no information/reports regarding beaches for tourism. PO-RALG could not measure the performance of LGAs in terms of the management of beaches in the country.

Lack of Compliance with Quarterly Board Meetings Impacts Evaluation of Marine Parks and Reserves Unit Performance

The Board of Trustees of the Marine Parks and Reserves Unit (MPRU) is required to monitor the performance of MPRU every quarter. The Audit noted that for a three-year term, from July 2020 to June 2023, the Board of Trustees met to review the performance of the Marine Parks and Reserves Unit only in 7 out of 12 quarters set in three years. Interviews with officials from MPRU gave no reasons justifying why the board meetings were not conducted as required.

This has resulted in an inadequate assessment of the performance of MPRU, and hence, MPRU lacked directives/advice from the Board on their performance in five quarters.

(b) Ineffective Governance and Coordination Among the Ministries

The National Five-Year Development Plan (NFYDP) of 2021/22 to 2025/26 emphasizes the promotion of new tourism products. It aims to increase the contribution of the tourism sector to the national GDP from 6% to 11%. However, achieving these goals requires strengthened institutional frameworks and enhanced coordination among relevant stakeholders involved in tourism services.

Despite the significance of beach management for tourism development, the audit highlighted ineffective governance and coordination among ministries responsible for beaches in Tanzania. Stakeholders such as PO-RALG, through LGAs, the Marine Parks and Reserve Unit (MPRU), the Export Processing Zones Authority (EPZA), and the Ministry of Natural Resources and Tourism (MNRT) are directly involved in beach management. However, there was no overarching entity responsible for coordinating beach management efforts. Each stakeholder operated under separate acts without linking to one another, leading to fragmented management approaches.

According to the report to improve the management of beaches in Tanzania that came out in 2020, some of the Acts that were in place include the Tourism Act (Chapter 364), used by MNRT; Marine Parks and Reserve Unit Act (Chapter 146), used by MPRU; Town Planning Act (Chapter 113), used by LGAs; The Special Economic Zone Act (Cap 420 RE 2012), used by EPZA and Tourist Board Act (Chapter 364), used by TTB. Each entity had a mandate in its own jurisdiction without effective coordination by one entity.

The lack of coordination was further evident in the absence of formal meetings and information sharing among stakeholders. MNRT, as the parent ministry, lacked comprehensive data on beach tourism activities and tourist statistics. Earnings from beach tourism were notably absent from the Maliasili Statistical Bulletin. The lack of reliable data and central coordination severely impacted the promotion and marketing of developed beaches by the Tanzania Tourist Board (TTB). As a result, MNRT did not report revenue statistics from beach tourism.

8.4 Audit Findings on the Provision of Support to Small-Scale Miners

This section presents findings related to the provision of support to SSMs as discussed hereunder:

8.4.1 Small Scale Miners were not Adequately Given the Needed Level of Support

The audit revealed that the Small-scale Miners were not given support as intended. This was reflected by limited access to information on geological and mineral resources, a lack of appropriate mining and mineral processing equipment and technologies, and limited access to project investment capital and operating funds as detailed hereunder.

(a) The Number of Small-Scale Miners who Accessed Geological and Mineral Resources Information was Small

The review of the information on the Active Primary Licenses, STAMICO's Strategic Plans, and the Annual Performance Report from the financial years 2018/19 to 2022/23 noted that the SSMs were not given enough access to geological and mineral resources information. This was evidenced by the presence of a small number of small-scale miners who were offered information on geological and mineral resources by STAMICO in collaboration with the Geological Survey of Tanzania (GST). **Table 46** gives details on the extent to which information on geological and mineral resources was given to SSMs on an annual basis.

Table 46: Status of Provision of Geological and Mineral Resources Information to Small-Scale Miners

FY	Actual Number of PMLs	Number Provided with Geological and Mineral Resources Information[21]	% Coverage
2018/19	1,885	600	32
2019/20	3,491	600	17
2020/21	4,915	200	4
2021/22	6,153	Not Reported	-
2022/23	6,437	Not Reported	-

Source: *Auditors' Analysis of the STAMICO's Annual Progress Reports, 2018/29 - 2022/23*

Table 46 indicates that the highest number of SSMs with access to information was experienced in the financial year 2018/19, where 32% of the SSMs were covered. The trend of access to information decreased from 32% in 2018/19 to 4% in 2020/21, and the overall access to this information was less than 35% for all earmarked years. The observed condition was attributed to the following reasons:

(i) Inadequate Undertaking of Geoscientific Investigation

A review of the Annual Performance Report from STAMICO found that out of 6,000 issued PMLs for SSMs, only 41 PMLs had undergone Geoscientific Investigation by STAMICO in the financial year 2021/22. The investigations were

[21] The Reports from the Ministry, STAMICO and the Mining Commission indicated different types of geological information such as mineral types and sampling method that should be shared to SSMs through individual consultation.

undertaken in Songea-Ruvuma (Coal), Katoro-Geita (Gold), Ubenazomozi-Dodoma (Gold), and Kilindi-Tanga (Gold). The details of these investigations are presented in **Table 47** below.

Table 47: Geoscientific Investigations for Small-Scale Miners

Type of Minerals	Number of Explorations	Number of PMLs Covered
Coal	2	34
Gold	4	7
Diamond	0	0
Industrial Minerals	0	0

Source: *Auditors' Analysis of the STAMICO's Geoscientific Investigation Reports, 2023*

Table 47 indicates that the investigations were done for only two types of minerals, namely gold and coal. There was no investigation into other minerals, particularly diamond and industrial ones. Furthermore, the investigation was done on only seven gold PMLs and 34 coal PMLs out of more than 3,000 issued PMLs to SSMs.

The audit that investigation gaps were contributed mainly by the following issues:

(i) High Operating Costs of Drill Rigs for Undertaking Geoscientific Investigations

The audit found that most small-scale miners could not afford to hire drill rigs for geoscientific investigations as the cost of mobilising and demobilizing the drill rig to and from the mining operations was around TZS 30 million. This amount was too high for small-scale miners to afford. As a result, most SSMs were forced to undertake their mining operations without being well informed on the geology and mineral resource information over the area under operation. The audit further noted that the cost of drilling for geoscientific explorations was not affordable by SSMs as it ranged from TSZ 250,000 to TZS 400,000 per metre.

(ii) Understaffing for Geologist Position at STAMICO

The review of STAMICO's Staffing Level of 2022/23 found that the Corporation was staffed with seven geologists out of 16, equivalent to only 44% of the requirement. Moreover, the interviews with officials from STAMICO showed that no available geologists were specifically assigned for investigation activities related to small-scale miners; rather, they were assigned other commercial services such as drilling, mining, mineral processing, and environmental consultancies.

(iii) Absence of Suitable Number Equipment to Enable Exploration Activities for Small-Scale Miners

The audit found that there was no suitable amount of equipment for undertaking exploration activities. STAMICO planned to procure ten (10) drilling rigs for small-scale miners. However, only five rigs, equivalent to 50%, were delivered to STAMICO in September 2023. The planned number and the number of rigs procured were not enough to meet the needs and requirements of both SSMs and active issued PMLs.

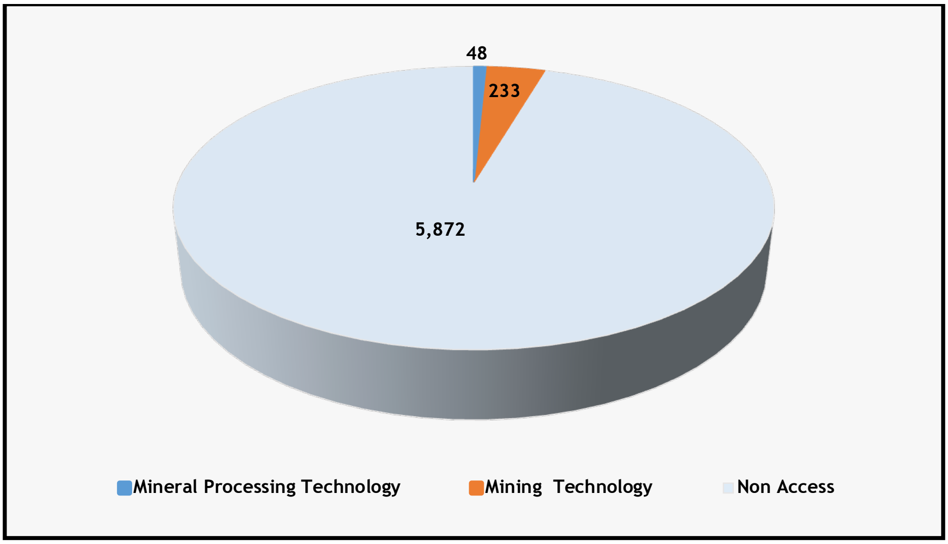
It was noted that insufficient geoscientific data accelerated the undertaking of mining activities by guessing with no proper and reliable geological and mineral resources information. This resulted in a limited selection of profitable mining technology, thus reducing mineral production and decreasing Government revenues from the subsector.

(b) Limited Selection and Access to Mining and Mineral Processing Equipment by Small Scale Miners

Para 4.4 of the State Mining Corporation’s Strategic Plan 2017/18 – 2020/21 insists on the provision of support to SSMs by ensuring small-scale miners have access to mining and mineral processing equipment. Moreover, STAMICO is obliged to support the development of small-scale miners' demonstration centres to cater for practical demonstrations.

The review of the Progress Report on the Performance of Small-Scale Mining Demonstration Centres from July 2021 to June 2022, revealed that only 5% of SSMs had access to improved mining and mineral processing technologies through the Demonstration Centres, as illustrated in **Figure 37.**

Figure 37: Access to Improved Mining and Mineral Processing Technologies at the Demonstration Centres by Small-Scale Miners



Source: *Auditors' Analysis of Progress Report on the Performance of Small-Scale Mining Demonstration Centres, 2022*

Figure 37 indicates that the number of SSMs accessing improved mining and mineral processing technology through the Demonstration Centres was low. It was found that only 48 SSMs, which represented one per cent of the total issued PMLs in 2021/22, had access to improved mineral processing technology. Besides, only 233 SSMs, equivalent to four () per cent of the total issued PMLs in 2021/22, had access to improved mining technologies.

Limited access to and selection of mining and mineral processing technologies by Small Scale Miners was attributed to the following facts:

(i) Absence of Adequate Number of Mining and Mineral Processing Equipment to Serve the Small-Scale Miners

According to the report on the performance of Small-scale Mining Demonstration Centres prepared by STAMICO in the financial year 2021/22, only one (Katente in Geita Region) out of three demo centres was supplied with mining and mineral processing equipment for leasing to SSMs. This centre had Two hundred thirty-three pieces of equipment were leased to two customers (SSMs), namely, Mgodi Choo (50) and Nyakafuru Mine (183).

(ii) The Unwillingness of Small-Scale Miners

Interviews with officials from the Ministry of Minerals, STAMICO and Mining Commission revealed that most small-scale miners were unwilling to access the improved mining and mineral processing technologies. This was caused by a lack of adequate funds to purchase mechanised mining and mineral processing equipment, which in most cases required a huge capital to invest.

(iii) The Remoteness of Demonstration Centres

The audit that the Demonstration Centre established for supporting SSMs through leasing mining and mineral processing equipment was located far away from the SSMs' operation areas. For instance, during a site visit at the Lwamgasa Demonstration Centre in the Geita region, it was found that SSMs were required to travel for more than 100km to access services from the centre. This was because the centre served SSMs from Kahama, Kagera, and Ushirombo areas located remotely from the centre.

A review of the Technical Report on Environmentally Friendly Methodologies to Enhancing Gold Production in Selected Artisanal and Small-Scale Miners (ASMs) Areas prepared by STAMICO in 2020 noted that limited access to and selection of low mining and mineral processing technologies by Small Scale Miners increased the risk of low production and productivity of small-scale mining operations. For example, using mercury for mineral processing by SSMs resulted in a low recovery rate of gold of approximately 15% to 30%. This implied that more than 70% of gold could be left unrecovered, thus reducing mineral production.

(c) Absence of SSMs who Accessed Loans and Grants from the Government

The audit noted through the review of the Annual Performance Reports from the Ministry of Minerals that none of the SSMs had accessed loans and grants from the financial institutions from 2018/19 to 2022/23.

The audit found that the following factors contributed to the observed challenges:

(i) Lack of Qualifications to Access Loans and Grants by Small-Scale Miners

The criteria for accessing loans and grants included, but were not limited to, possession of a valid license, copies of the certificate of registration of a company or association, copies of receipts for payment of the annual Government fees, royalties, Taxpayer Identification Number (TIN) and taxes paid within the preceding six months. The SSMs were also required to submit environmental management plans and quarterly production reports for the preceding six months. In this case, most SSMs did meet the required qualifications.

(ii) Limited Training for Financial Institutions

The Audit noted limited training for SSMs and financial institutions to ensure this understanding. For the five financial years covered in this audit (2018/19 – 2022/23), only one financial institution (KCB Bank) was trained. Before the signing of the MoU, three other financial institutions (NMB, CRDB, AZANIA) participated in an awareness-raising forum on mining and small-scale mining sub-sector organised by STAMICO.

Inadequate accessibility to loans and grants by small-scale miners prevented SSMs from accessing sufficient investment capital. A small number of operating PMLs verified this compared to the issued PMLs from 2018/19 – 2022/23 in the visited RMOs. **Table 48** shows the details of the situation:

Table 48: Number of Issued versus Operating PMLs from 2018/19 - 2022/23

Name of RMO	Issued PMLs	Operating PMLs	% Operating
Ruvuma - Coal	3004	190	6
Lindi – Salt	348	104	30
Geita – Gold	790	116	15
Shinyanga – Diamond	241	115	48
Total	**4383**	**525**	**12**

Source: *Auditors' Analysis of PMLs from the Visited RMOs, 2023*

Table 48 shows that the overall number of operating PMLs in the visited RMOs was 12% of the total number of issued PMLs. The lowest percentage of operating PMLs was for coal in Ruvuma, while the largest percentage was for diamonds in the Shinyanga region.

8.4.2 Inadequate Allocation and Utilisation of Resources to Support Small-Scale Miners

The audit noted challenges in ensuring adequate allocation and utilisation of resources in supporting SSMs. This was indicated by the limited identification and incorporation of the needs and priorities of SSMs in allocating resources, insufficient allocation of resources to support SSMs and absence of measures put in place to assess the effective utilisation of the allocated resources in supporting SSMs. The details are explained hereunder:

(a) Limited Identification and Incorporation of Needs and Priorities of Small-Scale Miners in the Resource Allocation

The audit found that the needs and priorities of small-scale miners were partially mainstreamed during the preparation of plans and budgets. It was observed that the MoM's Strategic Plan suggested providing affordable mining and mineral processing tools and equipment to small-scale miners. However, no funding was set for this plan. The audit also noted that this plan did not appear in the Ministry MTEFs and the Annual Action Plan and did not seem to be one of the Ministry's priorities.

