THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

ANNUAL GENERAL REPORT OF THE CONTROLLER AND AUDITOR GENERAL FOR THE PERFORMANCE AUDIT

MARCH 2022

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

Controller and Auditor General, National Audit Office, Audit House, 4 Ukaguzi Road, P.O. Box 950, 41104 Tambukareli, Dodoma. Telegram: "Ukaguzi", Telephone: 255(026)2161200, Fax: 255(026)2321245, Email: ocag@nao.go.tz, Website: www.nao.go.tz

In reply, please quote
Ref. No. CGA.319/421/01A **30 March 2022**

H.E. 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 2020/21

I am pleased to submit to you my Annual Report on the Performance Audit for the Financial Year 2020/21, in accordance with Article 143(4) of the Constitution of the United Republic of Tanzania of 1977, and Sect. 34 of the Public Audit Act, Cap 418.

I humbly submit.

Charles E. Kichere
Controller and Auditor General

About National Audit Office

Mandate
The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the URT of 1977 and in Sect. 10 (1) of the Public Audit Act, Cap 418.

Vision, Mission and Core Values

Vision
A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

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

Motto: "Modernising External Audit for Stronger Public Confidence"

Core Values
In providing quality services, NAO is guided by the following Core Values:

i. Independence and objectivity
ii. Professional competence
iii. Integrity
iv. Creativity and Innovation
v. Results-Oriented
vi. Teamwork Spirit

We do this by: -

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with appropriate training, adequate working tools and facilities that promote their independence.

TABLE OF CONTENT

LIST OF ABBREVIATIONS AND ACRONYM

AfDB	:	African Development Bank
AGITF	:	Agricultural Inputs Trust Fund
BRELA	:	Business Registration and Licensing Agency
CAG	:	Controller and Auditor General
CAP	:	Chapter
CCA	:	Chief Court Administrator
DC	:	District Court
DCJM	:	Directorate of Constitution and Justice Monitoring
D-fund	:	Development Fund
DoA	:	Division of Antiquities
DPP	:	Director of Public Prosecutions
FYDP	:	Five Years Development Plan
GCA	:	Game Controlled Areas
GDP	:	Gross Domestic Product
GFPs	:	Government Financing Programs
GoT	:	Government of Tanzania
HESLB	:	Higher Education Students' Loans Board
ICT	:	Information, Communication and Technology
JICA	:	Japan International Cooperation Agency
JoT	:	Judiciary of Tanzania
KKCF	:	Kilimo Kwanza Catalyst Fund
KTPIP	:	Kenya-Tanzania Power Interconnection Project
KVRS	:	Kilombero Valley Ramsar Site
LGAs	:	Local Government Authorities
LTPP	:	Long Term Perspective Plan
M&E	:	Monitoring and Evaluation
MIIT	:	Ministry of Investment, Industry and Trade
MNRT	:	Ministry of Natural Resources and Tourism
MoCLA	:	Ministry of Constitution and Legal Affairs
MoEST	:	Ministry of Education, Science and Technology
MoFP	:	Ministry of Finance and Planning
MoHA	:	Ministry of Home Affairs
MoU	:	Memorandum of Understanding
MoWT	:	Ministry of Works and Transport
MRO	:	Mines Resident Office
MTEF	:	Medium Term Expenditure Framework
NBS	:	National Bureau of Statistics
NCAA	:	Ngorongoro Conservation Area Authority
NEAC	:	National Environmental Advisory Committee
NEEC	:	National Economic Empowerment Council
NEMC	:	National Environment Management Council
NMP	:	National Microfinance Policy

NMT	:	National Museum of Tanzania
NPS	:	National Prosecution Services
NSS	:	National Statistical System
ORS	:	Online Registration System
PCCB	:	Prevention and Combating of Corruption Bureau
PGSD	:	Parliamentary Group on Sustainable Development
PI	:	Preliminary Inquiries
PO-RALG	:	President's Office - Regional Administration and Local Government
PP	:	Police Prosecutor
RAMS	:	Road Assets Management System
RBWB	:	Rufiji Basin Water Board
RM	:	Resident Magistrate
RMMS	:	Road Maintenance Management System
RMO	:	Resident Mines Office
RUMAKI	:	Rufiji-Mafia-Ramsar Site
SAGCOT	:	Southern Agricultural Group Corridor Tanzania
SATTFP	:	Southern Africa Trade and Transport Facilitation Project
SCGS	:	Smallholder Credit Guarantee Scheme
SDGs	:	Sustainable Development Goals
SELF	:	Small Entrepreneurs Loan Facility
SWMP	:	Sustainable Wetland Management Programme
TANAPA	:	Tanzania National Parks Authority
TANePS	:	Tanzania Electronic Procurement System
TANESCO	:	Tanzania Electric Supply Company
TANROADS	:	Tanzania National Roads Agency
TARURA	:	Tanzania Rural and Urban Roads Agency
TAWA	:	Tanzania Wildlife Management Authority
TBS	:	Tanzania Bureau of Standards
TCRA	:	Tanzania Communication Regulatory Authority
TDV	:	Tanzania Development Vision
TFS	:	Tanzania Forest Services
TIB	:	Tanzania Investment Bank
TPS	:	Tanzania Prison Services
TSSP	:	Transport Sector Support Program
TTB	:	Tanzania Tourist Board
TZS	:	Tanzanian Shillings
VAT	:	Value Added Tax
VPO	:	Vice President's Office
WMA	:	Weights and Measures Agency
WTTC	:	World Travel and Tourism Council

LIST OF TABLES

LIST OF FIGURES

PREFACE

I am pleased to present my General Report on the Performance Audit. This general report contains twelve Performance Audit Reports, focusing on the Government efforts on economic transformation and human development, towards Attainment of Sustainable Development Goals (SDG) by 2030. The main audited entities were the President's Office - Regional Administration and Local Government Authority, Prime Minister's Office, Ministry of Constitution and Legal Affairs, Judiciary of Tanzania, Ministry of Finance and Planning, Ministry of Natural Resources and Tourism, Ministry of Investment, Industry and Trade, Ministry of Work and Transport, Ministry of Education, Science and Technology and Ministry of Home Affairs.

Other audited institutions, include; The Tanzania Bureau of Standards, Tanzania Tourists Board, Tanzania National Roads Agency, National Museum of Tanzania, Mining Commission, Higher Education Students' Loans Board, Business Registration and Licensing Agency, Weight and Measure Agency, Tanzania Prison Services, National Prosecution Service, National Economic Empowerment Council and Tanzania Police Force.

This report aims at providing our stakeholders (Members of Parliament), Central and Local Government Officials, Media, the Donor Community, Non-Government Organizations, Community- Based Organizations, etc. with the analysis of the findings, arising from the individual Performance Audits, conducted by my Office as of March, 2022. The details of the summarized matters can be read from the individual performance audit reports issued to the respective Accounting Officers.

This report is being submitted to the President of the United Republic of Tanzania (URT), Her Excellency Samia Suluhu Hassan, in accordance with Article 143(4) of the Constitution of the United Republic of Tanzania (URT) of 1977, hereinafter referred to as "Constitution" and Section 28 of the Public Audit Act, Cap. 418.

Under Article 143(4) of the Constitution, the Controller and Auditor General, is required to submit to the President every report he makes pursuant to the provisions of Sub Article (2) of the same Article. Upon receipt of such report, the President shall direct the persons concerned to submit such reports in the first sitting of the National Assembly before the expiration of seven days from the day the sitting of the National Assembly began. The same Article, allows the Controller and Auditor General to submit his reports to the Speaker of the National Assembly, should the President, for whatever reason, fails to submit the reports to the Speaker as is required by law.

The enactment of the Public Audit Act, Cap. 418 enhanced the operational independence of my Office in the fulfillment of my Constitutional mandate. The operational independence of my Office is expected to enable me to acquire the necessary controls over all the resources available for the Office, including human and financial resources, which will enable my Office to perform its tasks without undue influence and control of any person or authority, including those that I audit.

The legislation has broadened the scope of the audit to be conducted by my Office, by mandating me to carry out Performance Audits and any other types of audits, as may deem necessary in addition to the normal Financial and Compliance Audits, we have been conducting over the years.

In essence, this report has enabled me to provide the necessary independent assurance to the Parliament on the utilization of resources regarding the Government efforts on economic transformation and human development towards the attainment of the Sustainable Development Goals (SDGS) by 2030.

The same assurance for independence is provided on the Management of Development and Maintenance of Infrastructures; Allocation and Disbursement of Students' Loans; Development and Promotion of Museums and Tourism; Business Registration and Control; Revenue Management in the Mining Sector; Management of Backlog of Cases and Conservation and Protection of Wetland Ecosystems.

The main objective of conducting these audits was to examine the identified problems in the respective areas; establish whether allocated resources have been effectively spent with due regard to economy, efficiency, and effectiveness as intended and appropriated by the Parliament in the above-mentioned areas.

It is worth noting that, while my Office conducts audits and reports on the performance of various Central, Local Government and Public Body programs and activities, based on various laws, rules and regulations, the ultimate responsibility for ensuring that there is economy, efficiency and effectiveness, in the use of public resources lies with the respective Accounting Officers.

At the same time, it is the responsibility of the Accounting Officers to take action on the observations and recommendationsraised by the Controller and Auditor General.

The Parliament depends upon the Controller and Auditor General and the National Audit Office, for assurance in regard to financial reporting and public resource management in the Ministries, Departments and Agencies (MDAs), Local Government Authorities (LGAs), Public Authorities, and Other Bodies, particularly regarding the economy, efficiency, and effectiveness in the implementation of their activities. My Office, through recommendations provided in each performance audit report, contributes towards improvements in the public sector performance.

In this regard, the Central, Local Governments and Public Authorities and my Office, each has a role to play in contributing to parliamentary and public confidence - building in better use of public resources with the view of speeding the development process of the country and its people. However, while the roles of public sector entities and National Audit Office of Tanzania (NAOT) may differ, the desire for efficient utilization of public resources remains to be the common goal.

In order to meet the Parliamentarians' expectations and, more broadly, of the public at large, NAOT continually reviews its audit approaches to ensure that the audit coverage provides an effective and independent review of the performance and accountability of public sector entities. Moreover, we seek to ensure that our audit coverage is well targeted and addresses priority areas in line with the Five Years National Development Plan in order to enhance realization of the impact towards the attainment of SDGs, so as to maximize our contribution to improving public administration. Since our work acts as a catalyst in improving the efficient utilization of public resources, I hope the National Assembly and the public at large will find the information in this report useful in holding the Government accountable for its stewardship of public funds and its delivery of services to the Tanzanian citizens.

Finally, I would like to acknowledge the professionalism and commitment of my staff in achieving our goals and undertaking the work associated with meeting our ambitious audit programs even though they have been working in very difficult conditions marked with insufficient funding and working tools, relatively low salaries and sometimes working in very remote and inaccessible locations.

Charles E. Kichere,
Controller and Auditor General
Dodoma, Tanzania.
March 2022

ACKNOWLEDGEMENT

I would like to express my gratitude, to those who created an enabling environment for me to discharge my constitutional obligations. I would like to thank every member of my staff for their endeavors to, once again, meet the statutory reporting deadline. With lots of appreciation, I am obliged to pay tribute to my family and the families of my staff members for their tolerance during our long absence from our homes in fulfilling this constitutional obligation.

I would like to thank the Government and the Parliament of the United Republic of Tanzania for their continued support to my Office in carrying out its duties.

Furthermore, my sincere appreciation is extended to the donor community, particularly the Swedish National Audit Office (SNAO), Swedish International Development Agency (Sida), Department for International Development (DFID), African Development Bank (AfDB), European Union (EU), Swiss and German Development Cooperation (GFG project) managed by German International Cooperation (GIZ), the World Bank through the Public Financial Management Reform Programme (PFMRP) and all well-wishers who have contributed immensely towards the transformation of my Office. Their contributions in developing the mental asset, IT systems and physical assets of my Office have had a tremendous impact on our success.

I am equally indebted to all our stakeholders, including the respective Accounting Officers of the audited entities for providing full support and vital information, needed for the preparation of the individual performance audit reports which are the inputs to this general report.

My special appreciation is also extended to the academic community and subject matter experts from the University of Dar es Salaam, Mzumbe University, Sokoine University of Agriculture, University of Dodoma, retired public servants and freelance experts who added value to our reports through critical reviews which immensely improved the output of the individual performance audit reports.

I would also like to pay tribute to the Public Accounts Committee (PAC) who will scrutinize and discuss this report together with the individual

performance audit reports. We look forward to the PAC inputs and directives emanating from the discussions of this report. Finally, I would like to thank all public servants throughout Tanzania, without forgetting the role of the taxpayers to whom this report is dedicated. Their invaluable contributions in building the nation cannot be underestimated. May the Almighty God bless you all as we commit ourselves to promote greater accountability on the use of public resources.

EXECUTIVE SUMMARY

Introduction

Section 28 of Public Audit Act, Cap. 418, gives the Controller and Auditor General mandate to carry out Performance Audits. Performance audits strive for improvement in accountability and performance of public entities. It also provides an objective and constructive assessment of the extent to which, the audited body or bodies have used their resources in carrying out the given responsibilities with due regards to economy, efficiency and effectiveness.

This general report provides common weaknesses, conclusions and recommendations, based on twelve Performance Audit Reports conducted in the financial year 2021/22.The conducted performance audits were on Management of Development Projects Financed through Loans and Grant; Maintenance of Roads; Administration and Provision of Remands and Prisons Infrastructure; Management of Higher Education Students' Loans; Financing and Management of Government Funds and Programs; Management of Museums and Historical Sites; Promotion of Tourism Sector; Management of Business Registration and Licensing; Implementation of Control Activities in Measurements; Development and Management of Mechanisms for Revenue Collection in the Mining Sector; Criminal Justice System in Tanzania; and Conservation and Protection of Wetland Ecosystems.

This general report aims at assisting Members of Parliament, the Government, mass media, the public and other stakeholders, to take informed decisions with the view of improving economy, efficiency, and effectiveness in the use of public resources. This general report, however, is not intended to replace the said twelve individual Performance Audit Reports conducted and tabled to the Parliament in the previous financial years. The reader, therefore, is advised to rely on the full individual Performance Audit Reports referred to above.

Key Findings

a) Development and Maintenance of Infrastructure

The infrastructure development and maintenance audit noted huge development in the sector. The Government has injected funds and implemented different development construction projects on; roads, classrooms, hospital buildings railway and houses, which to a large extent have contributed to the improved mobility, accommodation and service delivery to the people. However, the following areas need further improvements;

Inadequate Planning for Development and Maintenance of Infrastructure

In the audit on the construction projects implemented through loans, it was observed that there were inadequate reviews of the submitted project proposals, delays in the implementation of compensation plans, as well as the planned project cost and time were not analyzed to align with their projects' respective designs.

For instance, it was noted that three out of five projects which were submitted to the Ministry of Finance and Planning (MoFP) for review, MoFP did not assess quantities and prices inputs. Inadequate planning resulted into delays in the implementation of development projects.

The audit noted that TANROADS did not have effective comprehensive Road Asset Management System (RAMS) to plan for actual roads maintenance needs. The use of RMMS by TANROADS for planning was noted to decrease by 12.3% from 86.2% in 2018/19 to 73.9% in 2019/20. Major causes for inadequate planning were untimely and limited utilisation of HDM4 Software, decentralization of RMMS TANROADS HQ for monitoring maintenance activities, absence of hydrological reports to justify capacity of drainage structures and incomplete patchwork for the executed maintenance works.

In addition, it was found that there was a lack of specific Prisons Services Policy to guide administration and provision of prisons services in the country. The audit noted that TPS managed to construct 2 out of 10 prisons buildings which were not in their strategic plan. Inadequate planning was attributed to absence of National Prison Policy. Moreover, weaknesses in conducting needs assessment for remands and prisons infrastructure, to a great extent contributed to the limited number of remands and prisons in the country.

Inadequate Funding for Development and Maintenance of Infrastructure

The audit noted untimely disbursement of funds to implement construction projects financed through Loans. Analysis of the payment records, for the sampled projects, indicated that there were significant delays in paying contractors who were implementing the Kenya-Tanzania Power Interconnection Project. It was further noted that three out of six sampled development projects were affected by untimely disbursement of funds. These projects included Sothern Africa Trade and Transport Facilitation Project (SATTFP), Transport Sector Support Programme (TSSP), and Kenya-Tanzania Power Interconnection Project (KTPIP). It was found that 89 out of 156 raised Interim Payment Certificates (IPC) (equivalent to 57%) their payments were delayed for a period ranging from 18 to 235 days prior to establishment of D-Fund system. It was noted that the use of the newly established D-Fund system has shown a reduction of delays from a maximum of 235 to 127 days. This was attributed by weak contract management practices to ensure timely disbursement of project funds to Contractors.

Furthermore, the audit noted that the disbursed funds from Road Funds Board (RFB) to TANROADS ranged between 73% in FY 2016/17 to 95% in FY 2017/2018 of the budgeted amount. The overall disbursed fund to TANROADS was 80% of the approved operational plan budget. This was caused by ineffective strategies and plans to fund maintenance of road works.

It was also noted that there was inadequate allocation of funds for the establishment of remands and prisons infrastructures. Best practices[1] require advance preparation of a comprehensive budget. According to the Ministry of Home Affairs (MoHA) and Tanzania Prisons Services' (TPS) Medium Term Expenditure Framework (MTEF) for 2017/18 - 2019/20 and 2020/21 – 2022/23 respectively, MoHA and TPS did not allocate any budget

for construction and rehabilitation of new and existing prisons respectively, despite being included in the respective strategic plans for construction and rehabilitation of new and existing prisons respectively, despite being included in the Strategic Plans. Consequently, maintenance of building was

[1]ICRC Guideline Water, Sanitation, Hygiene and Habitat in Prisons – Supplementary Guidance, p. 24

done on ad-hoc basis, depending on the severity of the infrastructure defect.

Inadequate Supervision and Monitoring of Development and Maintenance of Infrastructure

On the Management of Maintenance of Roads, it was noted that TANROADS had insufficient capacity to supervise, inspect, monitor and evaluate roads maintenance activities. As per financial year 2020/21, TANROADS had a total of 733 staff out of the required 1,781. This staffing level was equivalent to only 41% of the requirements and therefore a deficit of 59%.

Similarly, the audit team noted that, 163,554.77 km out of 180,135.95 km of roads were surveyed. This implies that, 16,581.18 km out of 180,135.95 km planned length of road network to be surveyed were not surveyed. On the other hand, inadequate supervision and monitoring *of Maintenance of Roads*, was because of ineffective monitoring plans at TANROADS. The review of 5th Strategic Plan (2016/17-2020/21) and Performance Review Report of July 2020 did not adequately address the extent of effectiveness of maintenance programmes.

The audit on Development Construction Projects Financed through Loans indicated that there was inadequate monitoring of the projects for all consecutive three years of the operation. The Audit Team noted that, only 4 out 20 development projects that were monitored by the Ministry of Finance and Planning in the financial year 2020/21 were loan financed projects. Although 6 sampled development projects that were covered by the audit team were among the on-going projects, none of them were monitored. Causes for not adequately supervising *Development Projects Financed through Loans* was the inadequate plans of MoFP for monitoring of the respective projects for the last five financial years, i.e. from 2015/16 to 2019/20 consecutively. It was found that the Ministry of Finance and Planning only planned to conduct monitoring and evaluation for the financial year 2020/21.

During the audit on the *Administration and Provision of Remands and Prisons Infrastructure*, it was noted that for the past four financial years, i.e., from 2017/18 to 2020/21, the Ministry of Home Affairs conducted one monitoring activity in the in Dodoma, Tabora, Singida, Dar es Salaam. However, other prisons in the remaining 22 regions did not undergo monitoring assessment. Inadequate monitoring to TPS activities was attributed to lack of funds allocated for monitoring whereas; from financial year 2016/17 to 2019/20 no funds were allocated for monitoring Tanzania Prison Services activities.

b) Management of Loans and Other Financial Schemes

The Audits in the Management of Loans and other financing schemes noted the significant improvements in the financing sector of the government including the increase in the number of beneficiaries and the efforts of the government in injecting funds for government loans and economic empowerment schemes. This has partly contributed to the general increase in per capita income of Tanzanians in the past 5 years from USD 966.29 in 2016 to USD 1,159.19 in 2021. However, the following areas, for further improvements, were noted; -

High Rate of Non-Performing Loans

The review of portfolio report of Agricultural Input Trust Fund (AGITF) indicated that, up to financial year 2020/21 a total of TZS 20.1 Billion out of TZS 27.87 Billion outstanding amount equivalent to 72% was non-performing loans. A further review of Kilimo Kwanza Catalyst Fund as of September 2021 indicated that, TZS 27.6 Billion out of 34.2 Billion of total outstanding amount equivalent to 80% was Non-Performing Loans.

Based on the review of the loan appraisal files, the main reason for non-performing loans was the inadequate loan appraisal procedures, which led to granting of loans to unqualified customers, issuing of unsecured loans and spending loans on unintended purposes. As an effect of non-performing loans, the working capital of the funds and the financing schemes, have been declining over the years. For instance, the working capital of Agricultural Input Trust Fund has declined by 35% in a 5-year period while that of SELF-MF has declined by 6.5% in a 3-year period.

Loans Provided to Unqualified Beneficiaries

It was found that, loans were provided to unqualified beneficiaries. The review of the Loan Portfolio of Agricultural Input Trust Fund (AGITF) has indicated that 21 SMEs/Corporates which did not have the required qualifications were granted loans amounting to TZS 9.186 billion. Similarly, at Kilimo Kwanza Catalyst Fund (KKCF), sampled 50 customers' files, showed that a total of TZS 4,606,149,156 was loaned- out to customers, with poor track record and unsatisfactory performance. Additionally, the review of loan beneficiaries under the higher education students' loans revealed that 756 students who were means-tested and found to have negative neediness which disqualify them to receive loans were allocated with a total of TZS 2,255,336,448.

The review of the loan assessment reports indicated that staff who were responsible for processing loan facility did not carry a thorough credit analysis, to determine the qualifications and characteristics of loan beneficiaries. Consequently, the issuance of loan finances to unqualified customers created a list of potentially default customers who added up to the list of non-performing loans in the respective schemes.

Loans not Used for Intended Purposes

The review of Smallholder Credit Guaranteed Scheme (SCGS) transactions, indicated that a total of TZS 7 billion was transferred to Tanzania Agricultural Development Bank (TADB). However, that amount was not spent for purposes of providing guarantee to smallholder farmers, but rather for commercial purposes of the Bank. Similarly, a total of 917.342 million at Kilimo Kwanza Catalyst Fund (KKCF) and 226,758,800 at Agricultural Input Trust Fund were, also spent on unintended purposes.

The audit noted that the main reason for having loans used for unintended purposes was the weak systems for monitoring the loan utilization and customers' business analysis. As a consequence, the loans that were not used for intended purposes denied the genuine customers with the equivalent amount of funds that would have been used for more relevant purposes. For instance, the TZS 7 Billion at Tanzania Agricultural Development Bank (TADB) could have been used to provide guarantee for loans up to TZS 14 Billion based on the loan-guarantee ratio of 50%.

c) Management, Development and Promotion of National Museums Cultural Heritage Sites and Tourism

The audits on the, Management, Development and Promotion of National Museums, Cultural Heritage Sites and Tourism, found several initiatives by the Government to improve the tourism sector. Such initiatives include the strategies for the rehabilitation of physical infrastructure, improving and increasing by 80% the services provided in the number of Cultural Heritage Sites, enhancing preservation and conservation of cultural heritage resources, including developing and promoting tourist attractions. However, the following areas need further improvements;

Inadequate Development of National Museums and Cultural Heritage Sites

The audit noted inadequate development of Museums and Heritage Sites as well as underperformance of the Museums and Heritage Sites, where, only 14% of Heritage Sites in the country were operating with the availability of qualified human resources and were open for public access on tourism and education purposes. Also, Museums Premises were not designed to ensure the wellbeing and sustainability of Museums' collections. For instance, three out of four visited museums namely; the National Museum and House of Culture, Majimaji Museum and the Village Museum - both were found with limited space for storage of museum collections.

On the level of compliance to the requirement for the establishment and management of museums, it was found out that 1 out of 10 parameters, the museums fully complied. This was display exhibition. The museums partially complied to 6 out of 10 parameters namely, research, conservation and restoration of collections, documentation of collections, museum premises, competence of museum practitioners, and income generating policy, The Museum did not comply with 3 out of 10 parameters, namely disposal of objects, insurance, and collection policy. To a large extent, museums in the country complied with only 1 out of 10 established parameters for the establishment and management of museums.

Inadequate Identification and Acquisition of Museums Collection and Heritage Sites

Also, the audit noted inadequate mechanisms in place for the identification and acquisition of museums' collections and heritage sites. This was attributed to insufficient research that could enable the identification and inform on the proper procedures for acquiring museums' collections and heritage sites at the Ministry of Natural Resources and Tourism (MNRT). Insufficient research activities were due to the absence of research plans, non-establishment of the Research Council, insufficient monitoring of research undertaken in the country, and a lesser number of experts in the field of antiquities.

Inadequate Conservation and Preservation of Museums' Collections and Cultural Heritage Sites

The audit showed the Museums were not conducting enough researches to know preservation status of museum's collections and plans for conservation of Cultural Heritage Sites due to slow pace of gazetting heritage sites and presence of un-demarcated conserved areas.

Ineffective Intervention for Promotion and Marketing of Tourism Products

The audit team also noted an absence of effective interventions, for promotions, engagement of stakeholders and identification of investment opportunities to support its strategies. This was well revealed through Tanzania Tourist Board (TTB) which did not manage to adequately promote and market the tourist products in the country. Delays in the operationalization of the digital marketing studio, has limited the Board from making major advancements in the marketing of the tourism sector. Likewise, TTB lacks sufficient capacity such as financial, experienced trained human resources and advanced tools to effectively promote the available tourist products. For the period of five years, TTB received only 19% of its budget for the promotion and marketing of tourism.

Inadequate Development of Key Tourist Attractions

The Audit Team noted presence of undeveloped key tourist products that are potential for generating revenues. This is despite the requirements of the Tourism Policy, 1999, which requires the Ministry of Natural Resources and Tourism to facilitate development of quality tourist products and diversify tourist attractions. The Policy emphasizes on the development of primary attractions like wildlife, improvements in the accommodation and other supportive services such as transportation, restaurants and banking services.

Furthermore, the Audit Team noted that, the Tanzania Tourism Board had inadequate capacity to adequately promote and market tourism in terms of tools, technology, funds and human resources.

Management of Business Registration and Licensing

The audit acknowledges efforts put forth by BRELA to ensure timely registration and Licensing of Businesses by automating its business processes. In this regard, BRELA had introduced the Online Registration System that assisted in business registration and Licensing processes. Despite system challenges the registration and licensing systems have greatly revolutionized BRELA's business processes by reducing turnaround time to be taken in registering and licensing of businesses.

Moreover, for the control activities on measurement, the Ministry of Investment, Industry and Trade in collaboration with other ministries have managed to start a construction of flow metering System at ports of Mtwara, Tanga and Dar es Salaam at Kurasini Oil Jet, the effort that will monitor the quantity and quality of imported fuel.In addition to that, this audit acknowledges the efforts put forth by the Ministry on the processes started on formulating National Quality Policy which, when implemented, will earmark priority areas for weights and measures. However, the following areas, for further improvements, were noted:

Inadequate Capacity of the Online Registration System

The Audit noted that the business registration and licensing activities were not done as per Section 4 (2) b of the Executive Agencies Act, Cap.245 [R.E. 2002]. Likewise, the ICT System Review Report, done by National Internet Data Center (NIDC), had noted that the capacity of Online Registration System (ORS) was inadequate. The inadequacy was associated to lack of hot disaster recovery backup, in case of emergency. Similarly, through the review of Meeting Minutes between BRELA and NIDC, it was also noted that the ORS infrastructure, operated at a single primary site and there was no secondary hot disaster recovery site that would have improved the capacity of the system. As a result, the system needed several maintenances and re-designing within a short period of time during and after the warranty period.

Inadequate capacity of the developed ORS system was attributed to insufficient skills in project management at BRELLA's officials in properly monitoring the Vendor to ensure all agreed aspects were executed as per the contract. As a result, the Vendor developed the system without covering all the required specifications. It was noted that aspects such as IT help desk, SMS module, record management system and internal chatting that were stipulated in the contract but were not installed. Due to the noted inadequacy a total of 86,000 out of 281,000 applications received (equivalent to 31%) were not attended.

Inefficient Processes in Registering and Licensing Businesses Activities

The audit noted inefficiencies in the registration and licensing processes to ensure timely renewal of licenses and registration of business activities.

The registration system was not efficient to effect the intended activities as required by Ministerial Advisory Board. The audit found that, network problem was among the bottlenecks that reduced the delivery speed during Online-registration and licensing processes. BRELA has inadequately integrated the ORS system with other stakeholders' systems. The Audit noted that BRELA's Online Registration System has completely been integrated into two out of 17 external systems, envisaged to be integrated with other Government institutions.

BRELA lacks Clients' Service Charter, which could be the benchmark of provided services. The current Charter at BRELA expired in 2018, and hence lacked legitimacy. In absence of Clients' Service Charter, customers were not informed on the exact time that would be taken to process an application. Also, the audit noted that the system was associated with weaknesses because when the clients posted their applications, the ORS could not assign the submitted applications to specific action officers. Instead, applications remained in the pool, and the action officer, would discretionally select the application to start with.

Consequently, inefficient process has led to delays in issuing of licenses. It was noted that 55% of all license applications made, were delayed. The noted delay ranged from 5 to 800 days, which was contrary to the prescribed standards.

Inadequate Management of Secondary and Working Standards

The audit found inadequate management of secondary and working standard and verification of their accuracy. According to the reviewed implementation reports and verification of certificates, there was shortage of verification certificate of the working standards. Review of Working Standards Verification Certificates noted that, WMA did not verify all the weight measuring working standards. Based on the review of Standards Record Files, it was noted that there was no formal database to capture the performance status of secondary standards at WMA HQ. Moreover, there was no information of the availability of the working standards in the visited WMA regional offices.

Due to inadequate management of secondary working standard, WMA did not timely conduct verification for accuracy. Review of secondary standards calibration certificates issued by TBS, revealed that the secondary standards at WMA Headquarters were verified for their accuracy (traceability) at intervals exceeding two years contrary to the requirements.

d) Management of Mechanisms for Revenue Collection in the Mining Sector

The audit on the Management of Mechanisms for Revenue Collection in the Mining Sector noted that from the financial year 2018/19 to 2020/21, the Mining Commission has made significant efforts to ensure, attainment of the set targets, in annual revenue collections, mainly through royalties, clearance, and inspection fees. To a greater extent, the achievements were attributed to the strengthened management in mineral production, as well as flourishing mineral and gemstone markets. However, the following areas need further improvements;

Inadequate Mechanisms to Ensure Effectiveness of Revenue Projection's Model

The Mining Commission has not adequately ensured that the identified controls that aim to maximize revenue collection were well-coordinated and/or exhaustive based on the revenue sources identified in respective RMOs. The identified measures include the conduct of the financial audit and tax reviews, reconciliation for payable royalties, monitoring the quantity of minerals produced, issuance of mineral transport permits, and control of arrears revenue. Besides, it was noted that the Commission lacked a system that could integrate all necessary information that ought to be used to forecast annual revenue collection.

Additionally, the audit team noted that the failure to establish an integrated system to capture the available measures in revenue collection was mainly attributed to lack of information on an exhaustive list of potential measures to forecast annual revenue estimates. It implied that the Mining Commission is not fully-informed on potential contribution for the existing mineral sources.

Ineffective Procedures for Mineral Valuation

The Audit found that the Mining Commission lacks documented guidelines on the procedures for valuation of industrial minerals, energy minerals, and building, which are key to ensure uniformity in mineral valuation procedures. However, the guidelines for the valuation of metallic minerals were issued in the financial year 2021/22 which implies that for the period of the financial year starting from 2018/19 to 2020/21, the Mining Commission had no guidelines on valuation procedures for metallic minerals.

In addition, the Audit Team found out that, there was inadequate valuation of diamond/gemstone in the sense that, the number of valuers was not sufficient as per the requirements and standards portrayed in the guidelines. It was further noted that there was inadequate monitoring of the quality and quantity of the produced minerals attributed to insufficient allocation of MROs since they were more allocated to the gold producing areas 7 out of 13.

Nevertheless, though the fact that MROs are located in mineral producing Mining Companies, the audit noted that currently, the allocation of the MROs does not match the available number of Mining Companies; there is a total of 13 MROs out of 287 producing Mining Companies.

The mineral valuation procedures in place were posing a risk of underestimating the presented quantity of minerals produced, since they formed a basis for determining payable government charges. It was further revealed that ineffective procedures in mineral valuation were due to the low priority placed on emphasizing adherence to the procedures that ought to take place during the conduct of mineral valuation for all types of minerals.

Inadequate Monitoring of the Taxable Income to the Mining Companies

Overall, coverage of the conducted financial audits and tax reviews to verify taxable incomes were not adequate as this information would have helped the Commission to be informed on the precise amounts of charges payable to the Government. It was noted that the conducted audits managed to cover between 4.6% and 17.8% of the available Large and Medium Scale Mining Companies, for the financial years 2018/19 to 2020/21.

On the other hand, it was noted that there was insufficient monitoring of the imposed tax incentives to the mining companies to ascertain the revenue collectable. Likewise, it was revealed that for the financial years 2019/20 and 2020/21, there were less than 20% of all the mining companies audited in exploration costs. The Audit Team had the view that the observed weaknesses could be attributed to the limited resources in terms of the number of personnel and/or equipment to facilitate the conduct of the audits that ought to cover all the available Mining Companies.