The observed challenge was attributed to the following reasons:

(i) Lack of Sufficient Information on Small Scale Miners

The audit noted insufficient information on SSMs that could be relied on while preparing plans and budgets. The lack of a reliable database reflected this. Assessing different needs and challenges affecting resource allocation for supporting SSMs becomes difficult without such information.

(ii) Inadequate Communication of Existing Plans across the Minerals Sector

The audit noted that there was limited communication of plans to ensure the development of small-scale miners. For instance, the Strategies for Development and Support of Small-Scale Mining Sub-Sector developed by STAMICO in 2021 were not shared with the key actors, such as the Ministry of Minerals and the Mining Commission. Lack of or inadequate communication among the key actors was not desirable as it might result in conflicting priorities on SSMs due to the presence of un-harmonised expectations, plans and budgets.

The partial identification and incorporation of needs and priorities of small-scale miners in resource allocation resulted in insufficient allocation of resources, such as funds. This resulted in inadequate implementation of plans and actions to support small-scale miners.

(b) Insufficient Allocation of Resources to Support Small Scale Miners

The audit revealed that there was insufficient allocation of resources to support SSMs. This was evidenced by inadequate financial support and an insufficient number of experts to support small-scale miners.

The main consequence of the inadequate allocation of resources was that it accelerated failure in providing support to SSMs. Also, the absence of proper allocation of resources, especially funds to finance the purchase of modernised tools/equipment for SSMs, might hinder the transformation of the small-scale mining subsector into medium-scale mining operations.

(c) Absence of Measures to Ensure Effective Utilisation of Resource Allocated to Support Small-Scale Miners

The audit noted that through the Mining Commission and STAMICO, the Ministry of Minerals did not implement adequate measures to effectively utilise the allocated resources for supporting SSMs.

This was indicated by the ineffective use of funds, amounting to about TZS 7.29 billion, which were set aside as grants to SSMs between 2015/16 and 2017/18 through the SMMRP that the World Bank financed. The letter with Ref. No. TIB/ORG/55/6/VOL.XXIV/23 issued by the Tanzania Investment Bank (TIB) on the implementation Status of SMMRP revealed that there was ineffective utilisation of grants by SSMs caused by a lack of a mechanism to facilitate proper utilisation of such grants.

This challenge resulted in inadequate identification and allocation of resources, especially financial, equipment and human resources to support SSMs.

8.4.3 Inadequate Coordination During Provision of Support to Small-Scale Miners

The audit found that there were ineffective coordination and communication mechanisms, inadequate information sharing among the key actors, and an ineffective reporting system during the coordination of Support given to Small-Scale Miners, as explained below:

(a) Ineffective Coordination and Communication Mechanisms in Provision of Support to Small-Scale Miners

The audit noted that the proposed meetings between the Ministry and other stakeholders, especially the Ministry's institutions, were conducted inadequately. This was reflected in the Ministry of Minerals not conducting sufficient engagements and review meetings to address issues related to providing support to SSMs. It conducted five out of twenty planned meetings (i.e., 20%).

This situation was attributed to less priority given to issues related to SSMs, as the amount of funds disbursed to the Ministry was insufficient to cover SSM matters. Consequently, it resulted in limited attainment of the strategies for transforming SSMs.

(b) Strategies for Information Sharing among Key Actors were not Implemented

The audit revealed inadequate implementation of the agreed strategies to enable information sharing. This was reflected in the fact that none of the set strategies were implemented.

The audit further noted that this gap was influenced by the absence of the Ministry's Communication Strategy for the three financial years from 2018/19 to 2020/21. The lack of information communication strategy in the Ministry of Minerals affected information flow among the mineral sector stakeholders. It resulted in the un-harmonious implementation of a strategy for supporting SSMs in the country.

(c) Absence of Issues related to Supporting SSMs in the Reporting System

Para 4.1 of the Ministry of Mineral's Strategic Plan (2019/20 – 2023/24) presents a performance reporting plan. The plan describes the procedures and types of reports that are supposed to be produced for proper monitoring. This comprised internal and external reporting plans for five years of implementation.
The audit noted the absence of issues related to SSMs' support in the Ministry of Mineral's Annual Performance Reports in some of the financial years, such as 2020/21, 2021/22, and 2022/23.

The Annual Performance Reports for only two financial years, 2018/19 and 2019/20, reported on providing support to SSMs. The rest of the years did not address the status of the implementation of support given to SSMs.

The exclusion of information about SSM activities in the annual plan affected the implementation of programs intended to facilitate the development of SSMs as described in the strategic plans and policies in the mining industry.

8.4.4 Inadequate Monitoring and Evaluation of the SSMs' Performance

The audit observed inadequate monitoring of support given to SSMs due to inadequate planning for monitoring and evaluation of small-scale mining operations, ineffective implementation of plans to support SSMs and inadequate follow-ups on the effectiveness of support provided to SSMs. The details are explained hereunder:

(a) Inadequate Monitoring of Support Given to Small-Scale Miners

The audit noted that STAMICO did not adequately implement the monitoring and evaluation of support given to SSMs, as evidenced by the absence of the Management Information System (MIS), inadequate periodic site surveys and an inadequate number of occasional in-depth studies.

The noted gaps were attributed to the absence of a monitoring and evaluation framework by the Ministry of Minerals, the Mining Commission and STAMICO

(b) Absence of Baseline Values and Targets in the Annual Plans for Monitoring and Evaluation of Small-Scale Mining Operations

The Ministry of Finance and Planning’s Guidelines for the Preparation of Plans and Budget, 2018/19 - 2022/23, require the Accounting Officers to ensure development projects, programs and activities planned for monitoring and evaluation that are aligned with clear indicators, criteria and goals which will be taken into account during the project implementation and monitoring.

The review of STAMICO’s Strategic Plan for the financial year 2021/22 - 2025/26 revealed that STAMICO established three Key Performance Indicators (KPIs) to monitor and evaluate SSMs. However, none of the KPIs had baseline values and annual targets.

Moreover, there were no annual targets to monitor and evaluate the status of the provision of support to small-scale miners. Non-indication of both target and base value in Performance indicators would result in non-determination of the progress of a particular target. Hence, it would be difficult to identify areas that need improvements and suggestions.

(c) Absence of Performance Reviews on the Support Given to SSMs

A review of the Annual Progress Report (2018/19 – 2022/23) from the Ministry of Minerals found that the Ministry did not conduct an adequate review to assess progress on implementing the plans to support SSMs. It was noted that the

Ministry did not include any review milestone in its plans from the financial year 2018/19 to 2020/21.

Inadequate reviews of the support given to SSMs prevented the Ministry of Minerals from collecting information on the performance of its institutions and their achievements in providing support to SSMs.

(d) Absence of Follow-Ups on Support Provided to Small-Scale Miners

Para 2 (ii) of the Monitoring and Evaluation Strategy of FYDP II (2016/17 – 2020/21) requires the MDAs to conduct regular follow-ups and inspections of projects implemented under their jurisdiction and substantiate the reported results.

It was noted that the Ministry did not undertake any follow-ups to assess the effectiveness of the support provided to SSMs. Instead, the Ministry relied on progress reports from its institutions. However, the performance reports prepared by the institutions did not cover the effectiveness of the support provided to SSMs. This was caused by limited financial resources to cater for such activity.

An unsatisfactory follow-up on the progress of small-scale mining operations resulted from the Ministry's lack of an M&E framework to guide monitoring and evaluation activities.

Inadequate follow-up on support provided to SSMs by both the Ministry of Minerals and its institutions might result in non-accomplishment of the overall intended goals towards SSMs' support.

8.5 Audit Findings on Management of Fisheries Resources

This section presents findings related to the management of fisheries resources as discussed hereunder:

8.5.1 Presence of Illegal Fishing Practices in the Country

The audit noted persistence in illegal, unreported and unregulated fishing activities, as explained below:

(a) Presence of Illegal Fishing Gear and Methods in the Country

Upon reviewing frame survey reports for the financial year 2020, the audit noted that illegal fishing gear persists in fishing activities and was not entirely eradicated, as depicted in **Table 49.**

Table 49: Number of Illegal Fishing Gear in Visited Water Bodies

Name of water body	Number of the landing site	Type of Illegal fishing gear found per Landing site			
		Beach seines	Monofilament	Mosquito nets/gillnets (>6")	Spears
Lake Tanganyika	107	12	9	1	0
Lake Victoria	580	1	25	60	0
Marine Water	274	2	1	1	11

Source: *Frame Survey Report for Lake Tanganyika 2022, Lake Victoria for 2020 and Marine Fisheries for 2018*

Table 49 illustrates the presence of illegal fishing gear in Lake Tanganyika, Lake Victoria, and marine fisheries. The number and extent of illegal fishing gear varied from one landing site to another, depending on the degree of enforcement and patrols.

The continued use of illegal fishing gear was attributed to several factors. These include inadequate MCS operations, lack of awareness of the effects of illegal fishing among fishers, inadequate control of the importation of illegal fishing gear into the country, the desire of fishers to get massive fishing products at once, and low price of illegal fishing gear compared to the legal ones.

(b) Insufficient Reporting of Fishing Activities in the Country

Table 50 presents the analysis of reporting or documenting fishing data in the visited LGAs, highlighting key issues that needed to be recorded. The table provides a breakdown of the number of LGAs reporting specific issues, categorised as "more often," "seldom," and "not reported."

Table 50: Reporting of Fishing Data in the Visited LGAs

S/N	Required key issues	A number of LGAs reported a particular issue		
		More often	Seldom	Not reported
1	Catch data	0	4	5
2	Number of fishers	0	2	7

3	Fishing gears	4	2	3
4	Revenue collected	0	2	7

Source: *Auditor's analysis on reported data from 9 Visited LGAs, 2023*

Table 50 indicates the frequency at which LGAs report key fishing-related data. For instance, catch data was seldom reported in four out of nine LGAs. The number of fishers was seldom reported in two out of nine LGAs. Information on revenue collected was seldom reported in two out of nine LGAs. Similarly, information on fishing gear was more often reported in four LGAs but seldom reported in two LGAs.

In addition to that, 85% of the visited LGAs did not submit quarterly, semi-annual, and annual implementation reports to the Director, contrary to regulation 3 of the Fisheries Regulations, 2009 (G.N. No. 308 published on 28.08.2009 as amended by Regulation 3 of the Fisheries (Amendment) Regulations, 2020 (G. N. No. 492 published on 03/07/2020. Similarly, there was inadequacy in reporting crucial issues that needed to be recorded and reported.

Furthermore, the frame survey, recognised as a reliable source of information, was not conducted periodically as required. From the financial year 2018/2019 to 2022/23, only one frame survey was conducted for Lake Tanganyika, Lake Victoria, and Marine, which was less than the required two surveys.

Inadequate implementation of frame survey reports resulted in the absence of reliable information on fishing activities and fishery resources within the country, which would be useful in managing fishing activities and properly utilising fishery resources.

(c) Fishers and Fishing Vessels were not Fully Regulated

The audit noted that the fisheries activities that were not well regulated are detailed below:

License and Permit Issuance

The audit revealed the presence of operational unregistered fishing vessels and other business activities that did not comply with the fisheries regulations. **Table 51** illustrates the extent of unregistered fishing crafts.

Table 51: Performance of Registration for Fishing Crafts

Frame Survey Conducted	Fishing Crafts	Registered Fishing Crafts	Unregistered Fishing Crafts	Percentage Of Unregistered Fishing Crafts
Lake Tanganyika Frame Survey 2022	11,963	4,609	7,354	61
Lake Victoria Frame Survey 2020	30,646	10,220	20,426	67
Marine Fisheries Frame Survey 2018	9,242	5,343	3,899	42
Average % of unregistered fishing crafts				57

Source: *Frame Survey Reports 2018/19, 2019/20 and 2021/22*

Table 51 reveals that, on average, 57% of fishing vessels involved in fishing activities were not registered per regulations. Lake Victoria takes the lead, with 67% of fishing craft operating without a license. Additionally, 61% of the fishing crafts operating on Lake Tanganyika did not possess the required license. These findings suggest that fisheries resources in the country were not regulated sustainably.

Unapproved Landing Sites

A review of the frame survey report, 2018, together with the Annual Fisheries Statistics Report (January- December) 2020, revealed that there were landing sites that were neither registered nor under the administration of BMUs. The existence of landing sites that were not under the administration of BMU contributed to the persistence of unsustainable fishing activities. **Table 52** highlights the existence of landing sites that were not under the administration of BMU.

Table 52: Performance of Registration of BMUs and Landing Sites with BMUs

Frame survey conducted	Landing sites	Landing sites with BMUs	Landing sites with no BMUs	Percentage of landing sites with no BMUs	Unregistered fishing craft/landing sites per year
Lake Tanganyika Frame Survey 2022	107	59	48	45	69
Lake Victoria Frame Survey 2020	580	573	7	1	35
Marine Fisheries Frame Survey 2018	274	174	100	36	14

Source: *Frame Survey Reports 2018/19, 2019/20 and 2021/22*

Table 52 shows that Lake Tanganyika had 45 per cent of landing sites without BMUs, indicating a potential gap in implementing fisheries resources. This led to the highest number of unregistered fishing craft, an average of 69 at each landing site.

Lake Victoria exhibited a very low percentage (1%) of landing sites without BMUs, suggesting a greater coverage of BMUs in this area, hence having fewer unregistered fishing vessels than Lake Tanganyika. In 2018, marine fisheries faced a substantial challenge, with 36% of landing sites lacking BMUs, though fewer unregistered fishing vessels existed. This was due to regular surveillance conducted as both LGAs and MCS fisheries centres were equipped with patrol equipment and good infrastructures.

The existence of landing sites without BMUs, which were responsible for streamlining the registration and licensing process, resulted in an increasing number of unregistered and unlicensed fishers and fishing vessels, which influenced the continuation of illegal fishing activities.

8.5.2 Inadequate Implementation of Fisheries Management Measures

The audit noted inadequate performance in implementing the close fisheries management measures, such as inadequate licensing and registration, inadequate management of maximum allowable catches, and inadequate management of closed seasons. These findings are discussed below.

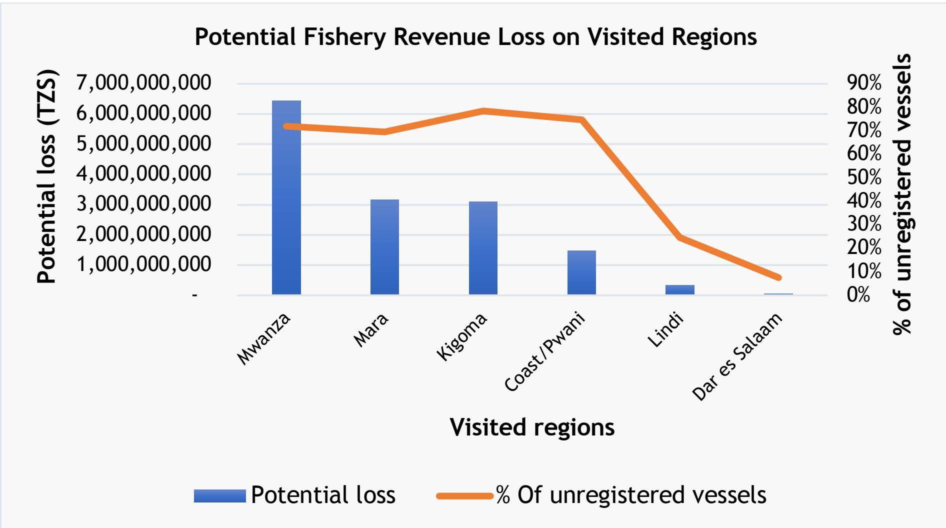
The audit showed that 20,885 vessels out of 28,615, equivalent to 73% of all operating fishing vessels, were unregistered. Also, a review of compounding registry books for MLF and LGAs found that 70% of compounded offences resulted from non-registration and non-licensing of fishers and fishing vessels.

The audit revealed that although the registration process was streamlined to start at a lower level by involving BMUs as initiators of the fishers' registration process, most landing sites were not under the administration of BMU. A total of 155 out of 961 landing sites were not under BMU administration, leading to the presence of a large number of unregistered and unlicensed fishers and fishing vessels.

The audit noted that this shortfall was caused by fishers who resided near fishing areas but were far from council offices responsible for registration and licensing. For example, Rorya District Council is more than 50km from Sota Village, which has an operational landing site. As a result, LGAs decided to do onsite registration by conducting registration at the landing site with BMU officers. However, in the case of landing sites that were not accessible, fishers conducted fishing activities without registration and licenses.

The presence of unregistered and unlicensed fishers and fishing vessels led to the persistence of illegal, unreported and unregulated fishing activities, consequently failing to collect reliable fisheries data in the respective water bodies. It also resulted in a potential cumulative loss of TZS 15,162,640,000, which could have been generated through the license, TASAC and TRA revenues. **Figure 38** presents the statistics on potential revenue loss in the visited regions.

Figure 38: Potential Revenue Loss due to Fishers Licence, Taxes, and TASAC Fees in the Visited Regions



Source: *Auditor Analysis of Frame Survey Reports 2018-2022, 2023*

The data in **Figure 38** reveals that Dar es Salaam and Lindi had a potential loss below TZS 500 million, with the percentage of unregistered vessels below 30%. Good infrastructures and geographical setup contributed to the performance of Dar es Salaam and Lindi; fishing activities in the regions are centralised and, thus, easily regulated.

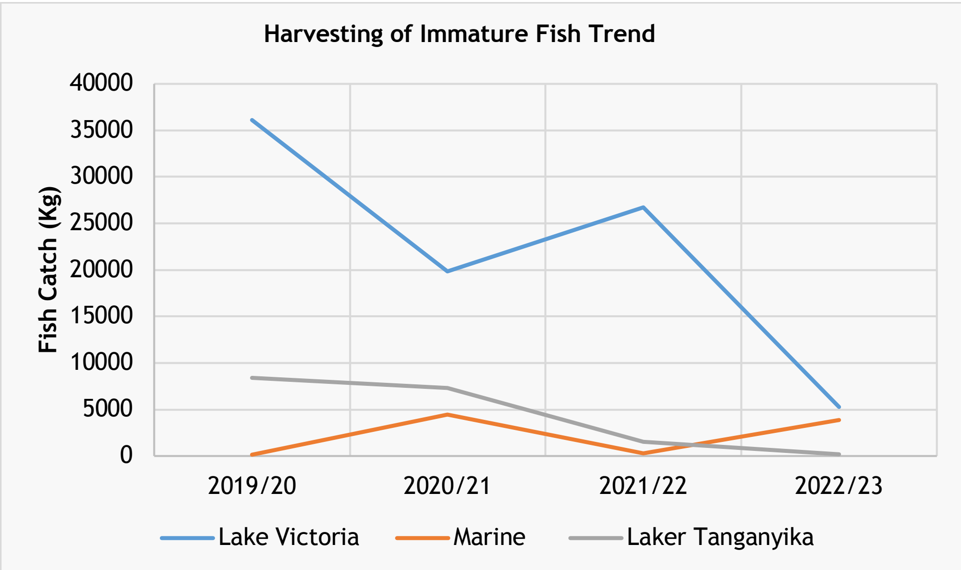
Similarly, Mwanza, Mara, Kigoma, and Coast have widespread landing sites, which has created difficulties in allocating resources for registration. In addition, these regions did not perform well in monitoring and regulating fishing activities. As a result, their loss was above TZS 500 million, with the percentage of unregistered vessels above 60%.

The observed challenges were attributed to the following issues:

(i) Inadequate Regulation of Fish Catch Size

Through the analysis of statistics provided by fisheries officers from Fisheries Resource Protection (FRPs/MCS) centres and LGAs, the audit noted insufficient control over the size of fish catches due to undersized fish in the market. The trend in the sizes of undersized fish caught is shown in **Figure 39.**

Figure 39: Trend on harvesting Immature Fish



Sources: *Auditors' Analysis from the Monitoring and Surveillance Reports (2018/19-2022/23)*

As illustrated in **Figure 39**, the harvest of immature fish decreased in Lake Victoria and Lake Tanganyika, but it persisted in marine waters. The audit also noted that inspections and patrols were rarely conducted during the night and weekends. As such, the observation that the catching of immature fish was declining could not be valid due to the limitation of the data used.

Upon scrutinising the annual progress reports of each visited Local Government Authority (LGA), the audit found that the shortfall was associated with the absence of documented allowable catches in the LGAs to control fish catches for water bodies within their jurisdiction.

Furthermore, TAFIRI was required to provide both catch assessment and hydro-acoustics survey data to assess fishing efforts in the water bodies. However, it was noted that TAFIRI did not regularly conduct hydroacoustic surveys, as the last survey was conducted in 2020.

The observed gaps threatened fisheries' sustainability and, consequently, food security. This might lead to long-term economic losses as fish stock was declining.

(ii) Little Emphasis on the Management of the Close Season

Through reviewing the progress report (2018/19-2022/23) from the visited MLF Fish Resource Protection centres (FRP) and LGAs, the Audit Team observed that close seasons were observed to some extent, as indicated in **Table 53.**

Table 53: Implementation Status of the Close Season in the Visited LGAs

District	Performance of Implementation of Close Season
Kigamboni MC	The close season is for prawns only and is done for seven (7) months, from September to March.
Dar es Salaam CC	Close season is for prawns only and is done for seven (7) months, from September to March.
Kilwa DC	Close season is done for three (3) months for octopus and prawns species only.
Mafia DC	Close season is implemented for three months for octopus and prawn species only.
Rorya DC	Close season is done for 14 days per month for all species. Alternating weekly closure followed by the opening of fish activities each month throughout the year
Nyamagana CC	The close season is for sardines only and is done for ten days each month.
Kigoma MC	No close season we implemented.
Ilemela MC	The close season is for sardines only and is done for ten days each month.
Ukerewe DC	The close season is for sardines only and is done for ten days each month.

Source: *Auditor Analysis on Close Season Information from the Visited Councils, 2023*

The data in **Table 53** reveals that among the nine visited LGAs, only Rorya DC enforced a close season for all fish species for 14 days. The remaining six LGAs (75%) implemented a close season, but exclusively for a single species (sardine) in the Lake Zone and prawns and octopuses in the Marine Zone. Notably, Kigoma MC did not implement a close season.

The observed inadequate performance was attributed to the following reasons.

(i) LGAs did not manage closure implementation to avoid losing revenues from license fees, fish levies, etc. However, no LGAs conducted a cost-benefit analysis to assess the advantage of implementing closed seasons against open access seasons.

(ii) There were no physical boundaries to demarcate the breeding sites. This contrasted with the marine environment, where the protected areas were demarcated and closely patrolled by MRRU, and no fishing activities were allowed.

8.5.3 Deficiencies in the Management of Fisheries Database

Under this aspect, the audit noted the following shortfalls:

(a) Inadequate Documentation of Information on the Management of Fisheries Resources

Regulation 69 of the Fisheries Regulations, 2009, requires MLF and LGAs to maintain reliable data concerning all active fishing vessels. All fisheries activities, such as licensing, fish catches, vessel details and revenue collection, must be documented and kept updated.

The Ministry uses eCAS and fisheries revenue collection information systems (FiRCIS) to collect fisheries information on the fish market-value chain. The system is robust enough to capture comprehensive data and information related to fisheries management, including strengthening existing systems to process, store, and analyse the data effectively for better performance and management.

However, the audit found that the documentation method applied in all visited LGAs did not allow easy access to the fisheries' records. The fisheries' data were manually recorded, but there were insufficient details, including specific licensing records, fish catch vessel details, and revenue collection. Besides, in all nine LGAs visited, counter-books containing fisheries information for some years were missing. This made it difficult for auditors and fisheries officers to access and follow specific trends in fishery activities.

It was observed that LGAs replaced counter-books containing fishery records each time they were filled up. This frequent replacement of counter-books prevented a steady flow of information from landing sites to council authorities. Also, it was not easy to retrieve information due to the poor condition of counter-books over time.

The audit established that some of the visited LGAs, including Kilwa DC, Mafia DC, Mwanza CC, Rorya DC, and Ukerewe DC, did not have a centralised system for managing information on fishing activities. The interview with fisheries officials revealed that the LGAs did not have computers required by staff to perform their tasks. Additionally, some ward fisheries officials and BMU officials were incompetent.

(b) Inadequate Performance in Collecting and Maintaining Daily Fisheries Catch Data

The audit found that the collection and maintenance of daily fisheries catch data by the MLF was inadequate. The inadequacy resulted from the Ministry's inability to have sufficient data on fishing activities. For example, the daily fisheries' catch data were obtained from only 59 out of 595 sampled landing sites, representing less than 10% of Lake Victoria's total number of landing sites.

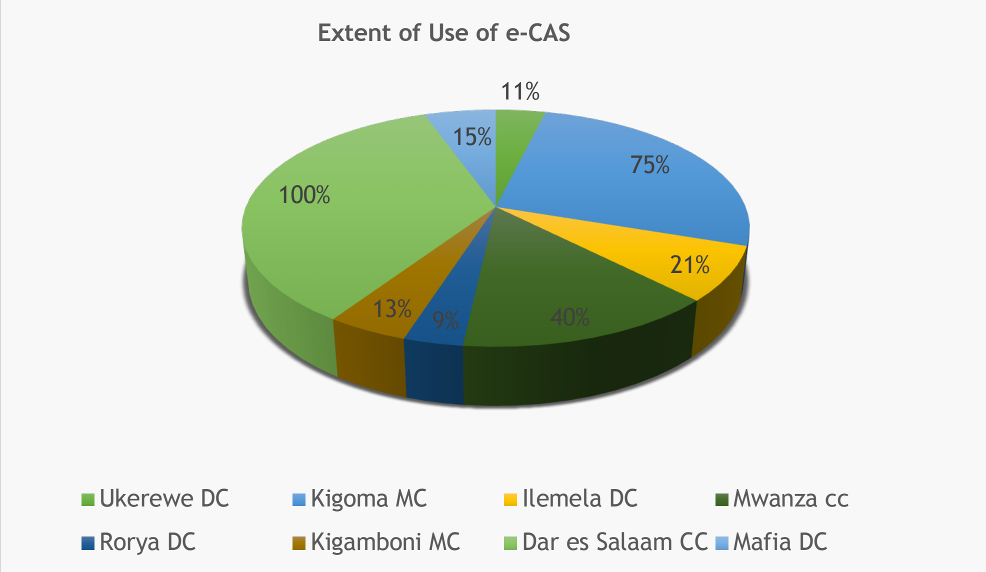
Furthermore, during the financial years 2018/19 – 2022/23, it was found that only 1 out of 5 required catch assessment surveys was conducted, which was equivalent to 20% of the requirements.

The audit noted that the nationwide fish catch assessment and stock assessment surveys were not conducted yearly due to a lack of funds. The Ministry generally sets a budget for these activities each year, but the Government does disburse funds. Since the last survey, the Ministry has budgeted about TZS 38,200,000 for this activity, but the funds have never been released.

Therefore, the inadequacy of fisheries data from infrequent surveys and reliance on coarsely estimated data could affect the decision-making process for fisheries management.

A similar scenario was identified by the audit regarding the LGAs' failure to collect and maintain daily fisheries catch data using the electronic Catch Assessment Survey (e-CAS), as indicated in **Figure 40.**

Figure 40: Performance of LGAs in the Collection of Daily Catch Data



Source: *Auditor's analysis based on documents review and interview, 2023*

Figure 40 shows that Dar es Salaam City Council had one landing site that used e-CAS, equivalent to 100%, while Kigoma MC had 3 out of 4 landing sites that used e-CAS, equivalent to 75%. Rorya DC had 3 out of 33 landing sites that used e-CAS, equivalent to 9%, and Ukerewe DC had 6 out of 56 landing sites that used e-CAS, equivalent to 11%.

(c) Deficiencies in Database and Data Quality Management within MLF's Fisheries Revenue Collection Information System (FiRCIS)

Through the review of the Fisheries Sector Master Plan, 2021/22 – 2036/37, the audit established that the database in Mainland Tanzania's Fisheries Revenue Collection Information System (FiRCIS) was not regularly maintained and updated. Some key information, such as catch assessment survey data, frame survey data and hydroacoustic survey data, were not updated.

Furthermore, the audit observed that estimates of fish annual catches made by the Ministry of Fisheries and Livestock (MLF) were not based on the data collected from all the existing fish landing sites in the country. They were still based on the sampled landing sites, which were less than ten per cent of the total operational landing sites. This makes the system not truly representative and ineffective. The system was designed and installed in 2021.

Moreover, this data management was not integrated into MLF's database, such as the Fisheries Information System (FIS) database.

The observed gaps were caused by the Government, through the responsible Ministries, not prioritising this issue. This was evidenced by inadequate fund allocation to maintain and update the database.

8.5.4 Inadequate Coordination of Fisheries Resource Management

The audit found inadequate coordination within and between stakeholders in the management of fisheries resources, as discussed below:

(a) Inadequate Consultation and Communication among MLF, LGA and TAFIRI

The audit noted there was inadequate coordination in sharing information and reports regarding the management of fisheries among MLF, LGAs and TAFIRI, as shown in **Table 54:**

Table 54: Coordination Duties to be Provided by Stakeholders

Fisheries Stakeholders	Duties Of Stakeholders	Audit Observation
LGAs	Collection and dissemination of fisheries data and information	LGAs did not submit reports and information on fishing activities to MLF in accordance with Regulation 3 (2) of Fisheries (Amendment) Regulations, 2020. The audit team visited the Regional Secretariats' offices in Mwanza, Mara, Pwani, and Dar es Salaam but found no reports on fishing activities submitted to MLF.
MLF, TAFIRI and LGAs	MLF, in collaboration with TAFIRI, LGAs, and other stakeholders, is required to carry out fish stock assessment and biodiversity, as well as environmental, ecological, and socio-economic studies, as a strategy for effective management of the resources.	The Ministry of Livestock and Fisheries (MLF), Local Government Authorities (LGAs), and Tanzania Fisheries Research Institute (TAFIRI) have not coordinated efforts to conduct essential research activities, including stock assessment, biodiversity studies, and research on environmental, ecological, and socio-economic aspects. This lack of collaboration hinders the comprehensive approach to managing fisheries resources effectively.