Consequently, failure to adequately examine and monitor exploration costs of the potentially contributing Mining Companies had the possibility of creating loopholes that were likely to be used to prolong and inflate the said costs, which in turn, created the artificial losses and eventually lowered the revenue payable to the government as taxable income.

e) Provision of Criminal Justice in Tanzania

The audit on the Criminal Justice System in Tanzania noted significant efforts by the Ministry of Constitution and Justice in assisting the institutionalization of the Office of DPP, by establishing the National Prosecutions Service (NPS), as an independent and autonomous public office. Also, the NPS deals with delay by delegating powers of DPP to issue consent to the Regional Prosecutors so as to speed up prosecution. To expedite proceedings, the Judiciary has been engaging in the use technology i.e., e-filing system for filing, video and audio conference hearings. Furthermore, a benchmark (target) which was created to set a minimum number of cases to be disposed by judges and magistrates over specified period. However, the following areas, for further improvements were noted:

Increased Number of Filed Criminal Session as compared to Disposed Criminal Cases

The spirit behind the 2016/2017 to 2020/2021 Strategic Plan of the Judiciary of Tanzania was to accelerate criminal justice delivery. However, the

Judiciary of Tanzania did not manage to timely achieve a 100% disposition of filed criminal cases within time-target. The pending criminal cases were postponed to the following years.

The audit revealed failure to achieve the target of case clearance was hindered by procedural requirement of scheduling criminal sessions which included submitting calendar and budget to the Chief Justice for approval.

Investigation Timelines Hardly Complied

According to the Police Force and Auxiliary Service (Police General Order), 2021, a criminal investigation is required to be completed within one year for capital offenses and six months for other offenses.

However, the set timelines were not realistic and their implementation was difficult and rarely achieved. An observed reason for the failure to achieve the set timeline was that its development did not base on a detailed study with an assessment of time taken of each activity in the investigation process, and complexity of case.

Other observed reasons include delays in obtaining results from Experts' Examination. However, the audit noted that the Police Force use other entities such as the Government Chemist Laboratory Authority, Mobile Network Companies, Tanzania Revenue Authority (TRA), Financial Institutions (Banks) etc. to support examination of the evidence collected.

Some delays in Police investigations, are associated with a geographical location of crime scene, particularly when the crime was committed in remote areas.

Insufficient Number of State Attorneys

The NPS was the only public prosecuting entity that controls and prosecutes criminal cases in the country. However, its staffing level was not reflecting the government effort to minimize the presence of delayed investigation process and reduce the problem of delayed Justice Delivery. Currently, the NPS has 661 staff against the analyzed demand of 5890 which was equal to deficit of 89% of State Attorneys.

The audit acknowledged the existence of this challenge of insufficient number of State Attorneys compared to the number of cases they are assigned. Based on workload analysis compared to the number of prosecutors, the audit noted that the available staff were allocated based on the amount of work-load in the specific court.

The analysis of the number of filed cases against the number of prosecutors in the visited courts revealed that the available staff, although not sufficient, was not allocated based on workload. Although, NPS has not established the required standards (of number of cases per prosecutor), in some of the High Court and Resident Magistrate's Courts the workload was relatively high. For example, in Mbeya High court one Prosecutor was supposed to handle an average of 289 criminal cases per year, while at the Arusha Resident Magistrate's Court, one prosecutor was required handle about 325 criminal cases per year. The set averages were not effective in the effort to minimize the prolonged investigation process and reduce the problem of delayed justice delivery.

f) Conservation and Protection of Wetland Ecosystems

The Audit on the conservation and protection of wetlands ecosystems noted significant development in the sector. The government has taken initiative to evict farmers from the encroached areas, banned illegal settlements/villages, and changed the status unprotected areas into protected areas, developed guidelines for sustainable management of wetlands.

The government, through LGAs has established Village Land Use Plan through which villagers are informed on where to conduct their daily life activities. All these aimed at conserving and protecting wetlands ecosystems. However, the following areas, need further improvement.

Ineffective implementation of National Wetland Management Strategy/Programme

The audit noted ineffective implementation of strategies for management of wetlands ecosystems by VPO, PO-RALG and MNRT. The audit noted that National Strategies for Wetland Management such as; Administration and Regulation of wetlands; Promoting stakeholder's participation in conservation and sustainable utilization of wetlands; Promoting sustainable use of wetlands resources for economic growth; Promoting information sharing, locally, nationally, regionally and internationally; and Preparing physical inventory and implement development plans to protect wetlands[2] were not implemented as required.

The strategies aimed at conserving and protecting wetlands were ineffectively implemented. Inadequate planning, weak coordination among key actors, ineffective monitoring of wetland ecosystems in the country were among the key causes for ineffective implementation of the strategies. As a result, there has been encroachments to the wetlands that has resulted into: -

Significant Reduction of Wetland Coverage

The audit noted that, for the past 20 years, two out of eight visited wetlands indicated a reduction of coverage size ranging from 11% to 72%. Kilombero Valley Flood Plain Ramsar Site (KVRS) indicated the highest reduction of 72% in 20 years. This Valley contributes about 62%[3] of water to Rufiji River. This extent of the reduction of wetland coverage size in Kilombero Valley Ramsar Site has impact in sustainability of volume of water that flows to Rufiji River.

Similarly, the audit noted a reduction of coverage size for Usangu (Ihefu) by 11%. This reduction will have an impact on the reduction of volume of water that flows to Great Ruaha River (*Mto Ruaha Mkuu*) which also flows to Mtera Dam for hydropower generation[4].

Moreover, reduction of coverage of size of wetlands apart from its impact on the reduction of volume of water for hydropower generation; it also hinders the attainment of Sustainable Development Goal Number; 15, targets 15.1, 15.3 and 15.5 which emphasize on restoration, protection of wetlands ecosystems and preventing degradation in wetland ecosystems.

Increased Degradation of Wetlands in the Country

The audit noted that, eight (8) visited wetlands areas, namely; Kilombero Valley Flood Plain Ramsar Site, Lake Natron Ramsar Site, Malagarasi-

[2]National Wetlands Management Strategy (2011-2020).
[3]Taarifa Kuhusu Hali ya Mapori Tengefu yaliyobadilishwa Hadhi au Kufutwa, Maeneo ya Ardhioevu na Vitalu yya Uwindaji wa Kitalii Vilivyo Wazi kwa Kamati ya Kudumu ya Bunge ya Ardhi, Maliasili na Utalii (Oktoba, 2019).
[4]Report on Resilient Natural Resource Management for Tourism and Growth Project (REGROW), April 2021

Muyovozi Ramsar Site, Rufiji-Mafia-Kilwa Ramsar Site, Ugalla River Swamp at Katambike Village in Nsimbo DC, Usangu (Ihefu) wetland, Minziro Nature Forest Reserve, and Lake Victoria Wetland have undergone degradation after being encroached by various degrees. The major causes of wetland degradation in all visited LGAs are linked to increased human activities in the wetland ecosystems which are intensive agriculture, settlements and livestock grazing. These driving forces to wetland degradation, have been to a large extent, affecting the quality and quantity of wetland.

Inadequate implementation of controls measures such as patrols by LGAs, TAWA, and TFS, lack of awareness campaigns, and non-upgrading of wetland areas into reserved /protected area, have largely increased human activities. Increased overgrazing was evidenced in the visited wetland ecosystems, whereby in all eight visited wetlands, number of cattle per unit area ranged from 1 to 19.

The reasons for overgrazing include: (i) Absence of set targets and strategies for reducing number of cattle to suit the grazing land whereby LGAs, TAWA and TFS had no target of reducing number of cattle to suit the available grazing land; (ii) Inadequate coordination among responsible government entities in protecting wetlands whereby VPO has not established adequate coordination mechanism/system among the Government entities in protecting the wetland ecosystems. This contributed to un-lawful establishment of settlements which in turn grow and get registered as formal villages. An example of this is Ng'ombo village in Kilombero District which was established before 1975 and was registered in 27th September, 1993 under registration number MG/KIJ/46[5].

Inadequate Control of Pollution within the Wetland Ecosystems

The audit revealed TAWA, TFS and LGAs, inadequately controlled pollution in the wetland ecosystems. This was evidenced by the presence of solid waste pollution in the visited wetlands. Four out of eight wetlands visited experienced solid waste pollution that ranged from 0 to 80% whereby Kilombero Valley Flood Plain Ramsar Site (KVRS) had 80%. The reason for KVRS to have the highest solid waste pollution is due to development of urban area (towns) namely Ifakara, Mlimba and Lupilo. Similarly, the audit

[5]A Report of Mlimba District Executive Director

noted the presence of wastewater pollution in the visited wetlands whereby five out of eight visited wetlands experienced wastewater pollution.

The audit noted that human activities had contributed to the problem of soil erosion and siltation on lakes and rivers such as Lake Sagara, Lake Nyamagoma, Malagarasi River as well as other water bodies.

Overall Conclusion

The audit recognizes the audited entities' efforts in improving efficiency in order to achieve the FYDP II objectives by 93.8%, which aimed at nurturing industrialization for economic transformation and human development. The FYDP also envisages the Sustainable Development Goals (SDGs) in implementing the FYDP II in areas of development and maintenance of infrastructure, management of loans and revenue, improving business environment as well as enhancing tourism and conservation of wetlands.

However, the audits conducted in the above areas conclude that despite the efforts deployed by the audited entities in ensuring that FYDP II and SDGs objectives and goals are met, there are still challenges, which impede the likelihood of attaining the desired objectives. There are weaknesses in managing development and maintenance of infrastructure, loans and financing schemes, revenues, tourism, business and trade. The audited entities do not adequately plan, execute, supervise and monitor their operations in their respective sectors. The weaknesses require immediate interventions to ensure that the government objectives towards attaining of economic transformation and human development in line with the respective SDGs are met.

Recommendations

This section presents the recommendations rose from the analysis of challenges discussed in chapter three to nine. In order to address the noted weaknesses in the attainment of human development and economic transformation, the audited entities are called to implement the Controller and Auditor General's (CAG) recommendations, as provided hereunder.

In order to ensure the development and maintenance of infrastructure are efficiently and effectively managed, the Ministry of Finance, Ministry of

Works and Transport, Ministry of Home Affairs, TANROADS and Tanzania Prisons Services should:

1. Ensure that development and maintenance of infrastructure is well planned, designed, executed and monitored for the purpose of reducing cost overruns, time and improving quality of the development projects, maintenance and prisons infrastructure.

In order ensure effective management of government loans and other financing schemes, the Ministry of Finance and Planning should:

2. Strengthen mechanism for monitoring and supervising activities of all Government Financing Programmes (GFPs) to ensure adequate planning and operations are devised to achieve the predetermined objectives.

In order to ensure that effective management, development and promotion of national museums, cultural heritage sites and tourism. The Ministry of Natural Resources and Tourism should:

3. Institute a proper road map towards transformation on the management of Cultural Heritage Sites that involves MNRT to transfer operation activities to a defined responsible entity for Cultural Heritage Sites; and

4. Develop comprehensive interventions to facilitate effective implementation of strategies and plans for development, promotion and marketing of tourist products in the country. The interventions should allow engagement of all key stakeholders in the identification of both potential tourist products and investment opportunities, development, promotion and marketing of tourist products available in all Regions of the country; Also, to ensure that, TTB has adequate capacity in terms of financial, tools and human resources sufficient to effectively implement its mandated roles.

The National Museum of Tanzania should:

5. Initiate plans to augment, conserve and preserve museum collections relating to Tanzania's cultural-histories and heritage in general. And have in place monitoring system on all Museums and Cultural Heritage Sites in the country.

The Tanzania Tourist Board should:

6. Enhance its mechanisms for promoting and marketing Tourist Products. This should include but not limited to use of advanced promotion and marketing technology, development of memorandum of understanding with key stakeholders, stakeholder's coordination and resource mobilization; and Enhance its strategies for the identification of potential markets for the tourist products at the national, regional and international level.

In order to improve business registration and controls of measurements, the Ministry of Investment, Industry and Trade through BRELA, WMA and TBS should:

7. Ensure that business registration and control of Measurements are effectively managed to ensure adequate and timely delivery of services to customers.

In ensuring effective management of revenue collections in mining sector, the Mining Commission of Tanzania should:

8. Establish mechanism that will ensure effective coordination of the available control measures in revenue collections and identify controls over all earmarked producing mineral resource areas targeting to maximize royalties, fees and other charges - revenue collection in the mining sector.

In order to ensure criminal justice system is well managed, the Ministry of Constitution and Legal Affairs should:

9. Establish an effective coordination to ensure attainment of objective between the justice sectors, with the common goal of promotion of rule of law and ensuring equal and timely access to justice for all as stated under SDG 16. Also have effective system to measure, monitor progress and ensure that enabling policies and legislations are adopted to support the implementation of the goal.

In order to ensure that conservation and protection of wetland ecosystems are effectively manages, the Vice President's Office, Ministry of Natural Resources and Tourism, and National Environment Management Council should:

10. Device a mechanism to develop a formal mechanism on implementing the National Strategy for Sustainable Wetlands Management to ensure effective conservation and protection of wetlands ecosystems.

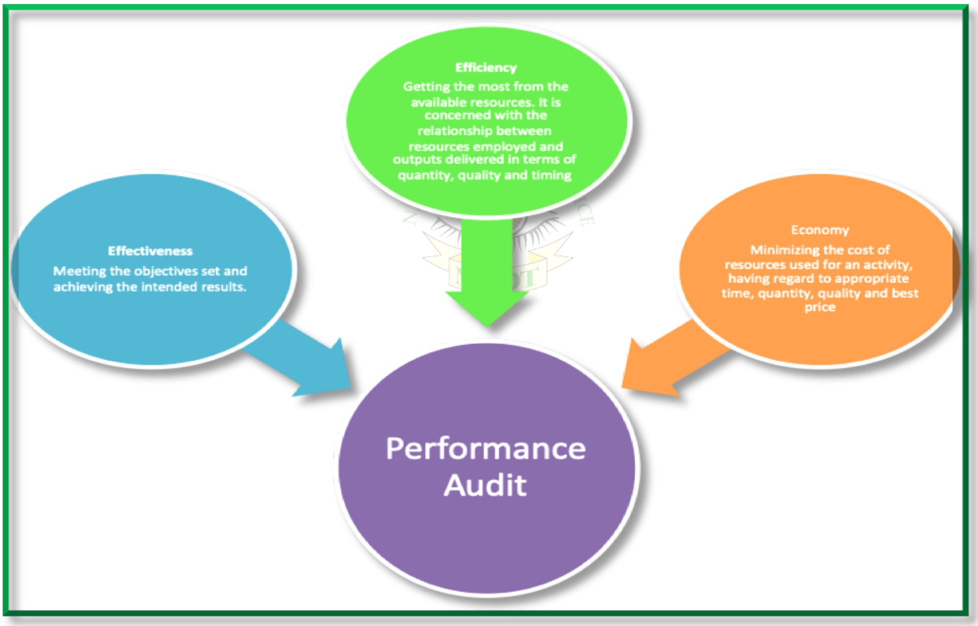
CHAPTER ONE

INTRODUCTION

1.1 Background of Performance Audit

Performance audits 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 as presented in **Figure 1.1.**

Figure 1. 1: Principles of 3Es in Performance Audit



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

The performance audit also attempts to determine whether the initial objectives set at the beginning of an undertaking were achieved. As a consequence of that, it is then deduced as to whether due regard for economy, efficiency and effectiveness were considered during the undertakings. Recommendations for improvement are made in those areas where it is felt that deficiencies have occurred.

Performance audit in public sector is important since it aims to constructively promote *accountability, transparency*, and *performance of Government undertakings* so that its citizens receive timely and quality services. It serves as a basis for learning and improvement.

In performance auditing, different factors are considered in selecting areas of focus. The factors include; public outcry and the importance of the area in relation to socio-economic development.

1.2 Mandate for Conducting Performance Audit

The Controller and Auditor General of Tanzania is given the legal mandate to carry-out Performance Audits as per Section 28 of the Public Audit Act Cap. 418 [R.E. 418], which states that:

"The Controller and Auditor-General shall, for the purposes of establishing the ***economy, efficiency and effectiveness*** *of any expenditure or use of resources of the 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

The presentation of this general report aims at assisting Members of Parliament, the Government, Mass Media, the Public, and other stakeholders to make informed decisions in order to implement the requirements for the increased economy, efficiency, and effectiveness in the conduct of various government businesses.

The report provides insights on issues found in the conducted performance audit report and their impact towards supporting the achievement of

Sustainable Development Goals. It also provides an evaluation of the performance of the government entities in fulfilling their operations in Five Years Development Plan that aimed at the economic transformation and human development.

The focused areas in the performance audit are; development and maintenance of infrastructure, management of loans, development and promotion of museums and tourism, business registration and control, and revenue management in mining. Other focus areas, were on the management of backlog of cases, conservation and protection of wetland ecosystem, and control and regulation of weight and measure. It further, provides the extent to which the government operations brought impacts in attaining the Sustainable Development Goals (SDGs). **Table 1.1** provides a summary of the Performance Audit Reports and the respective audited entities.