Sources: *National Fisheries Policy of 2015 and Fisheries Regulations, 2009*

Table 54 shows inadequate coordination in fisheries management among MLF, LGAs and TAFIRI.

The observed challenges were caused by:

Communication gaps: Ineffective communication channels and mechanisms between MLF, LGAs and TAFIRI have led to misunderstandings/misinterpretations, delays in information sharing, and the absence of synchronised efforts. Communication has been ineffective since MLF did not communicate directly with LGAs. Instead, MLF communicated with PO-RALG first, since LGAs report to PO-RALG and not MLF. Also, MLF could force LGAs to undertake certain duties related to fisheries activities.

Data sharing challenges: Difficulties in sharing accurate and timely data between LGAs, the Ministry of Fisheries, and TAFIRI hindered the development of informed and coordinated fisheries management. For example, it was revealed that fisheries-related data from LGAs was shared with the Regional Administration and Local Government (RALG) office but not integrated into MLF's database.

Institutional barriers: Existing institutional structures and working relationships within LGAs, the Ministry of Livestock and Fisheries, and TAFIRI have posed challenges to effective collaboration. The barrier to these institutions was that LGAs reported to PO-RALG and not MLF. Also, when MLF required official information from LGAs, it got it from PO-RALG.

(b) Inadequate Sharing of Information between MLF and LGAs

The audit noted that there was inadequate sharing of information on fisheries activities between MLF and LGAs. The audit did not find any agreement or a well-defined reporting arrangement for sharing information on fisheries activities between MLF and LGAs.

The audit that 98% of the BMUs visited did not collect any catch data necessary to be shared with MLF and LGAs. Based on the interviews held with BMU officials at Minazi, Mikinda, and Mjimwema BMUs in Kigamboni Dar es Salaam, it was found that the activity of recording the fish caught and traded at the landing site was not done at all.

(c) Inadequate Collaboration among Key Actors in Fisheries Resource Management

Section 53(1) of the Fisheries Act, 2003 requires the Ministry of Livestock and Fisheries to outline the research areas in collaboration with TAFIRI and LGAs.

The audit identified a challenge in collaboration resulting from gaps in communication and planning required for research activities between TAFIRI, MLF, and LGAs for the financial years 2018/19 through 2022/23. Notably, there was a lack of outlined areas for necessary research and communication regarding effective fisheries resource management.

Rectifying this situation is paramount for a more comprehensive understanding and improved management of fisheries activities. The audit recommended that it was important for TAFIRI and MLF to incorporate the required research areas into their plans to ensure a more balanced and thorough approach to fisheries research and management.

8.5.5 Inadequate Planning, Inspection and Sanction of Defaulters

The audit noted discrepancies in the planning, inspection and sanction of defaulters as linked to managing fisheries resources. The details are presented hereunder:

(a) Inappropriate Plan for the Inspection and Patrol Activities

The general observation regarding planning is that the planning for inspection was not appropriately documented. This was observed in all key actors in the fisheries sector, including the parent ministry, the fisheries protection centres (FRP), and LGAs. It was unclear how resources for MCS activities were allocated during the planning stage. No documented criteria, methods, or formulas were employed for allocating resources to zones and centres, particularly human resources, financial resources and equipment.

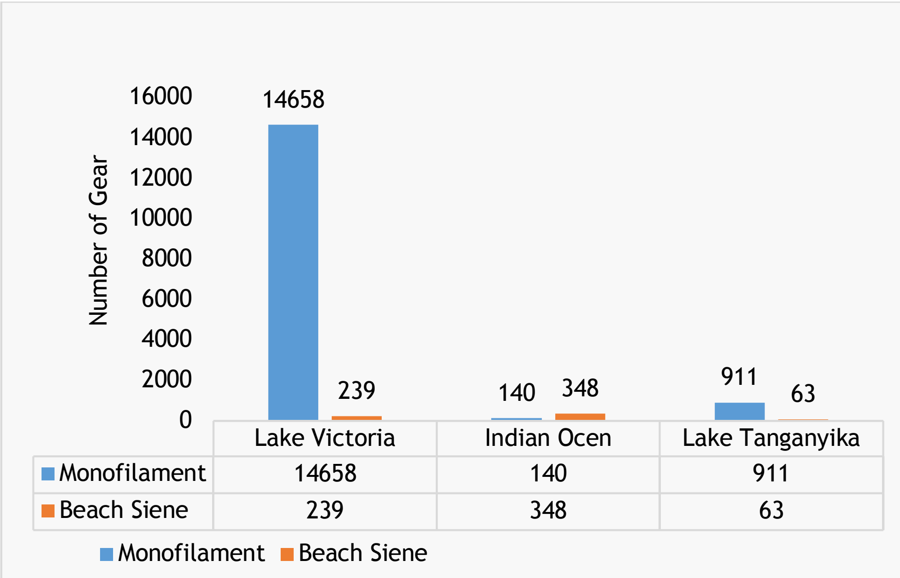
A lack of clear plans could result in poor management of fisheries resources, which consequently increases illegality in the fishing industry.

(b) Inadequate Inspection Practices of the Fishing Gear at Boarders

In the review of the inspection reports (2018–2021/23) from the audited border points, it was noted that MLF did not thoroughly inspect the entrance of fishing gear passing through the border points. Furthermore, a review of the MLF implementation reports of 2021/22 and 2022/23 indicated an increase in monofilament net confiscation from 223,324 to 362,509, respectively, indicating an increase of 38%.

Figure 41 indicates the number of illegal fishing gear still used in the fishing industry.

Figure 41: Status of Illegal Fishing Gear used in the fishing industry



Source: *Frame Survey*[22]

Figure 41 shows more monofilament availability in Lake Victoria and more beach seines in marine waters.

The circumstances that contributed to inadequate fishing gear inspection at the international border points are described below:

Unavailability of Enough Inspectors at the Boarder Point

The Audit found that MLF at the borders did not have enough officials at the entry points. For example, at the Sirari border, only one staff member worked during the day and night and served both sides at the departure and arrival sides. It was also noted that the night-time inspection was not done because there was no shift, unlike in Dar es Salaam Port, where only two staff members maintained the day and night shifts. However, the MLF did not take any initiative to ensure personnel placement at the border entry.

[22] Lake Tanganyika Fisheries Frame Survey 2022 Report, Report on Lake Victoria Fisheries Frame Survey Results 2020 – Tanzania and Marine Fisheries Frame Survey 2018 Report Mainland Tanzania

Limited Working Equipment to Support Inspection at border points
The Audit found that the officers at the border point of Sirari, Julius Nyerere International Airport, and Dar es Salaam port were supplied with sufficient tools to conduct inspection activities. Although all luggage passing the border was scanned, inspectors could not detect the illegality of fishing gear or fisheries products. It was observed that the scanner was not designed to detect illegal fishing gear.

Lack of closer inspection of fishing gear led to increased use of illegal gear and illegal fishing practices. When abandoned within water bodies, illegal fishing gear, such as monofilament, could result in ghost fishing in the water bodies, causing ongoing entanglement of aquatic life and contributing to aquatic pollution.

(c) Ineffectiveness of the Sanctions Imposed

The audit noted the following shortfalls regarding the effectiveness of the sanctions imposed on defaulters:

(i) Administrative Sanctions were not well-managed

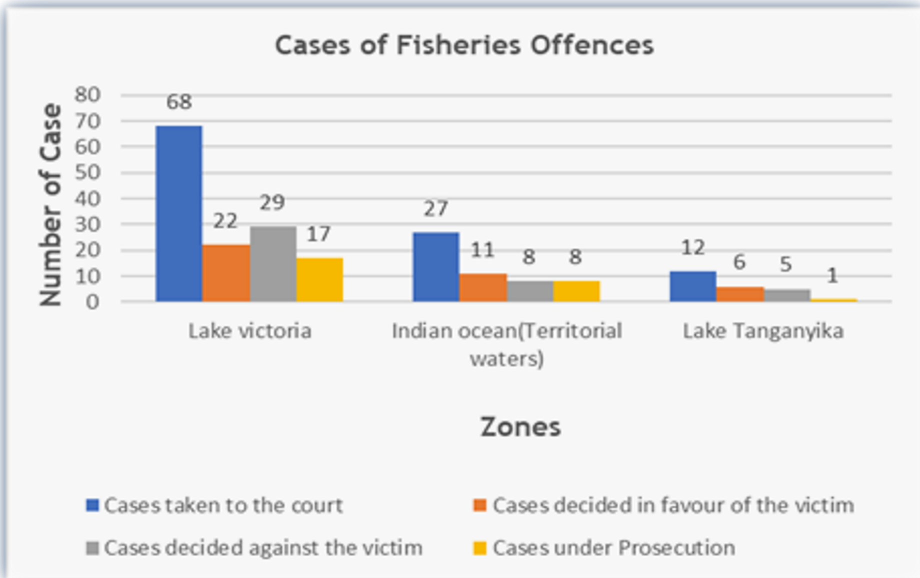
The audit found that illegal incidences were recurring, and the responsible authorities, MLF and LGAs, were not following up on the existing legal measures to eradicate their occurrence; rather, they were interested in getting revenue from such incidences through fines and penalties.

The main problem with concentrating on the collection of revenue only was that illegal fishing caused the reduction of fish stocks in the country through the use of illegal fishing gear. Illegal fishing practices include fishing immature fish and fisheries conducted in restricted fish breeding sites. Also, the fact that the illegal fishers are handled on land means the destruction would have already been done in the water.

(ii) Prosecutions of Fisheries Cases were not Correctly Handled.

The review of enforcement files from the selected LGAs did not indicate any case taken to court. MLF had recorded various cases found in the review of enforcement files from MCS centres. **Figure 42** presents the cases of fisheries committed from 2018/19 to 2022/23.

Figure 42: Fisheries Offences Committed from 2018/19 to 2022/23



Sources: MLF Case Status Report from Zonal MCS centres (2018/19 to 2022/23)

Figure 42 indicates that Lake Victoria experienced the highest number of culprits, totalling 68. Out of the 68 cases brought to the courts, only 22 were decided in favour of the defendants, representing a percentage rate of 32%.

Additionally, the Ministry of Livestock and Fisheries (MLF) general report for 2021/22 has shown that only thirty cases were filed out of 1,687 suspects, and only seven cases out of 1,070 were registered with the court in 2022/23.

The observed situation could be attributed to the following aspects:

Inadequate Documentation and Handling of Evidence

The audit noted inconsistencies in the enforcement of documentation. None of the visited LGAs had records of file for reference or enforcement activities. Besides, the LGAs did not record proceedings of cases for the apprehended culprits taken to the Police. Officials at LGA explained that they only depended on getting information from the police files.

Insufficient Training of Staff

The review of training schedules and implementation reports from LGAs and MLF showed that MLF and LGAs had not conducted education programs or seminars on fisheries legislation and related infringements. Such education programs could help the police to draw enough evidence when framing charges. This has caused the police to frame defective charges. Consequently, the evidence of the cases was not correctly presented, resulting in judgements favouring offenders.

Overlaps between Goals of Collecting Revenues and Conservation

Based on interviews with fisheries officers from LGAs and MCS, it was found that LGAs were organising patrols to collect revenues. The MCS centres were also given a dual role: to collect revenues and to patrol for surveillance, deterring illegality.

8.6 Impact on the Attainment of the FYDP and SDGs

This part provides an explanation of the impacts of the conducted performance audits on the attainment of the Sustainable Development Goals (SDGs) and Five-Year Development Plans (FYDPs). The details of the observed impacts are provided hereunder:

The Government has ensured the sustainable utilisation of natural resources by developing different strategies and efforts. However, based on the performance audits that were conducted, it was revealed that there were shortfalls in the implementation of these strategies and efforts. This hindered the implementation of SGDs and FYPs, as explained below:

Regarding the Performance Audit on the Management of Beaches, it was found that the beaches were inadequately managed to protect the natural habitat and promote coastal tourism. This was reflected by the limited implementation of strategies and plans for managing these beaches, as they were not well developed to support coastal tourism.

The observed shortfalls were against the requirements in FYPD II and III that insist on enabling the environment for the tourism sector and diversification of tourism products. This compromised the achievement of SDG Number 14, which calls for countries to devise and implement policies to conserve and sustainably use the oceans, seas, and marine resources for sustainable development.
Similarly, the Performance Audit on the Provision of Support to SSMs revealed inadequate provision of support to SSMs, as reflected by inadequate access to geological information and improved mining and mineral processing technology. This threatens the achievement of FYDP II and III interventions that focus on empowering small-scale miners to undertake feasible mining activities. As such,

achieving Goal Number 8, which focuses on promoting inclusive and sustainable economic growth, fully productive employment, and decent work for small-scale miners, will ultimately not be achieved as intended.

Moreover, the Performance Audit of the Management of Fisheries Resources revealed inadequate management of fisheries resources, as evidenced by gaps in the implementation, monitoring, and control of surveillance measures. This contradicts the FYPDs that entail strengthening control of fisheries resources and trade of fisheries products, as well as conserving marine and freshwater fisheries' protected areas. As a result, the identified gaps in this audit indicated red flags towards implementing SDG No. 14, which targets the conservation and sustainable use of the oceans, seas, and marine resources for sustainable development.

CHAPTER NINE

MANAGEMENT OF IMPORTATION OF PETROLEUM PRODUCTS

9.1 Introduction

This chapter summarises the findings derived from the Performance Audit Report on Management of the Importation of Petroleum Products in the Country. The chapter also explains the links between the audit area and the Five-Year Development Plans (FYDP) II and III and the Sustainable Development Goals (SDGs), government strategies and efforts, and the impact on the attainment of the FYDP and SGDs.

9.1.1 Background Information

The importation of petroleum products in Tanzania through the Bulk Procurement System (BPS) has increased significantly in recent years due to the commensurate demand for local and transit products. For instance, from the financial year 2019 to 2022, the importation of petrol has increased by 31%. During the same period, the importation of diesel has increased by 37%. Similarly, the country has a network of 23 oil-receiving terminals at ports and 29 inland terminals with a storage capacity of 1,484,869 cubic metres.

Under the Petroleum Act, [CAP. 392], the petroleum supply chain in Tanzania is regulated by covering the whole petroleum supply chain from forecasting to the end user. Likewise, according to the Petroleum Act, [CAP. 392], Tanzania's petroleum supply chain is under the Ministry of Energy as the overall overseer of the country's petroleum sector.

The Energy and Water Utilities Regulatory Authority (EWURA) regulates and oversees key entities, including the Petroleum Bulk Procurement Agency (PBPA), which is responsible for the operation of the BPS. Meanwhile, TPDC holds the authority and duties specified in Regulation 7 of the National Strategic Petroleum Reserve Regulations, 2014.

9.1.2 Management of the Importation of Petroleum Products as Linked to FYDPs and SDGs

Performance audits on the management of the importation of petroleum products are linked with priority areas of FYDPs II and III and SDGs, as summarised in **Table 55.**

Table 55: Linkage between the Importation of Petroleum Products Versus FYDP and SDGs

Plans	Area of Priority	Area of Intervention
FYDPII	Macroeconomic stability	Preparedness in addressing price increases of petroleum products
FYDPIII	Promoting Macroeconomic Stability for a Competitive Economy	Provide a conducive environment for the operation of domestic industries
SDGs	Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries

Source: *Auditors' Analysis of the FYDPs and SDGs*

Table 55 indicates both FYDPs and SDGs and emphasizes the availability of key inputs that promote economic development in the country. The availability of petroleum facilitates the development of all sectors, such as industry, transport and logistics, agriculture, etc.

9.1.3 Government Strategies and Efforts in the Management of the Importation of Petroleum Products

The Government of the United Republic of Tanzania (URT) has undertaken various efforts through the Ministry of Energy (MoE), the Energy and Water Utilities Regulatory Authority (EWURA), the Tanzania Petroleum Development Corporation (TPDC), and the Petroleum Bulk Procurement Agency (PBPA) in managing the importation of petroleum products to ensure the security of supply in the country, as follows:

The Government of URT, through PBPA, has installed a Petroleum Products Discharge and Back Loading Monitoring System that was designed to fully monitor real-time data on petroleum discharge and back-loading operations at the 22 terminals of Dar-es-Salam, Tanga, and Mtwara. As of January 2024, the system was in the testing stage and was expected to be commissioned in March 2024. This installation will reduce fuel losses during operational discharge.

Also, through EWURA, the government has installed the National Petroleum and Gas Information System (NPGIS), which tracks and maintains information on petroleum and natural gas and midstream and downstream petroleum activities on the Tanzanian mainland. The system is designed to assist EWURA in determining the stock level at fuel depots and petrol stations (retailers).

Moreover, through the Tanzania Ports Authority (TPA), the Government of URT awarded the contract for the construction of a single receiving terminal for 24 months to address the problem associated with the delay in discharge.

In addition, through TPDC, the government has planned to rehabilitate tank No. 8, located within TIPER premises, and construct new tanks adjacent to TIPER (formerly used as a bitumen loading bay) to develop a storage depot.

9.2 Audit Objective and Scope

9.2.1 Audit Objective

The main objective of the audit was to assess whether the Ministry of Energy (MoE), through the Energy and Water Utilities Regulatory Agency (EWURA), Tanzania Petroleum Development Corporation (TPDC), and Petroleum Bulk Procurement Agency (PBPA), has adequately managed the importation of petroleum to ensure adequate supply, prevent stock-outs, and manage inventory levels in the country.

Specifically, the audit assessed whether the MoE, through TPDC, EWURA, and PBPA, has ensured that:

(i) Demand forecasting is adequately done to establish the requirement for petroleum products;
(ii) The ordering and receiving of the petroleum are effectively performed;
(iii) Storage of the imported petroleum products is done adequately in terms of storage facilities and strategic reserves;
(iv) Periodical stock monitoring is effectively done to track and analyse the inventory levels and movements of petroleum products and
(v) The coordination and performance measurement of EWURA, TPDC, and PBPA regarding the importation of petroleum is effectively done by the MoE.

9.2.2 Scope

The main audited entities were the MoE through TPDC, EWURA, and PBPA. This was because the Ministry of Energy is the country's overall policy formulator and overseer of the petroleum sector, including the management of imported petroleum. EWURA was selected because it is a regulatory body responsible for regulating the country's imported petroleum. Similarly, PBPA was responsible for the importation of petroleum through the bulk procurement system, and TPDC was mandated to establish and maintain the National Strategic Petroleum Reserve.

The audit mainly focused on managing imported petroleum, and the MoE, through EWURA, TPDC, and PBPA, aimed to ensure the security of the country's petroleum supply. Specifically, the audit assessed the adequacy of the forecasting to establish petroleum requirements, the effectiveness of processes related to ordering and receiving petroleum and the adequacy of the storage of the imported petroleum in terms of storage facilities and strategic reserves. The audit also focused on the efficiency of established mechanisms for periodic stock monitoring to track and analyse petroleum's inventory levels and movements. Furthermore, the audit focused on the Ministry of Energy's coordination and efficiency in EWURA, TPDC, and PBPA performance measurement.

The audit covered a period of three financial years, from 2020/21 to 2022/23.

9.3 Audit Findings on the Management of the Importation of Petroleum Products

This section presents a summary of findings on the management of the importation of petroleum products in the country. The details of the findings are given hereunder:

9.3.1 Forecasting, Ordering and Receiving of Petroleum

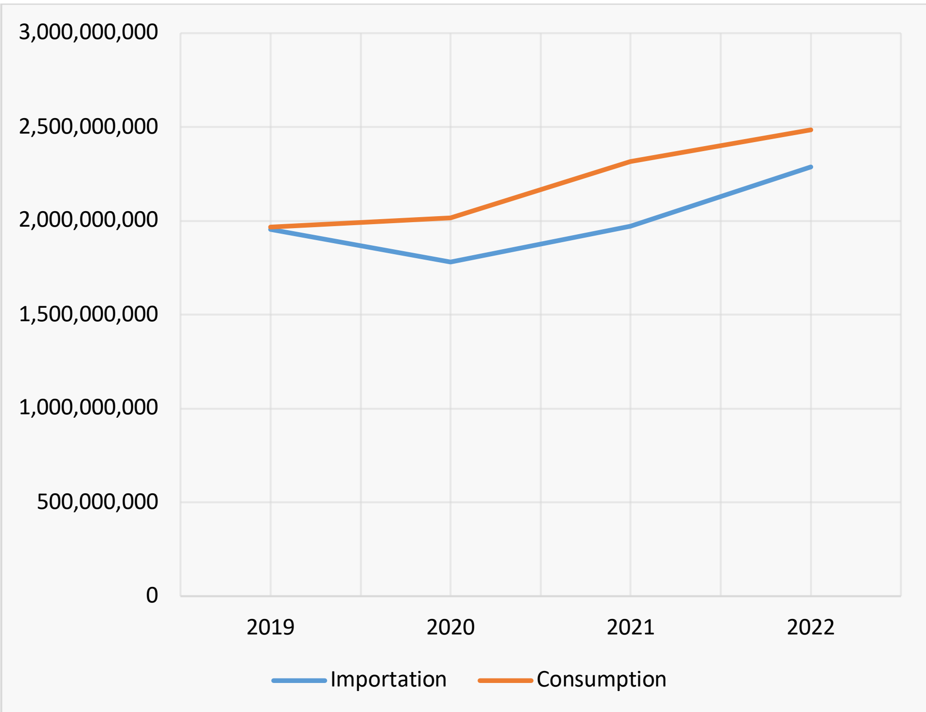
This subsection presents findings about forecasts, ordering and receiving of petroleum done by PBPA in order to ensure the country's petroleum security of supply as follows:

(a) PBPA did not Analyse Patterns and Trends of Petroleum Sales while Forecasting the Demand for Petroleum

During the audit, it was found that PBPA did not analyse to establish trends and patterns of sales historical data from each. Instead, PBPA receives analysed sales data from EWURA for a particular month(s) and determines the monthly quantity to order for a certain month(s). This implied that PBPA did not conduct a pattern and trend analysis of the sales history in certain periods.

This was attributed to PBPA relying on analysed data from EWURA. This shortfall created the possibility of importing less amount for local use than the needed fuel (refer ***Figures 43 and 44***) that, necessitated OMCs to localise (to use their on-transit fuel stock for local consumption) to avoid stockout (refer ***Figure 43)***.

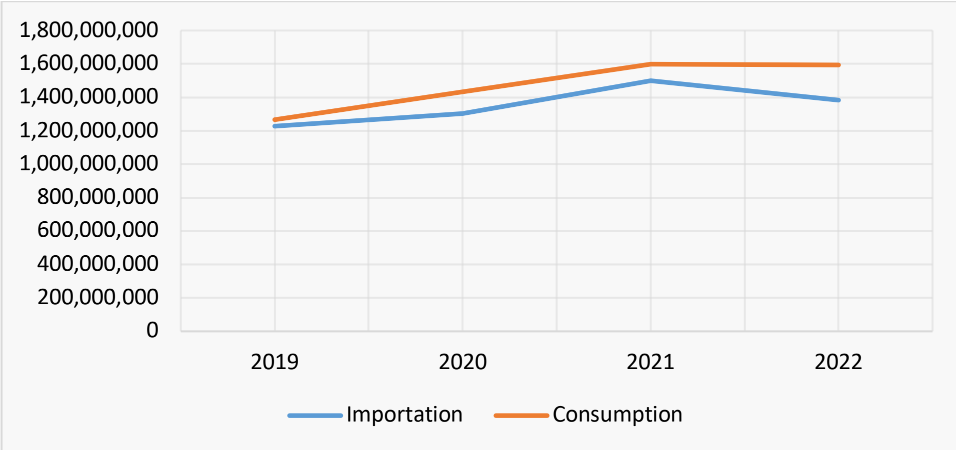
Figure 43: Trend of Diesel Imported for Domestic Use against Consumed from 2019 to 2022



Source: *Auditors' Analysis of EWURA Mid and Downstream Petroleum Sub-Sector Performance Report from 2019 to 2022*

Figure 43 indicates that only in 2019 was the volume of imported diesel higher than that consumed. Also, the same situation was experienced in the importation and consumption of petrol, as presented in **Figure 44**.

Figure 44: Trend of Petrol Imported for Domestic Use against Consumed from 2019 to 2022

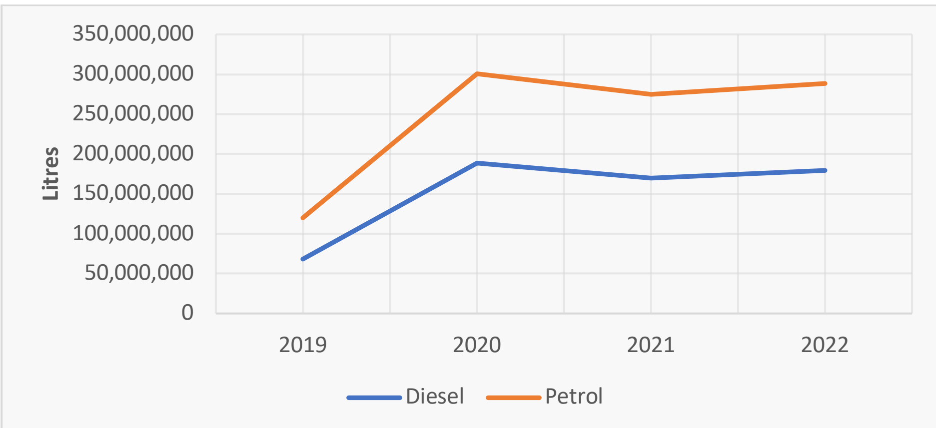


Source: *Auditors' Analysis of EWURA Mid and Downstream Petroleum Sub-Sector Performance Report from 2019 to 2022*

Figure 44 indicates that, in the years 2020 and 2022, the volume of petrol imported was relatively lower than consumed.

The observed gaps in **Figures 43** and **44** were attributed to shortfalls in forecasting petroleum to be imported for domestic consumption, which resulted in the localisation of petroleum imported for transit (refer to ***Figure 45***).

Figure 45: Trend of Localized Transits Petroleum Products from Year 2019 to 2022



Source: *Auditors' Analysis of EWURA Mid and Downstream Petroleum Sub-sector Performance Report from 2019 to 2022*

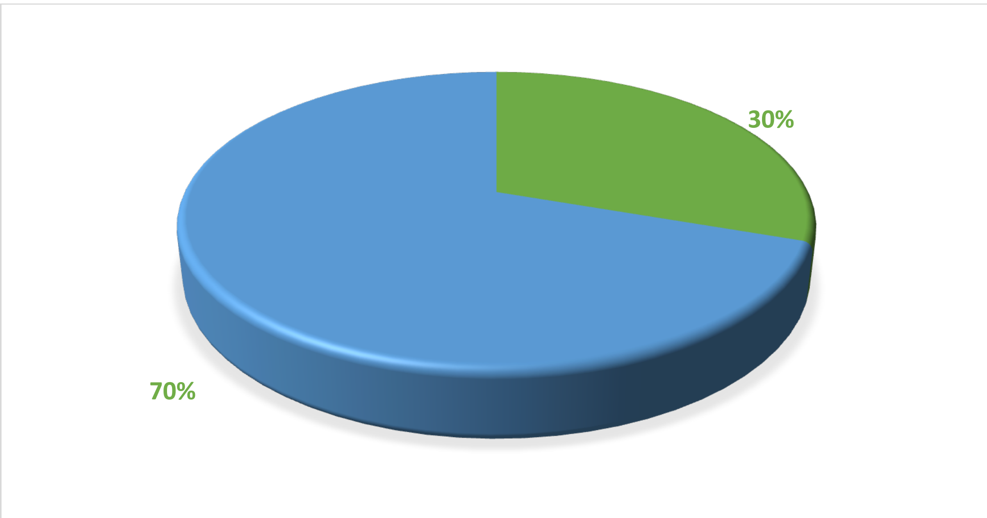
Figure 45 indicates that from 2019 to 2020, there was an increase in the amount of localized on-transit petroleum and diesel. It also shows that from 2020 to 2022, the amount of localised petroleum products remained almost constant for petrol and diesel.

(b) A total of 10 out of 33 Oil Marketing Companies (equivalent to 30%) did not meet the Condition of Ordering the Required Amount

Part 10.2 (a) and 12.3 of the Petroleum Bulk Procurement System Implementation Manual, 2020, requires PBPA to receive and evaluate the order submitted by OMCs based on the quantity ordered, a 5% bank/cash guarantee, payment of fees payable to the Agency and other government institutions, and financial obligations of previous cargoes.

In reviewing the quantity of petroleum products ordered for OMCs in September 2023, the guarantee submitted as a condition for placing an order showed that 10 out of 33 Oil Marketing Companies (equivalent to 30%) did not meet the conditions of ordering the quantities of fuel, as presented in **Figure 46.**

Figure 46: Percentage of OMCs that Meet the Condition



Source: *Auditors' Analysis of Submitted Orders and the Guarantee, 2023*

Figure 46 indicates that 70% of OMCs met the conditions for ordering the fuel quantities.

PBPA responded that it ignored some conditions to ensure the availability of petroleum in the country because of the crisis of the global fuel supply chain, diplomatic tension between Russia and Ukraine, and changes in the USA's monetary policies.