Table 1.1: Performance Audit Reports and Respective Audited Entities

Audit Report	Audited Entities
Management of Construction Development Projects Financed through Loans	Ministry of Finance and Planning
Maintenance of Road	Ministry of Work and Transport and Tanzania National Roads Agency
Administration and Provision of Remands and Prisons Infrastructure	Ministry of Home Affairs and Tanzania Prison Services
Management of Higher Education Students' Loans	Ministry of Education, Science and Technology and Higher Education Students' Loans Board
Financing and Management of Government Funds and Programs	The Ministry of Investment, Industry and Trade through National Economic Empowerment Council and Ministry of Finance and Planning
Management of Museums and Historical Sites	Ministry of Natural Resources and Tourism and National Museum of Tanzania
Development and Promotion of Tourism Sector	Ministry of Natural Resources and Tourism and Tanzania Tourists Board
Management of Business Registration and Licensing	Ministry of Investment, Industry and Trade and Business Registration and Licensing Agency
Implementation of Controls in Measurements	Ministry of Investment, Industry and Trade, Tanzania Bureau of Standards and Weight and Measure Agency
Development and Management of Mechanisms for Collection of Revenue in Mining Sector	The Mining Commission of Tanzania
Management of backlog of cases by the justice system	Ministry of Constitution and Legal Affairs, Judiciary of Tanzania, National Prosecution Service and Tanzania Police Force
Conservation and Protection of Wetland Ecosystems	Vice Presidents' Office, President's Office - Division of Environment and Ministry of Natural Resources and Tourism

***Source**: Auditors' Analysis from Individual Performance Audit Reports, 2022*

1.4 Focus of this General Report

This report focused on presenting the impact of various Government efforts/operations towards economic transformation and human resources development as linked to SDGs and in line with the implementation of the Tanzania National Five-Year Development Plan (FYDP II) 2016/17 - 2020/21.

As a signatory to the 2030 UN Development Agenda, Tanzania, along with other UN member countries, is implementing the Global Agenda. The Agenda represents an integrated plan of actions on economic, environmental and social solutions for achieving sustainable development and incorporates 17 Sustainable Development Goals (SDGs).

SDGs strive to tackle poverty and hunger, reduce inequality, build peaceful and just societies, promote gender equality and protect natural resources. SDGs are ambitious and interlinked. However, their successful and timely realization requires a complex process, which calls for a multilateral engagement.

Thus, Supreme Audit Institutions (SAIs), is at the core of effective, accountable and inclusive institutions for sustainable development and support every stage of SDGs implementation.

Recognizing 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 - 2022, calling upon member SAIs to contribute to the follow-up and review of the SDGs within the context of individual nation's specific sustainable development efforts and SAIs' individual mandates.

Therefore, this general report is based on the analysis conducted by National Audit of Tanzania (NAOT) from the 12 Performance Audits in assessing the impact of government operations in facilitating the achievement of the Sustainable Development Goals (SDGs).

1.5 Importance of Sustainable Development Goals

On September 25, 2015, 193 United Nations Member States adopted the Sustainable Development Goals (SDGs), a set of 17 aspirational goals with 169 targets that would direct government, international agencies, civil society, and other organizations' actions over the period of 15 years (2016 - 2030). The 2030 Agenda, which succeeded the Millennium Development

Goals, is a worldwide vision for people, the planet, and long-term prosperity.

The 2030 Agenda lays- out a strategy for the future, guiding the globe towards 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.

Figure 1. 2: Sustainable Development Goals and their Respective Objective

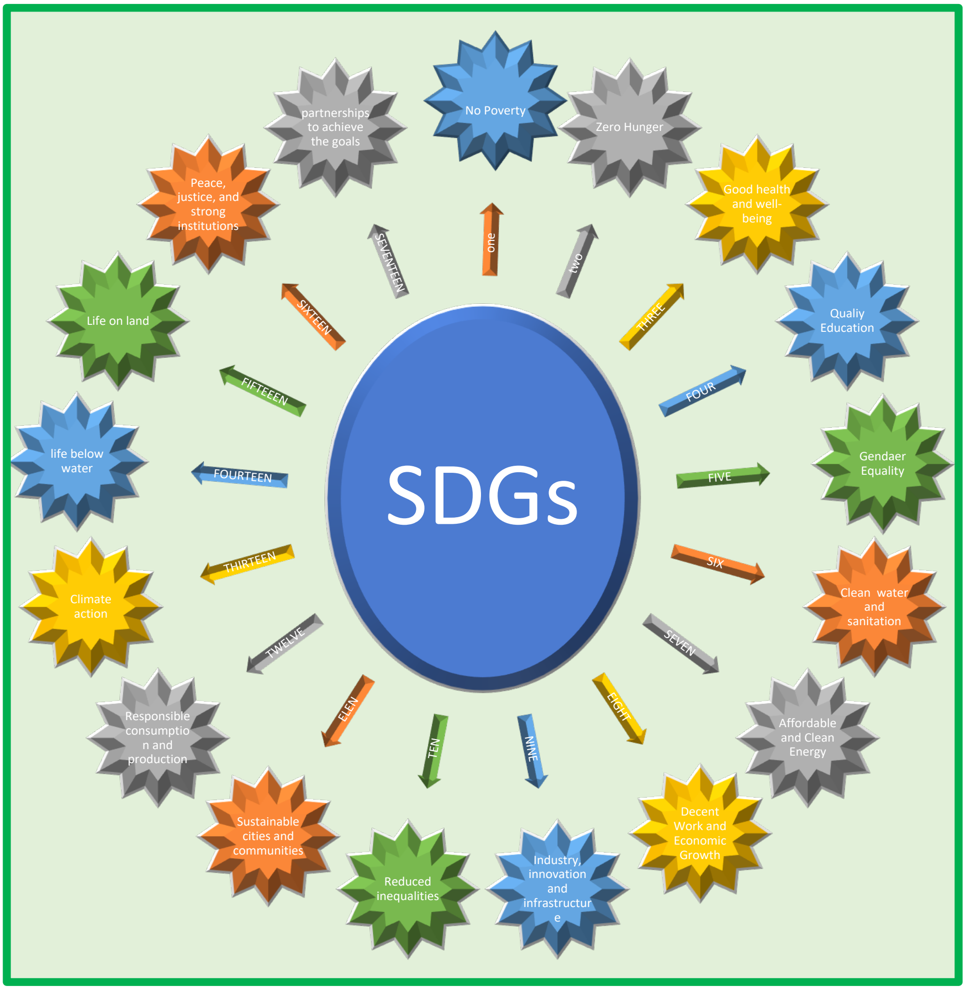


Figure 1.2 indicates the SDGs which have been incorporated into the Five-Year Development Plan II (FYDP-II) which focused on economic transformation and human development.

1.6 Justification for the Audit

Tanzania, being the signatory to the 2030 Agenda on SDGs, has taken initiatives to integrate the agenda into the national context. During the conclusion of the 2030 Agenda, Tanzania has prepared its Second Five Years Development Plan (FYDP II), and part of SDGs and targets were reflected in the plan.

Further, through Tanzania Development Vision (TDV) 2025, Tanzania embodies its aspirations with respect to development, which inter alia sets the target of economic growth rate of at least 8% per annum. Such growth rates are considered necessary for reducing poverty and propelling Tanzania from a least developed country to a middle-income country with a high level of human development. TDV 2025 envisioned an economy which is transformed from a predominantly low productivity agricultural economy to productivity agriculture. For the SDGs to be attained, everyone, namely: Governments, Parliaments, the private sector, civil society and the people, needs to do their part.

The Controller and Auditor General as an external auditor of the government is a key actor in ensuring that government plays its role in providing the required services to the people. Moreover, the Controller and Auditor General also informs the Parliament about the performance of the government and what steps it has taken in ensuring that SDGs are attained.

Therefore, to respond to that call of contributing to the attainment of the SDGs, the National Audit Office of Tanzania (NAOT) has aligned its performance audits with the adopted 2030 Agenda for sustainable development and its 17 sustainable development goals in order to assess their implementations and provide recommendations for further improvements. Some of those targets of SDGs are facilitated through the 12 Performance Audit conducted.

1.7 Data Validation Process

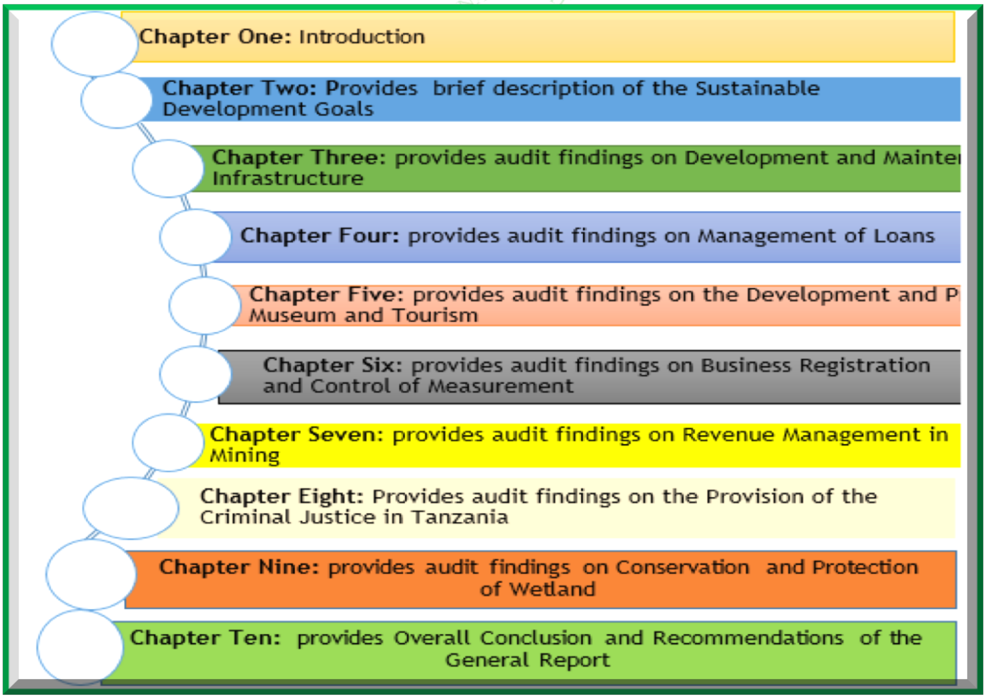
Performance audits were conducted in accordance with the International Standards for Supreme Audit Institutions on performance auditing. Those standards require the NAOT to plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for findings, conclusions,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

Therefore, as for audit standards, the audited entities, namely, the Ministry of Education, Science and Technology, Ministry of Finance and Planning, Ministry of Minerals, Ministry of Natural Resources and Tourism, Ministry of Constitution and Legal Affairs; Tanzania Bureau of Standards, Tanzania Tourists Board, Tanzania National Roads Agency, National Museum of Tanzania, Higher Education Students' Loans Board, Business Registration and Licensing Agency, Weight and Measure Agency, Tanzania Prison Services, Judiciary of Tanzania, National Prosecution Service and Tanzania Police Force, were given opportunity to discuss and comment on the individual audit findings and correct factual misrepresentation during the preparation of individual performance audit reports.

1.8 Structure of the Report

This general report is structured into ten chapters as presented in **Figure 1.3.**

Figure 1. 3: Structure of Chapters in General Report



CHAPTER TWO

SUSTAINABLE DEVELOPMENT GOALS

2.1 Background

In 2015, 195 Nations agreed with the United Nations that they could change the world for the better. Being a member of the United Nations, Tanzania is obligated to embraces and abide by the 17 Sustainable Development Goals (SDG) to achieve high quality and sustainable human development. SDGs are interconnected and ambitious goals that aim to address the major development challenges faced by people in Tanzania[6]. The 17 SDGs are integrated in a manner that recognizes that an action in one area will impact outcome in others areas and that development must balance social, economic, and environmental sustainability.

The timing of the formulation of the SDGs in September 2015 coincided with adaptation of the second medium-term framework for implementing the Vision, the National Five-Year Development Plan 2016/17 - 2020/21 (FYDP) II. The co-existence of the two plans provided Tanzania with an ample opportunity to integrate the priorities of the 2030 Agenda into the medium-term plan.

The Ministry of Finance and Planning, has been taking various initiatives to ensure the SDGs were integrated into the national context and well implemented. The efforts have been made to ensure that the SDGs have also been incorporated into subsequent sector plans and strategies sectoral plans. Therefore, the implementation of the national development strategies will also impact on both the SDGs' achievements and the national development goals. In ensuring 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 and provides regular feedback and guidance.

The Office of Controller and Auditor General is responsible for ensuring the goals are not only attained, but the principles of efficiency, effectiveness,

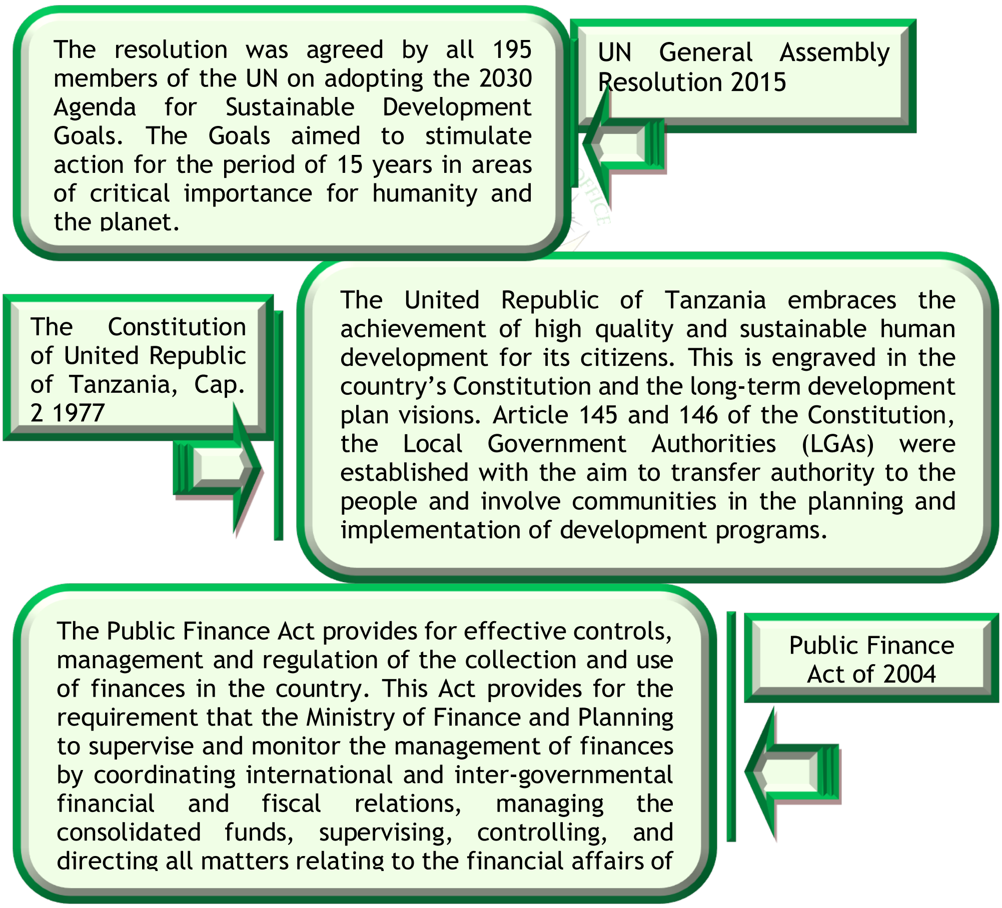
[6]https://sustainabledevelopment.un.org/memberstates/tanzania,Sustainable Development Goal (SDG) Implementation, Follow-up and review in Tanzania – 2017

and economy were highly maintained by the responsible entities during implementation of programs and activities, geared at achieving the goals.

2.2 Key Instruments and Legal Framework Governing SDGs in Tanzania

Tanzania has robust development frameworks being supported by policies, plans, and strategies, as well as a legal framework for the implementation of the country's development agenda in general and the SDGs in particular. The supportive environment for implementing the SDGs in Tanzania is strong. Among the key instruments are shown in **Figure 2.1.**

Figure 2.1: Summary of Key Instruments and Legal Framework in Governing SDGs in Tanzania



Source: *Auditors' Analysis, 2021*

2.3 Strategies for the Implementation of SDGs in Tanzania

The National Five-Year Development Plan (FYDP-II) is built on the three pillars of accelerating transformation, namely; industrialization, human development, and implementation effectiveness. To ensure successful attainment of the Sustainable Development Goals, the FYDP-II seeks to integrate global and regional solidarity agreements, specifically SDGs to mainstream them into the national development planning and implementation frameworks.

Five-Year Development Plan II - (2016/17 to 2020/21)

Phase-II of the Five Year Development Plan (FYDP-II) carries a theme of "*Economic Transformation and industrialization for Human Development*" with the aim of:

a) Nurture an industrial economy in a bid to transform Tanzania into a semi-industrialized nation by 2025;

b) Accelerate economic growth while making sure that the quality of that growth will benefit the majority of the people in terms of significant poverty reduction and job creation especially for the youth and women; and

c) Foster and strengthen implementation effectiveness.

The FYDP II was developed in 2015 when the 2030 Agenda for SDGs was adapted hence some of the SDGs targets and indicators were integrated into the plan. A total of 9 out of 17 goals of the 2030 Agenda were integrated into the FYDP II. The embedded goals include; end poverty (goal 1); agriculture and food security (goal 2); Health (goal 3); education (goal 4); gender equity (goal 5); water and sanitation (goal 6); energy supplies (goal 7); infrastructure and industrialization (goal 9) and partnership for the goals which is goal number 17.

FYDP II also implements aspects of TDV 2025 which aims at 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 to the nation by the year 2025.

Long Term Perspective Plan - (2011/2012-2025/2026)

The Long-Term Perspective Plan (LTPP) 2011/2012-2025/2026 was developed and adapted to provide an interpretation as well as sharper and more focused guidance of the country's development direction intended in Tanzania Development Vision for 2025. Specifically, the LTPP aims at enhancing significant changes in sectorial growth i.e. increase of manufacturing sector contribution, growth of agriculture sector by an annual average of 6.0% instead of 4.4%, growth of industrial sector growth, and increase in the share of the service sector.

This has been made possible through outlining some quantitative targets under which a country could measure its performance. Moreover, the financing mechanism in the implementation of the LTPP has been outlined within the plan.

Tanzania Development Vision 2025

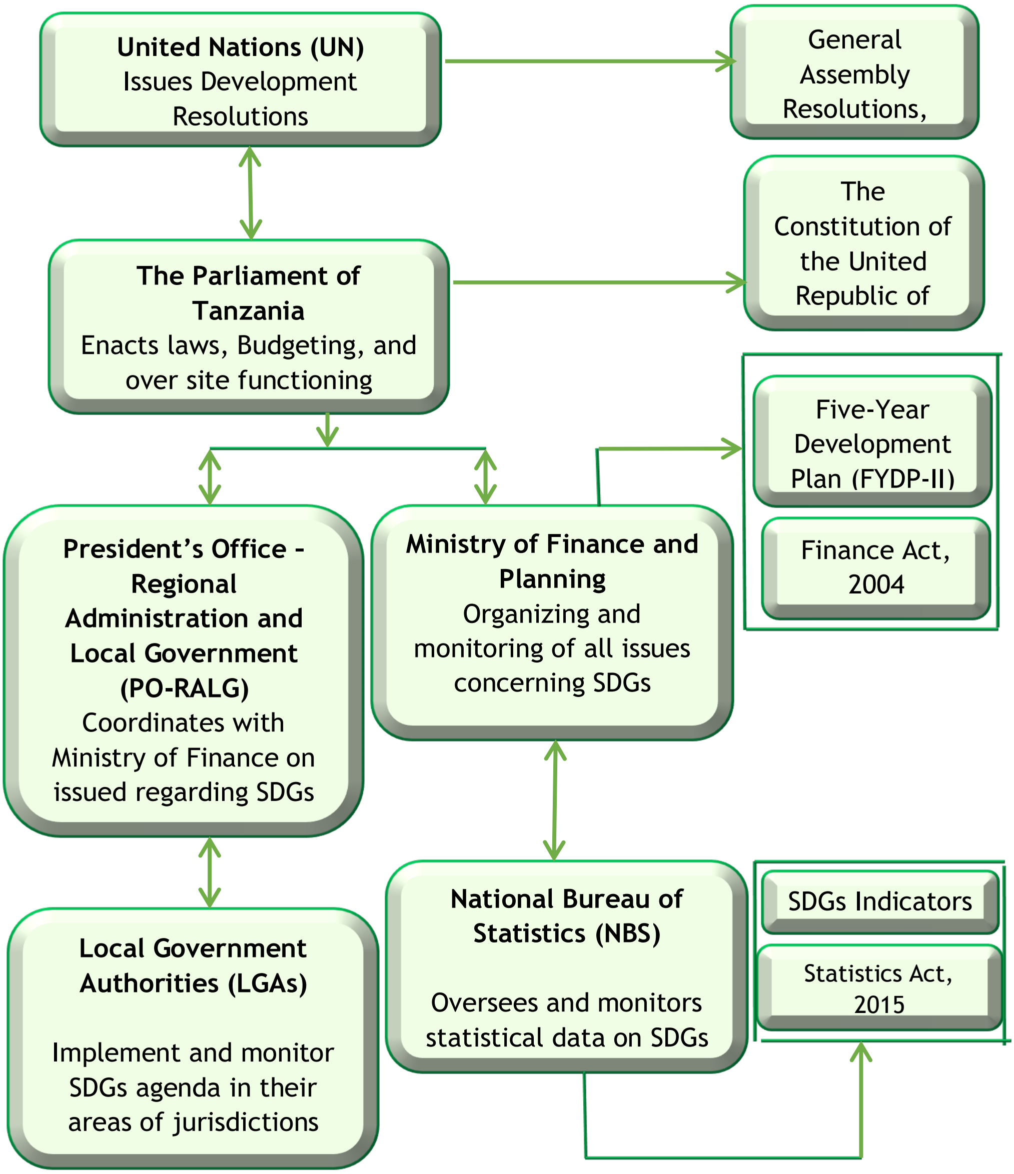
The National Development Vision of 2025 has drawn the map towards making our country a middle-income economy. The formulation of the Tanzania Development Vision of 2025 was, therefore, aimed at achieving this through;

a) Ensuring good governance and the rule of law as reflected in SDG goal number 16, and it speaks of the key role that governance and the rule of law play in promoting peace, justice, and inclusive societies and in ensuring sustainable development;

b) Building a strong and resilient economy that can effectively withstand global competition, which is similar to SDG goal 9, and it articulates having a strong infrastructure, promoting inclusive and sustainable industrialization, supporting technological development and foster innovation; and

c) Achieving quality and good life which is similar to SDG goal number 3, and addresses healthy lives and promoting the well-being of all age groups, crucial for sustainable development; while goal number 4 promotes inclusive and equitable quality education and promotes lifelong learning opportunities for all.

Figure 2.2: Summary of the Strategies on the Implementation of Sustainable Development Goals in Tanzania



Source: *Auditors' Analysis (2022)*

2.4 Key Actors in the Implementation of SDGs in Tanzania

This section, presents key actors in the implementation of Sustainable Development Goals in Tanzania. It summarizes their roles, responsibilities as well as strategies for the overall implementation of SDGs in Tanzania.

2.4.1 Roles and Responsibilities of the Key Actors

The implementation of SDGs is done by different stakeholders in the country. These stakeholders are in levels at all capacities including planning, coordination, implementation and monitoring the achievement of the development goals. Key stakeholders involved in the implementation of government interventions aimed at achieving sustainable development goals are as indicated in **Figure 2.3.**

Figure 2.3: Roles and Responsibilities of Key Actors

The Parliament of Tanzania	Provides supportive Policy Frameworks and National Development Plans to ensure that the commitments and aspirations for the 2030 SDG Agenda are implemented
The Ministry of Finance and Planning	Organize the National Framework for the implementation, monitoring, and evaluation of SDG Agenda 2030
The President's Office - Regional Administration and Local Government (PO-RALG)	Initiates Regional and District Strategic Plans that would supplement Phase-II of the Five-Year Development Plan (FYDP-II)
Tanzania Sustainable Development Platform	Facilitates coordination of Civil Society Organizations (CSOs) on sustainable development issues; also, it offers the opportunity of engagement between CSOs/NGOs and the Government in the implementation of SDGs

Source: *Auditors' Analysis, 2021*

2.5 Performance Audits Conducted in Relation to SDGs

National Audit Office of Tanzania as a Supreme Audit Institution in the country[7] has conducted 12 performance audits addressing issues in Sustainable Development Goals (SDGs) for the financial year 2020/2021. The themes which were considered are those related to human development and economic transformation as stated in FYDP II.

Human development is intended to create way to achieve the SDGs as projected. The human development concept embraces all aspects of human progress and flourishing of people in all matters of public, private, social, political and economic[8].

The economic transformation calls upon member countries to reframe economic policies and practices for inclusive, diversified and job-intensive economic transformation that leaves no one behind, protects the planet and strengthens the ecological foundations of economies[9].The SDGs are a globally agreed tool for assessing both human and economic development progress.

A summary of the performance audits conducted and their corresponding SDGs' themes are as presented hereunder:

2.5.1 Performance Audit on the Management of Conservation and Protection of Wetland Ecosystems

This audit supports three SDGs for Sustainable Development. The three SDGs which are SDG 6, 14 and 15.

SDG 6 provides for Clean Water and Sanitation. Target 6.6 of this goal aimed at protecting and restoring water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes by 2020.

Another SDG is 14 on improved life below water. Target 14.2 provides for sustainable protection and marine and coastal ecosystems.

---

[7]Section 28 of the Public Audit Act No. 11 of 2008
[10]CAG's Performance Audit Report on Preparedness for Implementation of Sustainable Development Goals (March, 2018)
[10]CAG's Performance Audit Report on Preparedness for Implementation of Sustainable Development Goals (March, 2018)

Likewise, Goal 15 is about life on land. Target 15.1 of this goal aimed at ensuring the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, in line with obligations under international agreements by taking urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity by 2020. It also aimed at protecting and preventing the extinction of threatened species by 2020.

2.5.2 Performance Audit on the Administration and Provision of Remands and Prisons Infrastructure

The audit addresses SDG 16 which aims at promoting peaceful and inclusive societies for sustainable development provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

2.5.3 Performance Audit on the Management of Higher Education Student's Loans

The audit provided an assessment on the performance of the country in supporting the achievement of SDG 10 which requires reduced inequality within and among countries. The goal reiterates the empowerment and promotion of socio and economic inclusion of all irrespective, of disability or economic status.

2.5.4 Performance Audit on Development and Promotion of Tourism Sector

The audit supports SDG 8 which highlights that, in order to have a better and more sustainable future for all, by 2030, it is important for governments to devise and implement policies for promoting sustainable tourism that create jobs and promote local culture and products.

2.5.5 Performance Audit on Business Registration and Licensing

This performance audit is of high significance since it addresses two SDGs as described hereunder:

Ensure sustainable consumption and production patterns: Through proper registration and licensing of businesses better environment will be provided, hence this audit will link with Goal 12 and target 12.6 which aims at encouraging companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development: The audit is linked to targets 17.6, 17.7 and 17.8 of the 17 SDGs emphasizing on enhanced science and technology, use of enabling technology and technological knowledge sharing.

2.5.6 Performance Audit in Management of Revenues in Minerals

An assessment of the mechanisms for revenue collections in the mining sector conforms to SDG 17 which calls for strengthening the means of implementation and revitalizing the Global Partnership for Sustainable Development Finance. Put in place a mechanism to strengthen domestic resource mobilization, including improving domestic capacity for tax and non-tax revenue collection,

2.5.7 Performance Audit on Criminal Justice System in Tanzania

The audit under third target of SDG 16, stipulates promotion of rule of law at the national and international levels and ensuring equal access to justice and justice to all. The audit aimed at looking at the extent to which the Tanzania's criminal justice system has been set to ensure justice is administered equally and timely, to all.

2.5.8 Performance Audit on Maintenance of Road Works

The SDG 11 target 11.2 addresses the access to safe, affordable and sustainable transport system for all, by conducting road maintenance for road safety, by expanding public transport with special attention to the needs of communities in vulnerable situations. The goal specifically demands road maintenance so as to contribute in enhancing roads safety and expansion of public transport with special attention to the needs of the people.

2.5.9 Performance Audit on Implementation of Controls in Measurements

This performance audit addresses SDG 9, which aims at building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation. Target 9.2 aims at promoting inclusive and sustainable industrialization and, by 2030 significantly raises industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

2.5.10 Performance Audit on the Management of Museums and Historical Sites

This performance audit addresses SDG 1, 3, 4, 7, 8 and 10, which targets to enhance efforts to protect and safeguard the World's cultural and natural heritage. Both the museums and historical sites, if are well-managed, have the potential contribution to the promotion of culture and tourism that have been part and parcel of the SDGs. The Goal 8 highlights to have a better and more sustainable future for all by 2030. The government's need to devise and implement policies for promoting sustainable tourism that creates jobs and promotes local culture and products.

2.5.11 Performance Audit in Management of Development Projects Financed through Loans and Grants

The audit provided an assessment of the performance of the country in supporting the implementation of SDG 10 which demands reduction of inequality within and among countries for the empowerment and promotion of socio and economic and inclusion of all, irrespective of disability or economic status.

2.5.12 Performance Audit on Financing and Management of Government Funds and Programs

This audit supports four SDG which are:

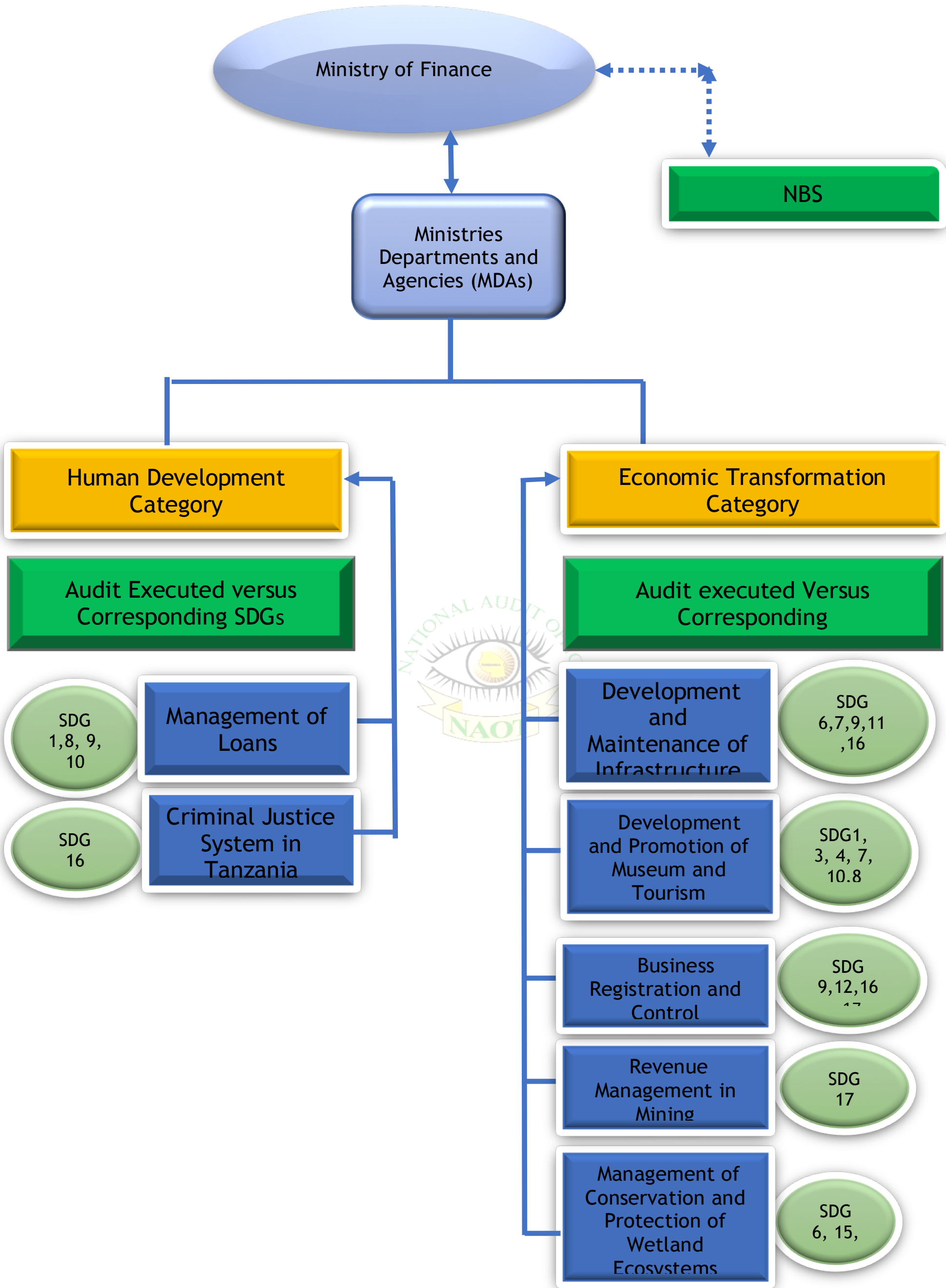
The SDG 1 aims at eradication of poverty. The SDG target is to reduce extreme poverty by 2030 by ensuring effective implementation of social protection system, equal rights to ownership, basic services and economic resources.

SDG 8 which focuses on promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all including strengthening the capacity of domestic financial institutions to encourage and expand access to financial services for all.

The audit also addresses SDG 9 which aims at building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation. Target 9.3 of this goal aims at increasing the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

The audit also addresses SDG 10 which aims at reducing income inequalities by promoting social economic inclusions and ensures equal opportunities and end discrimination. **Figure 2.4** provides a summary of the relationship between the conducted performance audits with the corresponding SDGs.