This situation poses a risk to the efficient operations of the Petroleum Bulk Procurement System (PBPS), particularly if OMCs fail to finalise payments and create ullage for discharge.

(c) The Trend of Delays in Starting to Discharge Increased from 66% to 68% from the Financial Year 2020/21 to 2022/23 Respectively

After reviewing the contracts between the Petroleum Bulk Procurement Agency (PBPA) and the supplier and fuel delivery records, the audit found that delays in starting to discharge petroleum products increased from 66% to 68% from the years 2020/21 to 2022/23, as presented in **Table 56**.

Table 56: Percentage of Vessels Delayed to Discharge Fuel

Financial Year	Total No. of Vessel	Total No. of Vessels Timely Discharged	Total No. of Vessels Delayed to Discharged	Percentage Delayed to Discharged (%)
2020/21	107	36	71	66
2021/22	110	36	74	67
2022/23	104	33	71	68

Source: *Auditors' Analysis of Contracts and Delivered Records, 2023*

As shown in **Table 56**, the delay was above 50% in all the financial years, and its trend kept increasing from 66% in the financial year 2020/21 to 68% in 2022/23.

Further analysis of the extent of delays is presented in **Table 57.**

Table 57: Extent of Delays to Discharge Fuel

Financial Year	Total No. of Vessels Delayed to Discharge (n)	Range of delays		
		0 - 7days	7 - 14 days	> 14 days
2020/21	71	44	20	7
2021/22	74	57	15	2
2022/23	71	35	21	15

Source: *Auditors' Analysis of Contracts and Delivered Records, 2023*

Table 57 shows that the number of vessels delaying to commence discharging for 7-14 days, and more than 14 days, was greater in the financial year 2022/23, than in the previous years.

Furthermore, the review of receiving inspection reports indicated that two vessels stayed for more than 30 days after allowable days without commencing to discharge in the financial year 2022/23.

Due to infrastructure constraints and non-compliance with the vessel's delivery date ranges, several vessels were delayed in commencing discharging. Consequently, for the period covered in this audit, a total of USD 26,934,426.35 was incurred as demurrage for waiting days to commence discharging of cargo (see **Table 58**), and the trend of vessels not discharging within the specific period increased from 27% to 35%.

Table 58: Charges Incurred for Delay in Starting to Discharge Fuel

Financial Year	Total No. of Vessels Delayed to Discharged (n)	Total Number of Days Delayed (n)	Total Demurrage charges incurred in USD
2020/21	71	453	8,241,890.75
2021/22	74	329	6,322,120.00
2022/23	71	636	12,370,415.60
Total	**216**	**1,418**	**26,934,426.35**

Source: *Auditors' Analysis of Contracts and Delivered Records, 2023*

Table 58 indicates that about USD 26,934,426.35 was accounted for as demurrage caused by waiting time for the vessels to commence discharging after considering allowable time.

The audit review of the acceptance letter of award from TPA to the contractor with ref. No MB. 108/431/12/106, dated 29th November, 2023 found that the Government, through the Tanzania Port Authority (TPA), awarded the Joint Venture of M/s China Railway Major Bridge Engineering and M/s WUHUAN Engineering the contract for the construction of a Single Receiving Terminal for a period of 24 months. The construction of a Single Receiving Terminal was to address the problem associated with the delay in discharge.

(d) Oil Marketing Companies did not Timely Pay Demurrage Costs to Suppliers

A review of the record showed that there were outstanding demurrage costs in each financial year, as presented in **Table 59.**

Table 59: Status of Unpaid Demurrage cost due as of 22 September 2023

Suppliers	Overall Balance (USD) as of June 2023	Outstanding Demurrage Balance (USD) as of 22 September 2023
Supplier 1	983,108	2,627,858
Supplier 2	90,275	0
Supplier 3	6,294	590,452
Supplier 4	241,154	1,720,810
Supplier 5	1,012,182	0
Supplier 6	0	42,917
Supplier 7	0	351,123
Supplier 8	470,469	1,216,761
Supplier 9	0	270,224
Supplier 10	43,880	288,763
TOTAL	**2,847,365**	**7,108,913**

Source: *Auditors Analysis of Contracts and Fuel Delivery Records, 2023*

Table 59 shows that as of June 2023, USD 2,847,365 was the total outstanding balance. It also indicated that up to 22 September 2023, the outstanding balance increased to USD 7,108,913.

However, PBPA drafted the BPS Implementation Manual to ensure that OMCs settled their bills on time without affecting their reputation with suppliers. The revised manual intended to include provisions giving PBPA the mandate to collect claimable demurrage on behalf of the suppliers.

9.3.2 Stock Monitoring and Regulating Petroleum Industry

This section presents findings on the system which ensures that the petroleum stock is adequately maintained to meet the required minimum requirement and the reporting system of petroleum stock in the country as presented hereunder:

(a) EWURA did not Detect OMCs which Maintained a Stock of Petroleum Products for Less than 15 Days at All Time

Analysis of the 1st and 3rd Weekly Petroleum Reports of each month from calendar year 2020 to 2023, revealed that OMCs ranged from 12% to 62% for petrol and 14% to 65% for diesel-maintained petroleum stocks below the required 15 days.

This was attributed to the tendency of EWURA to assess the total availability of fuel rather than individual OMCs' stocks, which limited the ability to identify non-compliant OMCs. Also, EWURA should have issued a report on market shares for each product, limiting its ability to enforce compliance and risking disruptions in the country's petroleum supply chain.

Consequently, these issues compromised accuracy in assessing OMC's actual stock positions, which could pose risks to the security of the country's petroleum supply and potential disruptions in supply chains.

(b) The National Petroleum and Gas Information System (NPGIS) did not perform as required

Section 124(1) of the Petroleum Act [CAP. 392] requires NPGIS to be maintained by EWURA. The audit found the following anomalies;

(i) EWURA did not manage to Integrate NPGIS to Capture the Stock Position of the Petroleum in an Electronic and Automated Way

In a review of the National Petroleum and Gas Information System (NPGIS), the audit found that although the system was operational in a live environment and was hosted at the National Data Centre since November 2021, it did not succeed electronically and automatically in capturing positions of the stock of petroleum products.

A review of the petroleum operations audit for the financial year 2022/23 revealed that this was attributed to a delay in identifying suitable system operators to facilitate the automatic flow of data.

EWURA took two years to initiate efforts to integrate NPGIS with systems operators to enable automated data exchange. Another contributing factor was an excessive reliance on the manual lodging of the position of the petroleum stock through the National Petroleum and Gas Information System (NPGIS).

As a result, EWURA's NPGIS system could not collect the most real-time operational data from both regulated entities in the petroleum industry as of the time of this audit.

(ii) EWURA did not Enforce Oil Marketing Companies (OMCs) and Retailers (Petrol Stations) to Log the Stock Position of Petroleum Products to NPGIS Daily

Rule 30 of Petroleum (Wholesale, Storage, Retail, and Consumer Installation Operations), 2022 requires all licensees to disclose information to EWURA. EWURA launched the NPGIS, which requires OMCs of petroleum products to disclose stock information held daily through the Internet or short message services.

The review of the EWURA's NPGIS system found that not all OMCs and retailers lodged their stock positions in the NPGIS. Those who submitted data on their petroleum product stock levels did it partially and not on a daily basis as required.

The audit analysed the OMCs who reported in the NPGIS and found that 26 out of 65 licensed wholesalers, equivalent to 40%, partially provided daily information on petroleum products' stock level.

(iii) Inadequate Integration of NPGIS with Key Government Institutions

A review of the NPGIS system found that NPGIS did not manage to link with other systems. This shortcoming resulted in the system's inability to enhance data and information accessibility for monitoring, planning, development and decision-making purposes.

9.3.3 Receiving and Storage Infrastructure

This section presents audit findings regarding the Petroleum Strategic Reserve, Receiving and Storage Infrastructures, which ensure the security of the supply of petroleum products in the country as follows:

(a) Absence of Single Receiving Terminal of Petroleum Products

A review of the Mid and Downstream Petroleum Subsector Performance Review Reports for 2020 and 2021 revealed the lack of a single receiving terminal for white petroleum products. This would ensure that products were received within a short period, thus reducing demurrage costs.

During the transitional phase, the Government temporarily utilised TIPER’s infrastructure as an SRT for diesel. However, this fell short of demand as the TIPER’s capacity was not enough to accommodate the volume of diesel-discharged.

The review of the acceptance and award letter with ref. MB. 108/431/12/106 dated 29 November 2023 found that the Government, through the Tanzania Port Authority (TPA), awarded the joint venture of M/s China Railway Major Bridge Engineering and M/s WUHUAN Engineering the contract for the construction of a Single Receiving Terminal for a period of 24 months to address the problem associated with the delay in discharge.

9.3.4 Coordination and Efficiency of the Performance Measurement

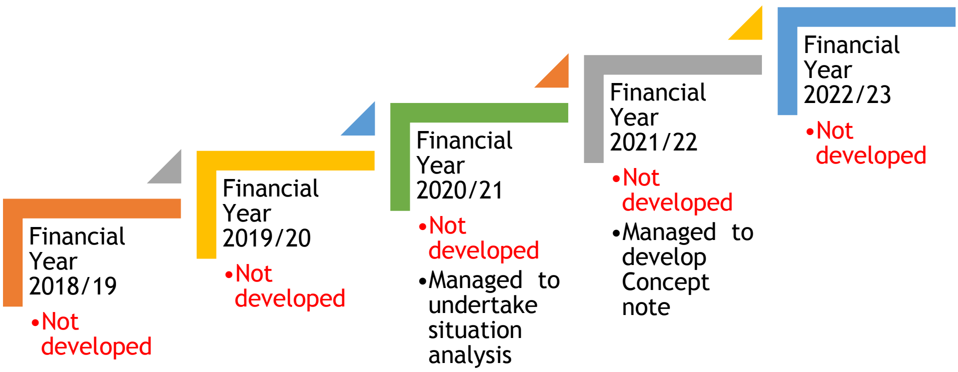
This section presents audit findings regarding coordination and performance measurement to ensure the security of the supply of petroleum products in the country as follows:

(a) **The Ministry of Energy did not Develop the Petroleum Infrastructure Development Master Plan (PIDMP)**

In a review of the performance reports of the MoE for 2018/19- 2022/23, the audit found that for the five years, the MoE did not develop the Petroleum Infrastructure Development Master Plan (PIDMP). Nevertheless, in the review of the Ministry's Annual Performance Report for the Financial Year 2021/22, it was found that MoE managed to develop the concept note for developing the PIDMP (See **Figure 47**).

The implementation of the Ministry's targets for the development of PIDMP is chronologically shown in **Figure 47:**

Figure 47: Chronological Efforts for the Development of PIMP



Source: *Auditors' Analysis of Plan vs Actual Implementation, 2023*

Figure 47 shows that the Ministry of Energy (MoE) conducted a situational analysis in 2020/21, and a concept note in 2021/22 to enhance sustainability and efficient petroleum supply and utilisation.

MoE revealed that the Ministry was currently searching for a financier to finance the preparation of the Petroleum Infrastructure Master Plan. Similarly, the audit found that the non-prioritisation of the preparation of the PIDMP plan was attributed to the non-preparation of the Petroleum Infrastructure Development Master Plan until September 2023.

The lack of a well-defined Petroleum Infrastructure Development Master Plan (PIDMP) could hinder the Ministry of Energy's coordination of petroleum infrastructure development, potentially leading to duplication of government initiatives and creating uncertainty for investors, industry stakeholders, and potential business partners due to unclear responsibilities among key actors.

(b) MoE did not Measure the Performance of EWURA, TPDC, and PBPA in Managing the Importation of Petroleum Products

The Ministry of Energy (MoE) did not adequately perform its oversight function in overseeing the security of the supply of petroleum products. This was mainly attributed to shortfalls in the performance of PBPA, EWURA and TPDC in managing the importation of petroleum. The audit particularly found the following shortcomings:

(i) MoE did not plan to measure the performance of its entities (EWURA, TPDC and PBPA) in managing petroleum importation, leading to unsatisfactory performance

A review of the correspondence file between MoE with EWURA, TPDC and PBPAC at MoE showed that the Ministry did not have a report which indicates that MoE measured the performance of the activities assigned to EWURA, TPDC and PBPA related to the importation of petroleum to ensure effectiveness and efficiency in the security of the petroleum in the country.

This was attributed to a lack of a plan for measuring the performance measurement of PBPA, EWURA and TPDC: Review of the MoE’s strategic plans for 2021/22-2025/26. The audit revealed that MoE did not plan to undertake performance measurement of the activities implemented by PBPA, EWURA, and TPDC.

(ii) The Ministry of Energy analysed 3 out of 156 Stock Position Weekly Reports from EWURA during the audit period

The MoE audited EWURA's weekly petroleum reports, finding that only 2% were analysed. The MoE officials suggested that the Ministry did not analyse the reports, especially when petroleum stock was sufficient. The words only showed the total fuel available in the country, not the fuel maintained by each OMC per its market share.

This lack of information could lead to the Ministry not taking appropriate actions and reporting fuel stock in total, posing risks of fuel shortages and limiting the Ministry's ability to make informed decisions about energy policies and supply.

9.4 Impact on the Attainment of the FYDP and SDGs

This part provides an explanation of the impacts of the conducted performance audit on the management of the importation of petroleum products in the country towards the attainment of the Sustainable Development Goals (SDGs) and Five-Year Development Plans (FYDP II and III) as presented hereunder;

The Ministry of Energy and its entities, namely EWURA, PBPA, and TPDC, were obliged to ensure the security of the country's petroleum products supply to promote the country's development. However, based on the audit, it was found that the implementation of strategies and efforts to ensure the security of the supply of petroleum products in the country was not effectively and sufficiently done, as evidenced by the following facts.
TPDC has not established and maintained the Strategic Petroleum Reserve (SPR), which could facilitate the stabilisation of the price of petroleum products during diplomatic tension between Russia and Ukraine, as well as changes in USA monetary policies.

Also, PBPA forecasted a lower amount of petroleum products for local use compared to the needed fuel. As a result, OMCs localised in transit petroleum for local use.

Furthermore, EWURA did not manage to detect OMCs that did not maintain petroleum at all times for 15 days. This jeopardises the security of the supply of petroleum in the country and the attainment of FYDP III of promoting macroeconomic stability for a competitive economy, as well as SDG No.8 of the 17 SDGs of the United Nations, which promotes inclusive and sustainable economic growth.

CHAPTER TEN

CONCLUSION AND RECOMMENDATIONS

10.1 Introduction

This chapter draws conclusions based on reviews and analyses of the findings from 14 performance audit reports conducted by the Controller and Auditor General in the financial year 2023/24. It also provides specific recommendations to the respective audited entities.