Figure 2.4: Matching Performance Audits and the SDGs



***Source**: Auditors' Analysis (2022)*

2.6 Needs for Audits on the Implementation of SDGs

The need for conducting performance audits that addresses Sustainable Development Goals (SDGs) themes stems from the significance of the SDGs in addressing economic development in a sustainable manner at both national and international levels. The need for audits that address SDGs themes is extensively elaborated in the following sub-sections;

Inadequate Implementation of the Millennium Development Goals (MDGs)

Pursuant to the Five Year Development Plan II (2016/17 – 2020/21) and CAG's Performance Audit Report on Preparedness for Implementation of Sustainable Development Goals (March, 2018), the 17 SDGs aim at eradicating poverty in all its forms; Good Health and Well-being; Quality Education; Gender Equality; Clean Water and Sanitation; Affordable and Clean Energy; Decent Work and Economic Growth; Industrial 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 Partnership in implementing the Goals, while restoring and sustainably managing natural resources.

The report showed that, the SDGs integrate the three dimensions of sustainable development i.e., economic, social and environmental with closely linked targets. The SDGs are indivisible, in the sense that no one goal is separate from the others, and all call for comprehensive and participatory approaches.

The CAG's Performance Audit Report on Preparedness for Implementation of Sustainable Development Goals (March, 2018) has shown that a number of challenges, faced Tanzania during MDGs implementation. The challenges hindered the country from attaining some of the MDGs targets. They include; limited effectiveness in the functioning of LGAs due to lack of capacity; limited participation and involvement of the private sector; limited capacity and limited involvement of the critical mass of implementers (key players at lower level); and failure to attain Goal 8 on developing a global partnership for development.

a) ***Assessment of Tanzania in achieving Sustainable Development Goals***

The need for performance audits in Sustainable Development Goals provides an opportunity for measuring achievement of SDGs. For example, through auditing this area, the country can assess whether the Ministry of Finance and Planning (MoFP) as the leading ministry and the President's Office-Regional Administration and Local Government (PO-RALG), as the coordinator of Local Government Authorities (LGAs), being the key implementers of the agenda, domesticate the 2030 Agenda on SDGs into national context, through identification and mobilization of resources and capacities for implementation; and monitoring, follow up review and reporting on the progress of implementation of SDGs.

2.7 Funding Systems in the Implementation of SDGs

According to the CAG's Performance Audit Report on Preparedness for Implementation of Sustainable Development Goals (March, 2018), the implementation of SDGs is focused on country-led approaches and country-driven issues. For financing and other means of implementation of SDGs the UN adapted the Addis Ababa Action Agenda (AAAA) in July 2015 at the Third International Conference on Financing for Development. The AAAA on financing for development as well as SDG 17 outlines an array of financing mechanisms which include: Domestic public resources, Domestic and international private business and finance, International Development Cooperation, International Trade, Debt and Debt sustainability.

According to the Report[10], the 2030 Agenda, endorses a strong commitment to its full implementation, which requires an effective mobilization of financial resources and partnerships. The agenda emphasizes the nationally-owned cohesive sustainable development strategies, supported by integrated national financing frameworks which will be at the heart of sustainable development efforts. Details of the funding system in the implementation of the SDGs are as elaborated hereunder:

[10]CAG's Performance Audit Report on Preparedness for Implementation of Sustainable Development Goals (March, 2018)

2.7.1 Funding of SDGs by the Government of Tanzania

The Ministry of Finance and Planning (MoFP) through the Five-Year Development Plan II (FYDP II) commits to finance the implementation of the mainstreamed SDGs by domestic revenue with support from development partners and innovative sources. The government's resource envelope composes of five major components, namely domestic revenue (tax revenue, non-tax revenue), external grants, domestic borrowing and external loans. In addition, funding on the implementation of SDGs in Tanzania, are also supported through the funding Systems of the United Nations (UN) and its partners[11].

[11] https://tanzania.un.org/en/sdgs

CHAPTER THREE

DEVELOPMENT AND MAINTENANCE OF INFRASTRUCTURE

3.1 Introduction

This chapter presents a summary of the findings derived from three Performance Audits, namely; Management of Construction of Development Projects Financed through Loans, Management of Maintenance of Roads, and Administration and Provision of Remands and Prisons Infrastructure.

The Chapter covers brief description and importance of development and maintenance of infrastructure, responsible Government entities and their strategies and efforts in improving the development and maintenance of infrastructure. It also presents the relation of the infrastructure development with the SDGs. Motivation to carry-out audit on the development and maintenance of infrastructure, audit design, findings and impacts towards attainment of the respective SDGs are also presented.

3.1.1 Importance of Development and Maintenance of Infrastructure

Construction development projects such as roads, water and electricity is a key factor for improving transportation, industrialization and improving the wellbeing of the society. The projects that are being financed through loans need to be properly managed so as to ensure they are completed with loan closing date without any extension, they are completed within the pre-scribed quality and cost to avoid pre-mature failure and become a burden to the Government on repaying loans for the project which is not providing services as intended.

The National Five-Year Development Plan (FYDP) of 2016/17-2020/21, with the focus on industrialization, recognizes roads as enabling environment for industrial growth in the country. The management and maintenance of roads is crucial in supporting industrialization. Further, according to statistics of the Bank of Tanzania and the National Bureau of Statistics Report of October 2021, the transportation sector and storage contributed about 8.4% of the Growth Domestic Product (GDP) in the country. Therefore, proper maintenance of roads is necessary to maintain the roads in their original condition, protect adjacent resources and safety of users. It also ensures availability of efficient and convenient travel within the country.

Furthermore, there is a growing concern both at international and national levels, on the conditions of remands and prisons infrastructure, which need improvements[12]. At the national level, there is a need to improve strategies used to manage capacity of remands and prisons' infrastructure to avoid overcrowding in prisons and adverse consequences.

3.1.2 Development and Maintenance of Infrastructure Linked to Sustainable Development Goals

The three audits have relationship with the implementation of the Sustainable Development Goals. These are presented in **Figure 3.1.**

Figure 3.1: SDGs Linked to Development and Maintenance Infrastructure

***Source**: Auditors' Analysis of SDGs, 2021*

The audit on loan-financed construction projects was meant to assess improvement in infrastructure, namely; transport and energy for sustainable industrialization, which directly conforms to the SDGs 6, 7 and 9, focusing on: availability and affordable and reliable infrastructure which is inclusive and sustainable.

[12]United Republic of Tanzania: National Human Rights Action Plan, 2013-2017

The provided recommendations once addressed will help to attain these goals up to 2030 on the area of management of construction projects financed through loans.

Audit on the *Management of Maintenance of Roads*, is in line with assessing the implementation of SDG 11 target 11.2, on the access to safe, affordable and sustainable transport system for all, by conducting road maintenance, road safety, through expansion of public transport, with special attention to the needs of vulnerable groups. Hence, Tanzania being among the countries which have ratified and agreed to the implementation of SDGs is, therefore, responsible in ensuring that this goal is properly attained. Hence, attainment of this goal necessitates the efficient and effective system for maintenance of road network.

On *Administration and Provision of Remands and Prisons Infrastructures,* the audit assessed the implementation of SDG 16 of the Sustainable Development Goal which addresses promotion of peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. It calls for the presence of strong institutions, including promotion of rule of law at the national and international levels, and ensures equal access to justice for all. Therefore, the audit will enhance the presence of adequate infrastructure for remands and prisons and assist to assess un-sentenced detainees as a de-population measure in the prisons.

3.1.3 Government Strategies and Efforts to Improve the Development and Maintenance of Infrastructure

According to the Five-Year Development Plan (Phase II) of 2016/17 – 2020/21, construction is one of the few fastest growing sectors and contributes the large share of GDP. The construction industry includes road infrastructure, bridges, railways, ports, airports and residences. During the implementation of FYDP II, the Government planned to strengthen and construct basic infrastructures, to stimulate economic activities. The following are the main Government strategic interventions and efforts to improve the management of development and maintenance of infrastructure in the country:

a) Providing special development projects to local contractors in order to enhance the capacity of local contractors in implementing government construction projects in the country;

b) Enhance skills development to ensure that there is skilled manpower in executing and managing of infrastructure projects;

c) Enhance training and capacity building programmes for local professionals, such as Contractors, Engineers, Architects and Quantity Surveyors;

d) Construct government buildings and public servants' houses to minimise cost of renting;

e) Strengthen inland, sea and air transport infrastructures and facilities; and

f) Formalizing and strengthening of Contractors Assistance Fund, to assist contractors during the execution of government projects and ensure sustainable funding of the government projects.

3.2 Audit Objectives

The objectives of the audits were to determine whether development and maintenance of infrastructures were effectively managed with due regards to cost effective, quality and time, to minimize cost burden on the Government, while ensuring provision of adequate and safe infrastructures for the public.

The specific objectives were to assess whether:

a) The Ministry of Finance and Planning (MoFP) has ensured effective management of development projects, financed through loans to minimize delays, cost overrun and loan charges;

b) Ministry of Works and Transport (MoWT) through TANROADS, has effectively conducted maintenance of roads in order to maintain their expected life span; and

c) The Ministry of Home Affairs (MoHA) and Tanzania Prisons Services (TPS) adequately establish, administer and provide for remands and prisons infrastructure and services so as to enhance capacity of prisons infrastructure as well enhance rights and dignity of remands and prisoners in the country.

The audits covered a period of four fiscal years from 2017/18 to 2020/21. The period was selected to assess the performance trend of the Ministries and their respective entities in managing the development and maintenance of infrastructures.

3.3 Main Audit Findings

The three Performance Audits conducted on the area of development and maintenance of infrastructures identified findings which are categorized under four aspects; planning, implementation, maintenance and monitoring of development and maintenance of infrastructure. The categories are presented below:

3.3.1 Inadequate Planning for Development and Maintenance of Infrastructures

The audit noted that the infrastructures were not well planned. For the case of audit on the construction projects being implemented through loans, it was observed that there were inadequate reviews of the submitted project proposals, delays in implementation of compensation plans, and planned project cost and time were not analysed to align with their project respective designs. For instance, it was noted that those three out of five projects which were submitted to MoFP for review, MoFP did not assess quantities and prices inputs, which are key factors of project cost.

The audit noted that TANROADS did not have an effective Comprehensive Road Asset Management Systems (RAMS) to plan actual needs of road maintenance. Similarly, the available Roads Maintenance Management System (RMMS) did not capture all roads maintenance aspects such as bridges, traffic and pavement management, as the two modules for bridges and traffic have collapsed. Further, the use of RMMS in planning at TANROADS has decreased by 12.3%, from 86.2% in 2018/19 to 73.9% in 2019/20. TANROADS did not have an active coordination mechanism for link-up with other stakeholders in planning and maintenance of the roads.

Further, TANROADS Headquarters lacked plan for staff responsible for maintenance of roads. This was due to the fact, that the allocation of human resources at TANROADS' Regional Offices was inequitable. Regions with high road network were allocated with low number of staff. For instance, Tabora and Ruvuma Region have a long road network of km 2,177.30 and km 2,166.62, respectively. However, the number of staff allocated to the two Regions is 15 and 17, respectively, whereas the same number of staff was allocated to Regions with relatively short road networks. Tanga Region which has a total road network of 1809.30km has 15 staff and Coast Region with a road network of 1379.41km has been assigned 21 staff; while Mwanza Region endowed with road network of 1145.5 km and allocated 17 staff and Arusha region has a road network of 1075.37 km has 15 staff. Nationwide, TANROADS has staff deficit of 59%.

It was found that there was no specific Prisons Services Policy to facilitate the provision and management of prison services in the country. Review of the Progress Reports of 2017/18 to 2019/20 and construction reports for the period of 2019/20 from TPS showed that for the last four financial years, TPS managed to construct 2 out of 10 prisons buildings which were not in their strategic plan.

Further, it was noted that two prisons were constructed in Chato and Ruangwa District without conducting needs assessment in order to justify the need to initiate and construct them. Needs analysis would assist in assessing the magnitude of the remands and prisons gap, setting priorities of whether or not to construct, where to construct, how and when should the construction be completed.

In addition to that, the Audit noted that the two constructed prisons were neither planned nor budgeted for in TPS's Annual Plan and Budget.

Causes for Inadequate Planning for Development and Maintenance of Infrastructure

Audit on Construction of Development Projects, has established that inadequate planning, was the main cause behind delays in implementing review plans. About four out of six projects namely; Southern Africa Trade and Transport Facilitation Project – SATTFP, Transport Sector Support Programme, Tanzania-Kenya Power Interconnection Project, and Augmentation of Water Supply Schemes of Dar es Salaam and Chalinze Project had issues related to compensation plans. On the other hand, the Audit Team noted that despite three out of six sampled projects planned for compensation to persons affected the projects, the respective projects suffered delays due to delays to compensate the affected. These projects were Southern Africa Trade and Transport Facilitation Project – SATTFP, Tanzania-Kenya Power Interconnection Project Lot T1, T2 and T3.

For the audit on Management of Maintenance of Roads, major causes for inadequate planning were untimely and limited utilisation of HDM4 Software, centralization of RMMS TANROADS Headquarters for monitoring maintenance activities, absence of hydrological reports to justify capacity of drainage structures and incomplete patchwork for the executed maintenance works. The other reason was that the RMMS was not upgraded and thus could not capture all aspects of road maintenance during budgeting and planning for maintenance needs. Also, TANROADS did not conduct opinion surveys to capture stakeholders' views with regards to its performance on the maintenance of roads.

Another cause was the fact that TANROADS did not conduct thorough investigation of defects and prepare specifications on required material for maintenance of roads, contrary to Regulation 4, Sub-regulations (1) and (2) of Roads and Fuel Tolls Regulations of 2016. TANROADS was expected to have different design and drawings for major maintenance activities since the existing roads were not constructed in the same geographical conditions, materials and designs. However, reviews of Maintenance Contracts showed that, there was no thorough investigation of defects which required detailed study of defects prior to come up with the design which could have helped the contractor to execute the major maintenance works in accordance to Regulation 4(2) of the Road and Fuel Tolls Regulations, 2016.

On Administration and Provision of Remands and Prisons Infrastructure; inadequate planning was attributed to delays in development of National Prisons Services Policy due to lack of collaboration with other stakeholders in the criminal justice system and in particular with regards to prisons' infrastructure which contributed to delays in development of national prisons services policy.

Consequences for Insufficient Planning for Development and Maintenance of Infrastructures

Loan-funded projects were ill-affected by delays in paying compensation to communities affected by the launching of the projects due to insufficient planning, The two delayed projects affected by failure to pay compensation in time are; the Southern Africa Trade and Transport Facilitation Project (SATTFP), and the Tanzania-Kenya Power Interconnection Project. The maximum delay was marked by SATTFP, with its maximum delay of up to 1,275 days, which is equivalent to a three years period. Also, the final Completion Report of SATTFP indicated a change of design period from 15 to 20 years which resulted into an additional cost of TZS 71.52 billion. The change of design of the project, implies that the cost of the project were not adequately reviewed to ensure that the planned fund had matched with the project designs to avoid over or under estimation of projects cost.

On the maintenance of roads, the Audit found insufficiency planning, caused the emergence of destructed roads, characterised by early deterioration of roads pavement structures, an increase in maintenance backlog, ranged from TZS 422.5 Billion in fiscal year 2016/17 to TZS 700.4 Billion in the fiscal year 2020/21. The figure is equivalent to 66% increase, due to road maintenance backlog, since the roads were not maintained over the last five financial years.

For the case of administration and provision of remands and prisons infrastructure consequences for inadequate planning were failure to address the critical problem of prisons congestion. This has led congestions in remands and prisons. Lack of assessment on the needs of the prisons has rendered them highly congested. It was found that the highest average of congested prisons per region was noted in the regions of Manyara (146%), Mbeya (113%), Shinyanga (125%), Arusha (93%) and Njombe (59%).

3.3.2 Inadequate Funding and Execution for Development and Maintenance of Infrastructure

Ineffective Funding of Development and Maintenance of Infrastructures

Untimely Disbursement of Funds to Contractors in Loan-Funded Projects

The contract document between KTPIP and TANESCO requires the Employer to ensure payments are made within 90 days after receiving the invoice, otherwise, the Employer shall pay to the contractor interest at the rate of 0.5% per annum until the payment has been fully made. Similarly, works contract between TANROADS and Contractors implementing SATTFP and TSSP, IPC are supposed to be paid within 56 days after being approved by the Engineer.

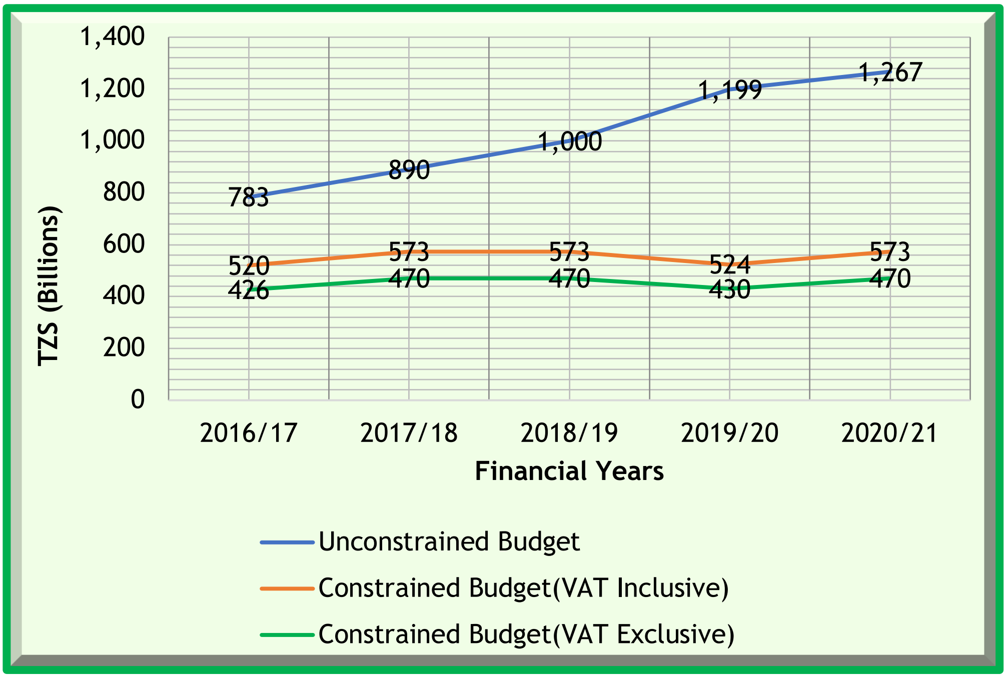
Analysis of the payment records for the sampled projects indicated significant delays in paying contractors who were implementing the projects for three out of six sampled development projects. The affected projects included SATTFP, TSSP and KTPIP. It was noted that 89 out of 156 raised Interim Payment Certificates (IPC) (equivalent to 57%) their payments were delayed, with the average delays ranging from 18 to 235 days, before and after establishment of D-Fund system. It was noted that the use of newly established D-Fund has shown a reduction of delays from a maximum of 235 to 127 days.

Inadequate funding for Maintenance of Roads: The audit noted that the disbursed funds from Road Funds Board (RFB) to TANROADS, ranged between 73% in 2016/17 to 95% of the required amount. This is an improvement of 12%. The overall disbursed fund to TANROADS was 80% of the approved operational plan budget.

Despite improvement in allocation of funds from RFB to TANROADS this was short of the actual required maintenance funds' unconstrained budget. On average TANROADS required TZS 1.027 Trillion for Maintenance of roads in the country. However, TANROADS only budgeted for an average of TZS 553 Billion Value Added Tax (VAT) inclusive, and an average of TZS 453.2 Billion (VAT exclusive) which translates to 54% and 44% of the required budgets respectively as a result of budget ceiling set by the Road Funds Board.

Analysis of TANROADS' action plans revealed that the constrained budget for road maintenance at TANROADS did not match with the actual required maintenance budget (unconstrained). The comparison of unconstrained with constrained budgets shows that from 2016/17-2020/21, the planned constrained budgets were lower than the unconstrained budgets. **Figure 3.2** provides the comparison of constrained and unconstrained budgets.

Figure 3.2: Comparison of the Unconstrained Budget and Constrained Budget at TANROADS



***Source:** Auditors' Analysis from TANROADS Annual Operation 2016/17-2020/21*

From **Figure 3.2,** it can be learnt that, on average TANROADS requires TZS 1. 027 Trillion for maintenance of roads in the country, however, they only budgeted for an average of TZS 553 Billion (VAT Inclusive) and an average of TZS 453.2 Billion (VAT Exclusive) which translates into 54% and 44% of the unconstrained budgets, respectively.

Inadequate allocation of funds for the establishment of remands and prisons infrastructures: Best practices[13] require advance preparation of a comprehensive budget, an adequate budget is committed when the decision to build is taken or ongoing and operational. According to MTEF for 2017/18 - 2019/20 and 2020/21 – 2022/23, MoHA and TPS did not allocate any budget

[13]ICRC Guideline Water, Sanitation, Hygiene and Habitat in Prisons – Supplementary Guidance, p. 24

for construction and rehabilitation of new and existing prisons respectively despite being included in the Strategic Plans.

Further, review of MoHA's MTEF of 2017/18-2019/20 and TPS's MTEF of 2017/18 – 2019/20, revealed that despite having the scope of construction and rehabilitation of remands and prison infrastructures in the approved strategic plans, MoHA did not allocate funds to cater for construction or rehabilitation of new and existing remands and prisons infrastructure. TPS's Strategic Plans, MTEFs and Annual Plans for the period under audit revealed that TPS did not set annual targets of maintaining prisons buildings and its corresponding infrastructure including staff houses and vehicles. Furthermore, TPS did not allocate funds for maintenance activities.

The audit established there were no plans and budgets set aside for maintenance activities in all 15 selected prisons which were visited by the audit team. Maintenance was done on ad-hoc basis, depending on the severity of the infrastructure. The Audit noted that with exception of Keko and Segerea Prisons, the rest of 15 visited prisons did not have construction or maintenance engineers. The management has been engaging unqualified people for the maintenance.

Causes for Inadequate Funding of Development and Maintenance of Infrastructures

Delays in issuance of tax exemptions for Construction Projects Implemented through Loans; The delays were caused by late issuance of VAT exemption on the projects, implementation and ineffective mechanism to ensure timely disbursement of project funds to Contractor as explained.It was also noted that the Iringa-Shinyanga Backbone Transmission Line (Phase 2) comprising of two lots (Lot T6-1 and Lot T6-2) had a long delay of up to seven years before commencement. WThis is because the government utilised the savings from Iringa-Shinyanga Backbone Transmission Phase 1 which was completed in 2016. The work for Lot T6-2 commenced on 28/03/2018 and the work for Lot T6-1 was not effective due to unsuccessful negotiation between GoT through MoFP and European Investment Bank for utilizing the saving from Iringa-Shinyanga Backbone Transmission Phase 1, despite the contract being signed on 29th December 2017. **Table 3.1** shows the causes for delay in commencing implementation of the sampled project.

Table 3.1: Causes for Delay in Commencing Implementation of 6 Sampled Projects

Factor	Number of Project Affected	Concerned Projects
Delays in the Procurement of Contractors	4	**a)** Transport Sector Support Programme **b)** Kenya-Tanzania Power Interconnection Project **c)** Augmentation of Water supply schemes of Dar es Salaam and Chalinze Project **d)** Water Supply Schemes for 23 Towns
Delays in completion of design of the projects	1	Southern Africa Trade and Transport Facilitation Project - SATTFP
Unsuccessful negotiation with the Financer (EIB)	1	Iringa-Shinyanga Backbone Transmission Line (Phase 2)
Delays in completion of Detailed Project Report (DPR) due to changing of scope from 23 to 28 towns which was rejected by financier and then back to 23 towns.	1	Water Supply Schemes for 23 Towns

Source: *Auditors' Analysis of information Extracted from the Monthly Progress Report and Interview (2021)*

Additionally, MoFP lacked effective mechanism to fulfill her requirement of issuing VAT exemption as per Value Added Tax (Exemption Monitoring Procedures) Regulations, 2018. MoFP delayed in the publication of GN/in the issuance of tax exemption for three out of six sampled development projects namely: Kenya-Tanzania Power Interconnection Project (a maximum of 18 months), Augmentation of Water supply schemes of Dar es Salaam and Chalinze Project (2 months), and Iringa - Shinyanga Backbone Transmission Line (Phase 2) had delayed for 10 months.

It was noted that Strategies and Plans to fund maintenance of roads works were ineffective. The audit noted that the Road Funds Board, conducted a study on the assessment of road maintenance financing and came out with three proposed measures; - the adjustment of rate of fuel levy from TZS 263 to 435.7 per litre of diesel and petrol, formalization of car parking fees, and formalization of annual mandatory vehicle inspection fees. However, the proposed measures were yet to be implemented up to the time of audit.

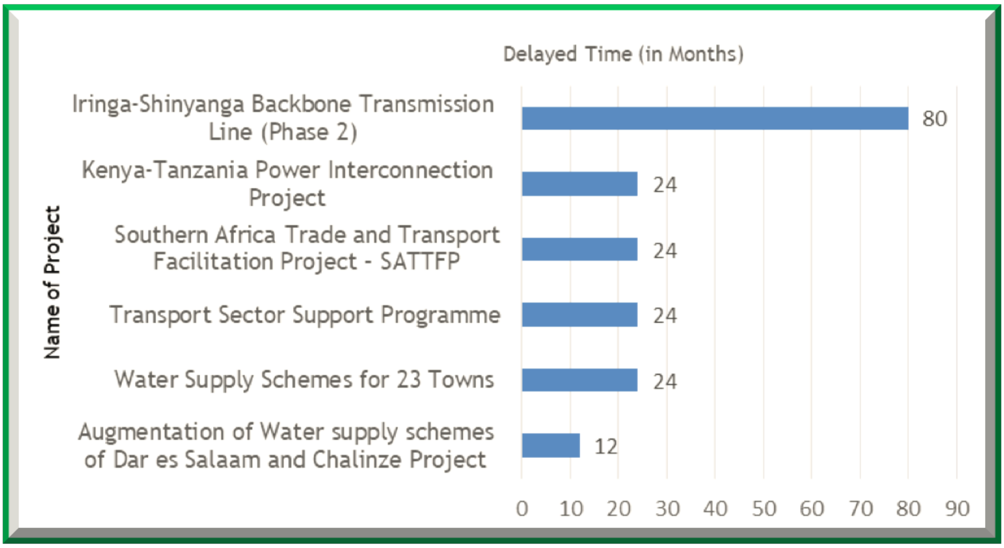
The audit further noted that, inadequate for inadequate funding of remands and prisons infrastructures was caused by inadequate budgets that TPS allocated since 2016/17 as the government pulled out from financing prisons operations namely; maintenance of prisons buildings and vehicles, and infrastructures such as sewage systems and water supply systems.

Impacts of Inadequate Funding of Development and Maintenance of Infrastructures

Delay in the Commencement of Loan-funded Development Projects. Agreement set the final date for loan disbursement, which implies that the project has to be completed before the final date of loan disbursement elapsed. Review of the analysis done by MoFP for the on-going projects implemented by the Government using Concessional Loans indicated delays in the completion of projects as compared to the agreed loan closing date. A total of 22 out of the 33 (equivalent to 67%) of on-going projects experienced delays, ranging from 10 to 47 months, (equivalent to 0.8 to 3.9 years).

Further, review of loan Agreements of six (6) sampled development projects, noted that most of the loan financed projects financed through loans were completed after the loan closing dates. Also, the two analysed development project, financed by GoT, AfDB and JICA, experienced delays in processing payments to contractors. The delay ranged from 41 to 237 days. The highest delay was noted for the GoT fund. The extent of delays for the six sampled projects is as shown in **Figure 3.3** hereunder:

Figure 3.3: Extent of Delays in Completion of the Six Sampled Construction Development Projects



***Source:** Auditors' Analysis (2021)*

Figure 3.3 indicates that the projects were delayed for the period ranging from 12 to 80 months (approximately about 1 to 7 years). Having such a number of projects that were not completed within the loan closing dates, indicates that MoFP did not ensure projects were timely completed and in-line with the loan agreements.

For the water supply projects in 23 towns in the country, the project implementation had not yet started up to October, 2021 and the agreed loan closing date was 10/05/2021 and revised loans closing date was 10th May 2023, which indicated a delay of five months of work commencement after expiration of an initial loan closing date.

Consequently, adverse financial effects caused by delays in the two development projects attracted a late payment penalty of TZS 5,389 million for the projects under Transport Sector Support Programme. Also, the audit noted that delays in completion of construction of Iringa - Shinyanga Backbone Transmission Line (Phase 2) projects affected testing and commissioning of Kenya - Tanzania Power Interconnection Project and implementation of Tanzania, and Zambia Interconnector Project (TAZA) would pose huge challenges since Iringa substation is not upgraded to 400Kv and is the taping point for TAZA project.

Delays in Completion of Road Maintenance Works: The Audit Team noted that there were delays in completion of Road Maintenance works in which 643 out of 1970 maintenance contracts equivalent to 33% of Road Maintenance were not completed on time. Similarly, extent of delays for the visited regions, ranged from 19% to 45% of paved roads while unpaved roads ranged from 7% to 22%, as bridges ranged from 6% to 51%.

The audit noted that delays in the issuance of Value Added Tax (VAT) exemption contributed to the delays of the projects. In 2020/21, the completion of maintenance works was delayed as a result of untimely issuance of Government Notice (GN) ranged between 83 and 211 days. Similarly, in 2018/19, 116 maintenance contracts out of 1363 delayed due to untimely issuance of the GN of VAT exemptions by the Ministry of Finance and Planning. Likewise, 9 out of 1022 maintenance contracts equivalent to 1 per cent were issued with GN for VAT exemption. This implies that 99% of the maintenance contracts delayed in the commencement. The average delays in the issuance of the GN for VAT exemption in the visited regions was 134 days. Similarly, the audit team noted that 29 out 1811 road maintenance contracts equivalent to 2% of maintenance projects in visited regions had cost overrun.

In addition, through the review of the Road Fund Report on the Assessment of Road Maintenance Financing deficit and proposal to widen Roads Fund revenue base, the audit team noted that delays in road maintenance, results into increase of cost. For example, the delay in periodic maintenance is estimated to increase costs by 6.4 times for asphalt concrete and 17 times for surface dressing. For instance, based on the analysis it was found out that above it can be noted that on the percentage increase in the maintenance cost due to delays ranged between 401% for Lusaunga-Nyakahura road and 3344% for roads sections of Morogoro to Gairo Road.

Inadequate funding of remands and prisons infrastructure has led to overcrowding in the visited prisons with overcrowding rate ranging from 1% to 194%. The highest rate of congestion was noted in Dar es Salaam region in Keko prison, which had excess of 194%. **Table 3.2** shows details of overcrowding in visited prisons.

Table 3.2: Number of Inmates accommodated in the Visited Prisons and Remands

Region	Prison	Authorised Capacity	Number of Prison Inmates	% More (+)/less (-)
Dar es Salaam	Keko	340	999	194
	Segerea	1036	1552	50
	Wazo Hill	120	121	1
Lindi	Kilwa	90	56	-38
	Kingurungundwa	39	88	126
Tanga	Pangani	141	57	-60
	Kwa Mngumi	80	75	-6
Iringa	Iringa	643	443	-31
	Isupilo	300	196	-35
Singida	Manyoni	170	299	76
	Kiomboi	58	132	128
	Ushora	160	32	-80
Mwanza	Butimba	934	1247	34
	Magu	134	138	3
	Ukerewe	248	130	-48
Total		**4493**	**5565**	**24**

Source: *Auditors Analysis of Remands and Prisons Reports, 2021*

On the other, the audit conducted physical verifications to prisons accommodation buildings and noted that most of the buildings were old and needed major renovations. In farm prisons, inmates were sleeping in cells made of iron sheets. This was noted in Ushora and Kingurungundwa farm prisons as shown in **Photo 3.1.**

Photo 3.1: Prison Dormitory made by iron sheets used by Prisoners at Ushora Farm Prison (Photo taken by Auditors on 12th November 2021 at 12:45p.m.)

Most of the visited prison staff houses were in wretched condition because of lack of maintenance and repairs. Prison staff houses lacked adequate clean water supply. The sewage systems were old and most of them were leaking. This situation was noted in six prisons of Keko and Butimba Central Prisons; Kilwa, Manyoni, Ukerewe district prisons; and Kingurungundwa and Kwa Mngumi Farm prisons.

Also, the maintenance activities of prisons' vehicles and buildings infrastructure in the respective prisons were supposed to be done through their own source. Also due to inadequate funding, the audit noted that for all 15 visited prisons, the amount of TZS 38,000,000.00 was channeled to the respective prisons for construction of two-in-one houses for officers except for Ukerewe District, which received TZS 76,000,000.00 due to worsening condition and dilapidation of prison officers' houses. It was noted that, the disbursed funds came from various sources such as profits generated from investment projects being implemented by TPS countrywide.

3.3.3 Inadequate Supervision and Monitoring of Development and Maintenance of Infrastructure

During the audit on the *Management of Maintenance of Roads,* it was noted that TANROADS did not have adequate capacity to supervise, inspect, monitor and evaluate roads maintenance activities. The Audit Team noted that, TANROADS has a deficit of 52% of staff in the financial year 2020/21. This implies that, TANROADS had inadequate capacity for monitoring and supervision of on-going maintenance works in the country. The gap in staffing mostly manifested in inadequately conducted road condition surveys in the country.

Similarly, the audit team noted that, 163,554.77 km out of 180,135.95 km of roads were surveyed. This implies that, 16,581.18 km out of 180,135.95 km planned length of road network to be surveyed were not surveyed. The reasons provided by TANROADS were: inadequate number of staff to conduct surveys, and some roads were not passable indirectly leading to under performance in the maintenance activities.

Furthermore, TANROADS was required to employ enough engineers for supervision of on-going road maintenance projects as required by the Regulation 26(3) of Roads and Fuel Tolls Regulations of 2016. However, TANROADS did not adequately monitor and supervise the road Maintenance activities.