10.2 Overall Conclusion

The audits recognise the efforts of the audited entities to improve their performance to achieve the SDGs and FYDPs (II and III), the main theme of which was economic transformation and human development. Specifically, the efforts observed while implementing various priority areas, interventions, and goals in the areas of healthcare services, agricultural activities, human resource development, urban planning, insurance and loans, natural resources, and importation of petroleum products.

Despite the efforts deployed by the audited entities of the above-conducted audits to ensure that FYDPs and SDGs objectives and goals are met, there are challenges that hinder the attainment of the desired objectives.

Anomalies found in the aforementioned area call for immediate interventions to ensure that the government's objectives towards attaining economic and human development are in line with the respective SDGs and FYDPs.

10.3 Specific Conclusion

(i) Management of Healthcare Services

The audit concludes that the Ministry of Health, the Ministry of Community Development, the President's Office – Regional Administration, and the Local Government have not adequately ensured the availability of Mental Healthcare Services, attributed to inadequacy in identifying individuals with mental challenges, providing psychosocial care at the community level, providing resources, providing comprehensive rehabilitation services, and ensuring the provision of awareness programs. As a result, there is an increased number of individuals with mental health challenges who have not been effectively accessing mental healthcare services.

Also, the Ministry of Health and the Tanzania Medicines and Medical Devices Authority have ineffectively regulated medical equipment regarding efficiency, quality, and safety due to inadequate registration, maintenance, and quality of the imported equipment and assessing the performance of medical equipment in health facilities. This is because they have not sufficiently ensured adequate registration of medical equipment, maintenance of medical equipment, quality of imported medical equipment, and performance of medical equipment in health facilities. As a result, there was inadequate provision of diagnostic services, which led to low-quality healthcare services being delivered by public health facilities in the country.

(ii) Management of Agricultural Activities

The Audit acknowledges the efforts shown by the Ministry of Agriculture through its Crop Regulatory Boards and the Tanzania Fertilizer Regulatory Authority. However, several inefficiencies were observed, and there are calls for more interventions for further improvement. There are no clear means for setting out the quantity of crops per cropping season because production planning was not part of the institutions' annual plans. Another cause identified is the inadequate availability of extension officers to supervise production. Moreover, there is no system set out to establish the cost of crop production, which could be used as the basis for setting up the indicative selling price. In addition to that, crop boards that were visited have a limited number of markets due to a lack of strong market strategies and market intelligence to search for new markets. Consequently, inadequate regulation of cash crops has resulted in a decreased production of cash crops, which has further resulted in the decline of the contribution of revenue to the national GDP.

Similarly, the TFRA and the Ministry of Agriculture are not effectively regulating the distribution of fertilizers and fertilizer supplements to ensure the timely availability and accessibility of good quality fertilizers and fertilizer supplements to farmers. The regulatory functions performed by TFRA are inadequately ensuring the availability of good quality fertilizers and fertilizer supplements distributed in the market. Also, there are limited distribution centres and agro-dealers, and this is affecting farmers' accessibility to fertilizers. The subsidy program is not effectively functioning since its operationalization is associated with weaknesses, such as a lack of fertilizer packages that most farmers need, and more than 59% of agro-dealers are inactive. Inadequate regulation of fertilizers is found to be caused by ineffective forecasting demand as there are few extension officers. The delay in farmers' availability has consequently contributed to the low utilization of fertilizers. As a result, the forecasted demand data for fertilizers is higher than the actual utilization in respective areas by 14% to 48%.

(iii) Management of Human Resources Development

The audit concludes that, despite significant efforts to ensure the regulation of Technical Education and Training, the Ministry of Education, through the National Council for Technical and Vocational Education and Training, has not adequately ensured the regulation and provision of Technical Education and Training in the country. In general, the Audit noted an insufficient assessment of Technical Education provided if it reflects labour market demand due to insufficient tracer studies conducted by Technical Institutions, registration and accreditation processes for technical institutions, and Shortfalls in review and Approval of Curricula to meet Labour Market Demands.

This was contributed by an insufficient needs assessment to reflect the labour market demand, the absence of an information system for tracking the registration of technical institutions and accreditation status, and no reminder letters sent to visited technical institutions upon the expiration of the curriculum. Hence, there is a risk of Technical Institutions not adhering to the requirements of registration and Accreditation Regulations standards, resulting in the Technical Education and Training not meeting the required quality standards. Consequently, the graduates may not be competitive in the labour market.

Nevertheless, on efforts undertaken by the President's Office – Public Service Management and Good Governance toward public institutions to develop staff competency, measures that have been adopted have not been effective in addressing competency gaps existing among public employees. There have been an insufficient number of tools to evaluate the competency of staff before or after capacity-building interventions within public institutions. Public institutions require innovative and different approaches to competency and capacity-building programs that will enhance the competency of public employees and enable efficient public service delivery.

This was attributed to the absence of specific management tools or a framework for evaluating developed competency and the absence of effective capacity-building programs for public staff. Consequently, the monitoring of staff competency will not be sufficiently achieved, as pre-requisite conditions to enable staff monitoring have not been met to enable sufficient staff oversight and profiling. There have been an insufficient number of tools to evaluate the competency of staff before or after capacity-building interventions within public institutions.

Furthermore, efforts were undertaken by the Ministry of Home Affairs (MoHA) and Tanzania Prisons Service (TPS) towards managing and providing effective rehabilitation/correctional programmes to prisoners. The audit concludes that TPS has implemented correctional programmes for prisoners ineffectively. This has been attributed to a lack of formally developed prison curriculums and guidelines for rehabilitation programs, limited classification and separation of prisoners based on gender and age, inadequate infrastructure for classification, core activities determining classification, and lack of policy and guidelines; and Absence of formally designed programmes to integrate the soon-to-be discharged prisoners. As a result, re-offending increased by an average of 1.5% from 2019/20 to 2023/24.

(iv) Management of Urban Planning

The audit concludes that, despite significant efforts toward improving urban planning management, the Ministry of Lands, Housing and Human Settlements Development (MLHHSD) and President's Office - Regional Administration and Local (P0-RALG) have not adequately managed the design, planning, and implementation of town planning activities to create functionally efficient and aesthetically pleasing environments for living and working. This is because of inadequate design and development of town planning schemes. The developed Town Planning Schemes were not effectively implemented, MLHHSD and PO-RALG, through LGAs, did not adequately enforce Planning Schemes and Master Plans, and ineffective performance evaluation of the Planning Authorities in Town Planning activities.

The reasons for non-performance were attributed to non-compliance with the required standards of urban planning, inadequate resources to facilitate town planning activities, and the development of urban planning, which were noted to be ahead of developed detailed plans. As a result, designs and development of town planning schemes were not done in a timely manner, which delayed the allocation of plots to citizens. Hence the intended aesthetically pleasing living, working, circulation and recreation environments were not achieved.

(v) Management of Insurance Services and Higher Education Students' Loans

The audit concludes that, despite significant efforts made by the Tanzania Insurance Regulatory Authority (TIRA) in supervising and monitoring insurance service providers in the country, the Tanzania Insurance Regulatory Authority does not effectively supervise and monitor Insurance Service Providers to ensure that they are operating with the required legal, technical, and financial soundness. In general, the audit noted that there is ineffective management of insurance claims; inadequate inspections conducted by TIRA to Insurance Companies; inadequate monitoring of financial soundness of Insurance and Reinsurance Companies; inadequate handling of insurance claims in a timely, fairly, and transparent manner by Insurance Companies; and inadequate evaluation of the level of awareness and satisfaction of Insurance Customers on insurance services.

The ineffective supervision and monitoring of insurance service providers are mainly attributed to the delayed Settlement of Approved Claims by Insurance Companies, the existence of the COVID-19 Pandemic, which caused an increase in life assurance claims, the inadequacy of risk-based inspection plans, high management costs of insurance companies and decrease in gross written premiums, inadequate enforcement made by TIRA to ensure insurance companies maintain a minimum of 50% of paid-up share capital as security deposit with the Bank of Tanzania. This situation resulted in policyholders facing financial hardship as they experienced delays in accessing their insurance pay-outs; legal issues, such as disputes and regulatory penalties; risks of repetition of malpractices conducted by the insurance companies and policyholders may remain uncompensated if insurance companies without security deposit at BoT are liquidated.

Also, the audit acknowledges the efforts made by the Higher Education Students' Loan Board toward managing loan repayment from beneficiaries to ensure the fund's sustainability. However, the Higher Education Students' Loan Board does not effectively collect student loan repayment because it still depends on government subsidies to facilitate smooth funding of higher student loans. In general, the Higher Education Students' Loan Board does not ensure that matured beneficiaries' loans are sufficiently collected; forecasting of loan repayment targets is accurate and reliable; Tracing loan beneficiaries is adequately conducted to enhance loan repayment; Management of bills is adequately performed to enhance loan repayment; and Loan recovery is timely and adequately done.

Such underperformance in the collection of loan repayment was attributed to the introduction of a zero-rating policy, inadequate forecasting of loan repayment targets, tracing, billing, and loan recovery. Consequently, the sustainability of HESLB is under significant threat due to the current inefficiencies in loan recovery processes. Furthermore, the growing percentage of uncollected loans and the decline in repayment rates could jeopardize the fund's ability to support future students.

(vi) Management of Natural Resources

The audit concludes that, despite significant efforts to improve their performance to ensure sustainable use of the beaches, the Ministry of Natural Resources and Tourism, as well as the President's Office – Regional Administration and Local Government, have not ensured adequate management of beaches in the country. This was reflected by the inadequate development of the beaches, which cannot support coastal tourism or conservation efforts. It was also noted that the current governance and institutional set-up do not facilitate the effective and efficient development, promotion, and marketing of beaches. The noted shortfalls were attributed to inadequate allocation of resources, such as funds to implement different strategies and plans aimed at the development, promotion, and marketing of beaches. This hinders the potential contribution of beach tourism to the national economy due to the absence of an effective coordination mechanism between the key actors.

Furthermore, the audit acknowledges the government's efforts to improve the status of the country's small-scale mining industry. However, the Ministry of Minerals has not effectively ensured adequate support to small-scale miners. This was reflected by inadequate access to geological, mineral resources, and mineral market information, inadequate access to funds for investment, and inadequate access to improved mining and mineral processing technology by small-scale miners. This is because the Ministry does not adequately facilitate the availability, coordination and monitoring of all resources to support SSMs. The noted shortfalls impede the process of transformation of small-scale mining operations into medium ones.

Similarly, the audit recognises the efforts of the government through the Ministry of Livestock and Fisheries and the President's Office – Regional Administration and Local Government to ensure the sustainable utilisation of fisheries resources in the country. However, these Ministries did not ensure effective management of fisheries resources. In general, the audit noted the presence of illegal fishing practices in the country, inadequate implementation of fisheries management measures, deficiencies in the management of the fisheries database and inadequate planning, inspection and sanction of defaulters. These were attributed to a lack of adequate resources and inadequate coordination among key actors in managing the fisheries resources in the country. The noted challenges had weakened the control of fisheries resources and trade of fisheries products, thus threatening the sustainability of the fisheries industry in the country.

(vii) Management of the Importation of Petroleum Products

Despite efforts undertaken by the Ministry of Energy (MoE) and its implementing entities, namely the Energy and Water Utilities Regulatory Authority (EWURA), the Tanzania Petroleum Development Corporation (TPDC), and the Petroleum Bulk Procurement Agency (PBPA, the audit concludes that the Ministry and its entities did not manage the importation process satisfactorily to ensure a secure supply of petroleum products in the country. There is inadequate forecasting of petroleum products; ordering and receiving petroleum are not effectively performed, and the infrastructure for receiving and strategic reserve of petroleum products is inadequate. This was attributed to the shortfall of EWURA in monitoring the performance of PBPA activities, monitoring petroleum stocks maintained by oil marketing companies and service stations and distributors, and the shortfall of MoE in measuring the performance of its entities regarding the importation of petroleum. This situation poses supply risks and increases product costs.

10.4 Audit Recommendations

This section presents the Audit recommendations made from the analysis of challenges discussed in chapters three to nine. To address the observed weakness in the management of natural resources, healthcare services, agricultural activities, human resource development, urban planning, insurance and loans, and the importation of petroleum products, the Controller and Auditor General recommends the following:

(i) The Ministry of Health is argued to ensure the availability of Mental Healthcare Services at all levels of Healthcare Facilities to ensure that individuals in need receive timely and appropriate mental healthcare services in the country and ensure that medical equipment is properly regulated to ensure the provision of safe and quality of healthcare services delivered by Public Healthcare Facilities in the country;

(ii) The Ministry of Agriculture is argued to appoint cash crop inspectors with full-fledged working tools who will report directly to the respective Crop Board for ease of monitoring and be accountable to the respective Crop-Board Management;

(iii) The Ministry of Agriculture is argued to evaluate the effectiveness of the existing fertilizer procurement systems, i.e., the Bulk Procurement System and other available systems, and use the results to address all identified weaknesses to facilitate timely procurement and distribution of fertilizer to meet the agricultural demand;

(iv) The Ministry of Education, Science and Technology and the National Council for Technical and Vocational Education and Training are urged to develop a systematic and ongoing assessment of labour market demands to identify evolving skill requirements and ensure that the curriculum aligns with labour market demands;

(v) The President's Office - Public Service Management and Good Governance is argued to establish measures to ensure each Public Institution has adequate plans for competency gaps identification to fill the gaps and have a workforce with the skills and knowledge, attitude and behaviour needed to meet current and future challenges of public Institutions.

(vi) The Ministry of Home Affairs and Tanzania Prisons Service are urged to establish and implement formal prison curriculums/guidelines to facilitate the smooth execution of rehabilitation programmes;

(vii) The Ministry of Lands, Housing and Human Settlements Development and the President's Office - Regional Administration and Local Government are arguing for the development of a comprehensive intervention to facilitate effective management of town planning activities in the country. The interventions should allow for the improvement in the design, planning, and implementation of town planning activities to facilitate the timely achievement of planned objectives;

(viii) The Tanzania Insurance Regulatory Authority is argued to strengthen the mechanisms to ensure insurance companies maintain sufficient capital to meet statutory and prudential solvency margin levels. The mechanism should ensure insurance companies underwrite risks profitably while reducing their management expenses in relation to Net Premium Written;

(ix) The Higher Education Student Loans Board is argued to define loan beneficiaries who defaulted in days or months and establish a clear demarcation between loan repayment and recovery to effectively collect loans from difficult loan beneficiaries.

(x) The President's Office – Regional Administration and Local Government, the Ministry of Natural Resources and Tourism, as well as the Management of the Marine Parks and Reserves Units, are argued to improve coordination and monitoring of the performance of beaches to enhance development, promotion and marketing of beach tourism;

(xi) The Ministry of Minerals is argued to ensure adequate provision of support to small-scale miners by facilitating access to geological information, mining and mineral processing technology, as well as adequate allocation and utilization of resources;

(xii) The Ministry of Livestock and Fisheries and President's Office - Regional Administration and Local Government are argued to enhance monitoring, control and surveillance operations to curb illegal fishing practices in the country; and

(xiii) The Ministry of Energy is urged to prioritise the development of the petroleum infrastructure master plan and coordinate the development of a single receiving infrastructure for petroleum.

APPENDICES

Appendix 1: Linkage of the Executed Performance Audits and the Priority Areas of the Five-Year Development Plans and SDGs

This appendix details information on the linkage between performance audits conducted in relation to five-year development plans (FYDP) and sustainable development goals (SDGs).

(a) Performance Audit on the Availability of Mental Healthcare Services in the Country

The audit is linked to human development, a priority area within the Five-Year Development Plans (FYDPs).

It specifically targets health interventions to strengthen specialized and super-specialized services across all zonal, specialized, and national referral hospitals and construct and rehabilitate inclusive health facilities. Consequently, this audit is poised to enhance health management systems, improve service availability and delivery, and address quality challenges in health services.

Mental healthcare services are a focal point of the country's efforts in human development, as outlined in the FYDPs, emphasising improving healthcare services, including mental health. This audit aligns with Sustainable Development Goal (SDG) 3, particularly target 3.4, which focuses on enhancing mental health and well-being for people of all ages.

Furthermore, the audit supports SDG 10 by advocating for equitable access to mental health services, SDG 4 by promoting education and training in mental healthcare, and SDG 17 by highlighting the importance of partnerships in enhancing mental health services. It also corresponds with SDG 11, ensuring that mental health facilities contribute to the sustainability of urban and rural communities.

(b) Performance Audit on the Regulation of Medical Equipment in Public Health Facilities

The audit addressed human development as one of the priority areas of the FYDPs. It directly addresses health intervention, which promotes and supports the establishment of vaccines, medicines and medical equipment manufacturing industries; emphasizes the availability of medicine, medical supplies, reagents, vaccines and pharmaceutical equipment; promotes and supports private sector investment in health commodity supply chain; and design and establish proper logistics and storage of medical commodities.

This audit will strengthen health management systems, service availability, and delivery. It also prioritizes the resolution of quality challenges in health service.

Furthermore, the audit is linked to Goal Number 3 – goal 3.4 of the 17 SDGs of the United Nations, which seeks to ensure healthy lives and promote well-being for all ages. The audit, therefore, supports the development of vaccines and medicines for communicable and non-communicable diseases.

Therefore, by improving the noted gaps and implementing the issued recommendations, this audit will contribute to addressing the premature mortality from non-communicable diseases by one-third through prevention and treatment and promote mental health and well-being.

(c) Performance Audit on the Regulation of Cash Crops

This audit targets a key priority area dedicated to deepening industrialization and enhancing service provision.

It specifically focuses on agricultural interventions that aim to forge stronger connections between the agricultural sector and other economic sectors. Such interventions are designed to cultivate a conducive environment for the private sector, enabling profitable participation in producing and exporting agricultural raw materials and semi-finished and finished goods.

The Five-Year Development Plans (FYDPs) seek to boost productivity and efficiency within the agricultural sector by enhancing the productivity of strategic crops and strengthening the competitiveness of crop value chains and their commercialization.

Furthermore, this audit contributes to the fulfilment of the United Nations' Sustainable Development Goal (SDG) 8, particularly Sub-goal 8.2, which promotes higher levels of economic productivity through diversification, technological advancement, and innovation, with an emphasis on sectors that are high in value addition and labour-intensive.

Additionally, the audit addresses SDG 2, specifically targets 2.3, with the aim of eradicating hunger, achieving food security, improving nutrition, and fostering sustainable agriculture. In particular, the target focuses on doubling the agricultural productivity and incomes of small-scale food producers, aligning with the broader objectives of sustainable development and economic progress. With proper regulations of cash crops, the production of cash is likely to increase, resulting in an increase in income for farmers, including small-scale farmers. Therefore, this will have a direct impact on combating hunger.

(d) Performance Audit on the Regulation of Distribution of Fertilizers

The audit is related to one priority area: deepening industrialisation and service provision. Under deepening industrialisation and service provision, the audit directly addresses agriculture intervention, which emphasizes enhancing productivity in strategic crop production through the use of fertilizers.

Therefore, this audit promotes adequate management for fertilizers that will facilitate an increase in yields, reduce food prices, reduce risks, and increase profits, thus benefiting citizens from the integrated system of the agricultural sector.

In addition, the audit supports the implementation of goals number 2 sub, goals 2.3 and 2.4 of the 17 SDGs of the United Nations, which seek to end hunger, achieve food security and improved nutrition and promote sustainable agriculture.

The recommendations issued in this audit, will facilitate the improvement of agriculture practices aimed at doubling the agricultural productivity and incomes of small-scale food producers, ensuring sustainable food production systems, and implementing resilient agricultural practices that increase productivity and production, which help maintain ecosystems.

(e) Performance Audit on the Regulation of Technical Education and Training

The audit addressed human development as one of the priority areas of the FYDPs. Specifically, it is linked to two interventions: quality and relevant education, as well as interventions for skill development.

Regarding quality and relevant education intervention, the audit will help emphasise the levels of reviewing and updating curriculum aligned with the labour market and facilitate the availability of teaching and learning instruments and tools at all levels, including technical education and training.

Regarding interventions for skills development, the audit will help promote innovation and the transfer of skills and technology.

In addition, the audit is linked to goal number 4, sub-goal 4.3 of the 17 SDGs of the United Nations, which seeks to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. By addressing the noted gaps and implementing the issued recommendations, the audit directly supports sub-goal 4.3, which aims to ensure equal access to affordable and quality technical, vocational, and tertiary education.

(f) Performance Audit on the Development, Monitoring and Evaluation of Competency of Staff in Public Sector

This audit targets a pivotal area highlighted in the Five-Year Development Plans (FYDPs) focusing on human development, with a special emphasis on interventions aimed at skill development.

The FYDPs underscore the importance of making learning tools, workshops, qualified instructors, and increased investment in skill development readily available to achieve these objectives.

Furthermore, the audit aligns with Sustainable Development Goal (SDG) 8, specifically Sub-goal 8.5, which advocates for sustained, inclusive, and sustainable economic growth alongside full and productive employment and decent work for all. It champions the implementation of development-oriented policies that encourage productive activities, decent job creation, entrepreneurship, creativity, and innovation, addressing the broader aims of economic prosperity and workforce empowerment.

In addition to the primary focus on SDG 8, the audit incorporates critical assessments related to Quality Education (SDG 4), examining how public sector staff development measures up to international standards for quality education and lifelong learning. This includes a thorough evaluation of the integration of modern educational technologies and methodologies within staff training programs, ensuring that such initiatives are equipped to meet the evolving demands of the global job market.

The audit also considers the role of the public sector in Reducing Inequalities (SDG 10), scrutinizing how staff development programs are designed to meet the needs of underrepresented and marginalized groups. This facet of the audit seeks to ascertain the inclusivity and accessibility of skill development initiatives, aiming to ensure equitable opportunities for all members of the workforce.

Further, the audit evaluates Partnerships for the Goals (SDG 17), analysing the extent and effectiveness of collaborations between the public sector, educational institutions, the private sector, and non-governmental organizations in the realm of staff development. This assessment aims to identify how such partnerships contribute to a comprehensive and enriched competency development framework, fostering a collaborative approach towards achieving sustainable development through enhanced public service delivery.

(g) Performance Audit on the Implementation of Prisoners Rehabilitation Programmes

This audit is linked to one of the priority areas of human development outlined in the Five-Year Development Plan (FYDP).

It specifically tackles interventions related to good governance and the rule of law, focusing on promoting peace, security, and political stability. Good governance and the rule of law are among the foundational pillars of FYDP III, playing a critical role in realizing the National Development Vision 2025.

Furthermore, the audit addresses Goal Number 16, specifically Target 16.1, of the 17 Sustainable Development Goals (SDGs) set by the United Nations. This goal aims to promote peaceful and inclusive societies for sustainable development, ensure access to justice for all, and build effective, accountable, and inclusive institutions at all levels.

The goal is to significantly reduce all forms of violence and collaborate with governments and communities to eradicate conflict and insecurity by 2030. Thus, promoting the rule of law and human rights is essential in this endeavour, as it bolsters the participation of developing countries in the institutions of global governance.

Through rehabilitation programs, prisoners are expected to exhibit behavioural changes, which are crucial for enhancing peace, security, and political stability within the country.

(h) Performance Audit on the Management of Town Planning

The audit on the Management of Town Planning addressed the FYDPs through its intervention, which strives to develop urban planning, housing and human settlement.

The strategic direction of the FYDPs has been to ensure Tanzania is characterised by planned and serviced urban settlements with functioning town planning procedures, including improved solid and liquid waste management, use of sustainable transport and cleaner energy. The Plan also addresses the critical implications of rapid urban population growth on settlements.

The key interventions are to promote and facilitate planning, surveying and titling of land parcels for investment and human settlement; preparation of urban, island and coastal development master plans; establish affordable housing schemes; upgrade and scale up an Integrated Land Management Information System; mainstream land management and planning systems in other sectoral development plans; and promoting the use of ICT in land surveying and titling.

Furthermore, these interventions directly address goal number 11, targets 11.3 of the 17 SDGs of the United Nations, which aims to make cities and human settlements inclusive, safe, resilient, and sustainable. The goal emphasises inclusive and sustainable urbanization and the capacity for participatory, integrated, and sustainable human settlement planning and management in all countries. Therefore, implementing these goals enhances the proper management of town planning activities.

(i) Performance Audit on the Supervision and Monitoring of Insurance Service Providers

The audit is linked to the human development of the FYDP's priority area. It emphasises social protection intervention by promoting economic empowerment, which aims to build the society's self-reliance and resilience to shocks.

Proper supervision and monitoring of insurance services providers will facilitate the extension of social protection coverage to both formal and informal sectors and promote private-sector investment in the provision of social welfare services.

In addition, the insurance industry plays a target 8.10. This goal seeks to promote sustained, inclusive, and sustainable economic growth, as well as full and productive employment and decent work. Insurance contributes to building more resilient and sustainable societies by providing financial protection and risk management solutions.

(j) Performance Audit on the Management of Higher Education Student's Loans Repayment

The audit addressed human development as one of the priority areas of the FYDPs. Specifically, it is linked to the quality and relevance of education intervention, which emphasises increasing access to tertiary student loans, especially for those in science, mathematics, and special and rare cadre courses.

This audit will facilitate an increase in the number of students facilitated with higher education loans, which in turn will increase the number of graduates.

In addition, the audit is linked to goal number 4, targets 4 (b) of the 17 SDGs of the United Nations, which seeks to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. The recommendations issued in this audit, which aim to ensure repayment of loans, will substantially expand the number of scholarships for enrolment in higher education.

(k) Performance Audit on the Management of Beaches

The Performance Audit on the Management of Beaches centres on a key priority of the Five-Year Development Plans (FYDPs), emphasizing the deepening of industrialization and enhancement of service provision.

This focus specifically connects to tourism interventions, recognizing the significant potential of the sector to boost the national economy and foreign receipts through the country's unique natural attractions. The interventions advocate for developing and diversifying new tourism products, such as coastal tourism, aiming for sustainable growth within this sector.

Furthermore, the audit delves into the blue economy interventions, which spotlight the economic activities conducted along shores, oceans, seas, rivers, banks, and lakes. These efforts are designed to enhance investment, production, conservation, and tourism in aquatic environments, contributing to the sustainable development of these resources. Central to these interventions is the goal of strengthening the sustainability and economic benefits of marine and coastal environments.

The audit supports Sustainable Development Goal (SDG) 14, focusing on the conservation and sustainable use of oceans, seas, and marine resources. It particularly addresses targets 14.1 and 14.2, which target the prevention and significant reduction of marine pollution and the sustainable management and protection of marine and coastal ecosystems. Additionally, target 14.7 aims to augment the economic benefits from the sustainable use of marine resources, including tourism, highlighting these environments' integral role in sustainable development.

In alignment with SDG 14, the audit also intersects with other SDGs, including SDG 8 (Decent Work and Economic Growth), by promoting sustainable economic growth through tourism and the blue economy. SDG 13 (Climate Action) is reflected in the commitment to combat climate change impacts through ecosystem conservation, while SDG 15 (Life on Land) underscores the importance of sustainable management of terrestrial ecosystems adjacent to marine and coastal areas.

(l) Performance Audit on the Provision of Support to Small-Scale Miners by the Government

The audit addresses one of the priority areas of the FYDPs, namely, deepening industrialisation and service provision. The priority area aims to assess mining intervention, which, among other things, focuses on empowering small-scale miners, including youth and women, to participate in feasible mining activities.

Licensing areas do this with basic geological information and necessary training on productive mining, technologies, equipment, and the mining business through STAMICO. The intervention also aimed to promote mineral value addition and beneficiation.

In addition, the audit is linked to goal number 8, target 8.3 of the 17 SDGs of the United Nations, which seeks to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Specifically, the sub-goal aims at promoting development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation and encourage the formalisation and growth of micro-, small and medium-sized enterprises, including through access to financial services.

Therefore, the recommendations issued in this audit will contribute to strengthening the provision of services to small-scale miners by aligning their strategies with FYDPs and SDGs.

(m) Performance Audit on the Management of Fisheries Resources in the Country

The Performance Audit on the Management of Fisheries Resources is linked to FYDP’s priority area of deepening industrialization and service provision. This priority area addresses fisheries intervention, emphasising strengthening fisheries' institutional capacity, conserving marine and freshwater fisheries protected areas, protecting critical habitats and conservation of endangered and threatened aquatic species, supporting investment in fisheries, and ensuring fish and fishery products quality, safety and standards.

Sector priorities include freshwater fishing and sea and deep-sea fishing; therefore, this audit will contribute to improving the management of the sector through intensification of the blue economy potentials in both marine and fresh waters.

The audit also addresses goal numbers 14, targets 14.4, and 14.6 of the 17 SDGs of the United Nations, which seek to conserve and sustainably use the oceans, seas, and marine resources for sustainable development. The goal is to regulate harvesting and effectively end overfishing, illegal, unreported, and unregulated fishing and destructive fishing practices, as well as implement science-based management plans to restore fish stocks.

The goal is to prohibit certain forms of fisheries subsidies that contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported, and unregulated fishing, and refrain from introducing new such subsidies.

(n) Performance Audit on the Management of the Importation of Petroleum Products

The audit addresses the priority area of realizing an inclusive and competitive economy of the FYDPS. The priority area seeks to promote macroeconomic stability for a competitive economy, which requires a stable, predictable and transparent macroeconomy capable of signalling and steering the direction of policies and decision-making.

Therefore, this audit will provide a conducive environment for the operation of domestic industries, which is key in facilitating the smooth management of imported petroleum in the country.

Furthermore, the audit is linked to goal number 8, sub-goal 8.1, which seeks to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. Specifically, the sub-goal aims to sustain per capita economic growth according to national circumstances, particularly at least 7 per cent gross domestic product growth per annum in the least developed countries.

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