Regarding the audit on *Development Construction Projects Implemented through Loans,* the analysis of the reviewed information from the Monitoring Reports[14] indicated that there was inadequate monitoring of the projects for three consecutive years of the operation. The Audit Team noted that only 4 out of 20 development projects that were monitored by the Ministry in the financial year 2020/21 were loan financed projects.

During the audit on the *Administration and Provision of Building Infrastructure*, it was noted that over the past four financial years, i.e. 2017/18, 2018/19, 2029/20 and 2020/21 the Ministry conducted only one monitoring activity. This was conducted in the financial year 2020/21 whereby only five regions covered which were Dodoma, Tabora, Singida, Dar es Salaam and Pwani.

However, review of monitoring reports showed that the conducted monitoring by the MoHA, mainly focused on the development projects implemented by TPS in respective regions, such as construction of prison staff houses found to be at different stages of completion. Other prisons did not undergo monitoring assessments.

Causes for Insufficient Supervision and Monitoring of Development and Maintenance of Infrastructures

Causes for not adequately supervising *Development Projects financed through Loans* was the failure of MoFP to plan for monitoring of the respective projects for the last five financial years, i.e. from 2015/16 to 2019/20 consecutively. It only planned to conduct monitoring and evaluation for the financial year 2020/21.

Discussions with officials from the External Finance (Multilateral and Bi-lateral) Department of MoFP, revealed that it was the responsibility of the National Planning Department to monitor and evaluate the implementation of projects in collaboration with officials from the External Finance Department, but due to shortage of staff, monitoring of the projects was not done as required. The audit noted shortage of 66% of the required engineers, 35% of the required economists and 100% of the required quantity

[14]Monitoring report of August, September and October (2020)

surveyors to perform function relating to the management of the loan financed development projects.

Review of the Monitoring and Evaluation Framework (2021) from the Ministry of Finance and Planning showed that, Monitoring and Evaluation Logical Framework was a draft document that is still on review stage. One of the Appendices in the Monitoring and Evaluation Framework was a checklist which was similar to the tool that has been used in monitoring and evaluation. It was noted that MoFP has been using that checklist and Terms of Reference which were prepared as per the specific requirement of the respective development projects for monitoring and evaluation of projects. However, the Audit Team noted that project quality component has not been included in the checklist used as a monitoring tool. Omission of the quality components will deny the Ministry the ability to track and assess the quality of the project.

From the interviews held with officials from the Ministry of Finance and Planning, it was noted that, Monitoring and Evaluation Section, was a newly established Section within the Ministry, this led to the coverage of few projects financed through loans since the Section was still at the infancy stage.

Insufficient supervision and Monitoring of *Management of Maintenance of Roads*, was compounded by ineffective monitoring plans at TANROADS. Review of 5th Strategic Plan (2016/17-2020/21) Performance Review Report of July 2020 did not adequately measure the effectiveness of maintenance programmes. Also, the absence of Supervision and Inspection Plan at Regional Offices has its toll on inadequate supervision and monitoring of road maintenance works.

Insufficient supervision and monitoring of *Administration and Provision of Remands and Prisons Infrastructure* was due to the fact that, MoHA lacked, both monitoring strategy and plans in place for monitoring TPS operations. Due to this, TPS operations to a large extent remained unmonitored. This poses a risk that TPS's will go unnoticed if it does not adhere to its plans.

Failure to conduct monitoring of TPS activities, was attributed to lack of funds for monitoring whereas, from financial year 2016/17 to 2019/20 no funds were allocated for monitoring TPS activities.

Also, the office of the Director of Policy and Planning, who is responsible for monitoring and evaluation of TPS activities, did not have transport facilities to enable timely monitoring of TPS and prisons services activities, as discharged by TPS and the respective regional prisons' offices.

Consequences for Inadequate Supervision and Monitoring of Development and Maintenance of Infrastructure

The Ministry did not monitor most of the externally financed development projects. The situation, poses some challenges in identifying factors which could lead to poor performance of the development projects and subsequently, failure to achieve the intended objectives. Ineffective monitoring and evaluation of implementation of construction development projects, financed through loans has to a large extent, contributed to the existence of the same project implementation challenges that could have been addressed in case there was regular and effective M&E for all such projects.

Due to inadequate monitoring of road maintenance, roads are not maintained to the expected quality and hence shorten the life span of the roads, increase deterioration of roads and leads to high operating costs. Also, the backlog costs, due to delayed maintenance are also higher for the road networks and poor condition of roads. Also, the consequences of inadequacy of quality control of the executed road maintenance works result into the maintained roads to deteriorate sooner after maintenance.

Lack of monitoring and evaluation would result to submission of unrealistic information to TPS management from Central, District and Farm prisons level; as well as to the MoHA. This was because TPS had no mechanisms to enable the management to track and verify the submitted information. For that matter, prisons have remained dilapidated and unsafe for remandees, prisoners and staff and hence failure to meet the intended objectives of improving well-being and welfare of remandees and prisoners.

3.4 Impacts to Attainment of Specific Sustainable Development Goals

3.4.1 Construction of Development Projects Financed through Loans

The audit was intended to find out areas to improve infrastructure; transport and energy for sustainable industrialization, directly compatible to SDG 6, 7 and 9. Therefore, weaknesses in planning, funding, execution and monitoring of development projects financed through loans, could impede the country's initiatives to attain the notable SDG 6, 7 and 9 on the area of loan financed construction projects.

3.4.2 Management of Roads Maintenance

For Audit on the *Management of Maintenance of Roads*, the SDG 11 target 11.2 reiterated access to safe, affordable and sustainable transport system for all, by conducting road maintenance to enhance road safety and through expansion of public transport, with a special attention to vulnerable groups.

The weaknesses cited in this audit area, particularly, on planning, funding, execution and monitoring of maintenance of road works, will deny the population, effective road networks, access to affordable transportation, consequently increase the cost of living.

3.4.3 Administration and Provision of Remands and Prisons Infrastructure

Administration and Provision of Remands and Prisons Infrastructure, referring to SDG 16. This audit has identified weaknesses in establishment of remands and prisons infrastructures, depicted by inadequate accommodations for remands and prisoners, dilapidated building and housing as well as low capacity of the institutions that oversees the remands and prisons infrastructure in the country.

If these are not well addressed, it will impact the attainment of SDG 16 which promotes peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. This envisages the presence of strong institutions including promotion of rule of law at the national and international levels and ensures equal access to justice for all.

3.5 Specific Audit Conclusion

The audits concluded that government entities dealing with development and maintenance of infrastructures, such as the Ministry of Finance and Planning, the Ministry of Works and Transport, the Ministry of Home Affairs, TANROADS and Tanzania Prisons Services, inadequately address the intended objectives of ensuring that the country's development and maintenance of infrastructure projects, such as loan-financed construction projects, maintenance of roads, and administration of remands infrastructures were well implemented.

The Ministry of Finance and Planning has not managed to ensure projects were completed within the planned time and cost as indicated in the financing agreements. Such delays in the completion of projects violated the financing agreements and led to the increase of project costs through payment of interest charges and commitment fees. Furthermore, the Ministry did not ensure that development projects financed through loans met the required quality standards and the costs of their implementation were within the financing agreements.

Also, entities responsible development and maintenance of infrastructures maintain the existing roads and prisons infrastructures, hence leading to overrun costs and delays in construction and maintenance of existing roads and prisons infrastructure. The quality of the existing roads and prisons infrastructures are not adequately monitored, leading to dilapidation and wearing out of the infrastructures.

Moreover, the audit concludes that the audited entities do not adequately ensure construction and maintenance of the projects and establishment of remands and prisons' infrastructures, commence on time by establishing a mechanism to mobilise funds and tax exemptions prior to the commencement of the projects.

3.5.1 Construction of Development Projects Implemented through Loans

The Audit Team concludes that the Ministry of Finance and Planning, to some extent has ineffectively, managed development projects financed through loans for the purpose of minimizing delay, overrun cost and cost burden, attracting loan charges.

Thus, more interventions were still needed to further improve the management of construction development projects that are largely financed by loans. It is noted that 32 out of 34 on-going development projects financed through loans had their completion delayed for a period ranging from 10 to 45 months. The delays in the completion of projects against their financing agreements indicate a high risk of cost implication associated with charges from interest and commitment fees. This situation indicates weaknesses in the management of terms of loan agreement, and thus call for more interventions to avoid initiation of cost burden to the Government, which could be avoided.

3.5.2 Management of Maintenance of Roads

The audit concludes that the Ministry of Works and Transport through TANROADS has ineffectively conducted roads maintenances to maintain their expected life span. This is because only 38% of roads in the country are in good condition, the remaining 62% are in either fair or bad conditions, of which 12% to 14% of roads were in bad condition and were not passable in all-weather conditions.

Likewise, delays in the disbursement of funds for the maintenance of roads and ineffective utilization of available resources for the maintenance such as Road Maintenance Management System and human resources affect the performance of TANROADS in affectively managing road maintenance activities. Thus, the Roads Funds Board, needs to have an effective financing strategy to ensure availability of adequate funds that correspond to the increased road network and proportional to the rate of increasing of maintenance funds.

Moreover, TANROADS needs to improve the Road Maintenance Management System, to ensure that, it is centralized, captures all aspects of monitoring of roads, maintenance of the projects, and that maintenance works, were completed on time, planned cost and at a prescribed quality.

3.5.3 Administration and provision of Remands and Prisons Infrastructure

The audit concludes that MoHA and TPS are not adequately administering remands and prisons infrastructures. TPS does not have sufficient capacity to further improve the remands and prisons infrastructures due to lack of budget and insufficient personnel. Furthermore, MoHA does not have an effective mechanism to coordinate and monitor its performance and the performance of TPS so as to enhance capacity of prisons infrastructure and prisoners' welfare in the country.

The established targets and plans, geared at reduction of overcrowding in the prisons and provision of services to the prisons, have not been sufficiently implemented and achieved by both TPS and the MoHA. Condition of most prisons and detention Center in the country remain poor and threatening which distress welfare of remands and prisoners.

CHAPTER FOUR

MANAGEMENT OF LOANS AND OTHER FINANCING SCHEMES

4.1 Introduction

The financing sector is among important sector in the economy as it stimulates the functionality of the medium of exchanges and enhances the exchange of resources between surplus and deficit units in the economy. This chapter covered different issues observed when auditing financing sector. The chapter has also given an- insight on the relevancy of the audits executed in respect to the SDGs.

In the financing sector, areas covered include the higher education financing, small-scale microfinances and other economic empowerment programs, which play an important role in stimulating the economic growth.

4.1.1 Background Information

Tanzania has a long history of microfinance services in both rural and urban areas. In 1991 the Government recognized the microfinance sector, as an integral part of the financial sector, whereas microfinance was included in Financial Sector Reform Policy Statement of 1991 (National Microfinance Policy (NMP), 2000.

Loans and other financing schemes are very important to an economy because they provide a good catalyst to economic development and stimulate the exchange of goods and services as well as boosting the monetary supply in the economy. This being the case, auditing financing on the loans issued to higher education and financing management to supplement the government's oversight roles in managing funds and ensuring that the pre-determined objectives are met. The audit reports therefore, provide an assurance to the government that funds are provided to the responsible beneficiaries, and they are sustainably managed.

4.1.2 Loans and Financing Schemes Linked to Sustainable Development Goals

The two performance audits covered in this chapter, address four SDGs. These goals are as shown in **Figure 4.1.**

Figure 4.1: SDGs linked to Loan Financing Schemes

Source: *Auditors' Analysis, 2021*

SDG 1 on ensuring that there is no poverty, SDG 8 on promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, SDG 9 on building resilient infrastructures, promoting inclusive and sustainable industrialisation and fostering innovation. The audits also covered SDG 10 on reducing inequality through empowerment and promoting socio-economic inclusion of all.

4.1.3 Government Strategies and Efforts in Providing Loan Finances

The Government has taken various steps in an effort to manage the financing sector for low income and marginalized groups. Having realized the challenges, encountered by higher education financing, and in particular those students from low-income families, the Government of the United Republic of Tanzania, through the Parliament, enacted the Higher Education Students' Loan Board Act, Cap. 178 [R.E. 2008], which established the Higher Education Students' Loan Board (HESLB) to manage loan scheme for higher learning students. The loans' scheme, primarily aimed at facilitating access to loans to the students of higher education whose parents could not afford to pay for higher education costs.

Moreover, the Government established empowerment financing programs to finance schemes in different economic sectors, serving specific category of beneficiaries and with specific objectives. The Government financing schemes and programs, aimed at providing financial services to low-income households and micro enterprises (NMP, 2017). This has been done through enacting the National Economic Empowerment Act, 2004, introduction of Microfinance Policy of 2000 and 2017, Microfinance Acts No. 10 of 2018 and Microfinance Regulations under GN. 679 of 2019.

4.2 Audit Objectives and Scope

The main objective was to assess whether the Ministry of Education, the Ministry of Finance and Planning, the Ministry of Investment, Industry and Trade, were effectively providing loans to eligible beneficiaries and whether the government's funds and programs were effectively managed.

Specifically, the audit assessed whether:

a) The systems for provision of loans to higher education students by the Ministry of Education, Science and Technology and Higher Education Students Loans Board (HESLB) were functioning properly and that loans were accurately and fairly provided to the needy students; and

b) Government Funds and Programs (GFPs) were effectively managed by the Ministry of Finance and Planning (MoFP), the Ministry of Investment Council, Industry and Trade, and the National Economic Empowerment (NEEC) in order to achieve economic empowerment.

The audit focused on checking the financing, coordination, monitoring, and evaluation functions as performed by MoFP and MIIT through NEEC; and the way GFPs were managed by responsible implementing entities. Specifically, audit focused on GFPs responsible for provision of loans either directly or through guarantee scheme.

Moreover, the audit focused on assessing the effectiveness of the Board in managing loan applications, the functioning of loan allocation systems, the effectiveness in administering appeals, efficiency of the Board in disbursing funds to successful applicants and functioning of loan oversight system in addressing observed weaknesses in the provision of loans.

4.3 Main Audit Findings

The following are the main audit findings as a result of two main performance audits.

4.3.1 Insufficient Coverage of Loan Financing Schemes

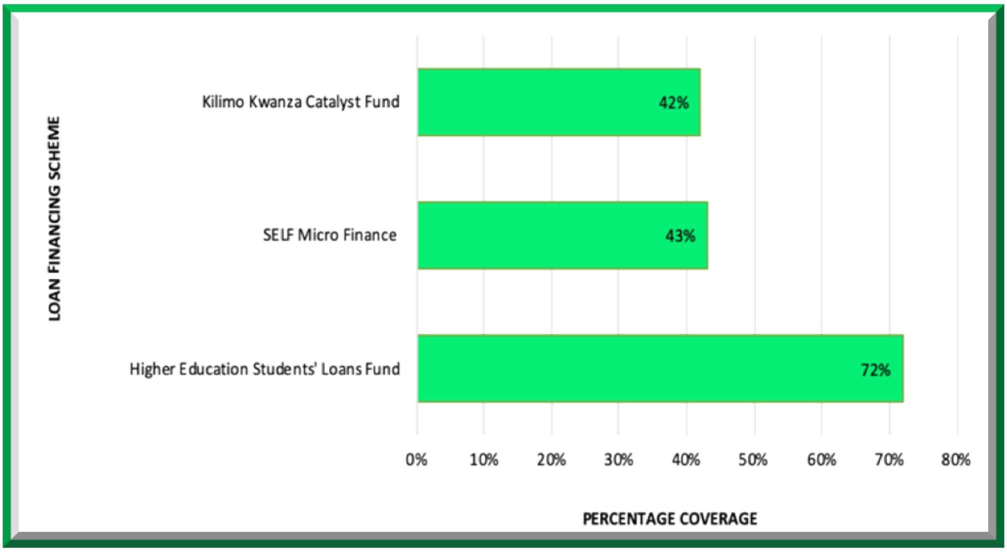
The performance audits found that the four financing schemes assessed in the audit did not sufficiently cover the respective target beneficiaries. Based on its Strategic Plan (2018/19 to 2020/21), SELF MF was supposed to reach out un-served and under-served communities with financial services, especially those in rural areas. However, the SELF MF Financing Scheme covered only 64 of the total 139 councils which were targeted equivalent to 43%. The SELF MF disbursement reports indicated that SELF concentrated only in Dar es Salaam, serving a total of 415 customers which makes 25% of all customers countrywide. Additionally, a total of TZS 112,744 million was disbursed in Dar es Salaam only which constituted 68% of all funds disbursed by SELF MF scheme.

The Audit noted that only 59 out of 139 Districts had been served by the Kilimo Kwanza Catalyst Fund (KKCF) scheme through TIB representing 42% of all potential Districts to be reached by the scheme. A total of 63 Districts have never been reached by TIB through KKCF. The Morogoro, Arusha, Mwanza, Mbeya and Pwani regions were the most served while Songwe, Kigoma and Simiyu were the least served.

The audit noted that only 76 out of 139 Districts had been served by the Kilimo Kwanza Catalyst Fund (KKCF) scheme through TIB representing 55% of all potential Districts to be reached by the scheme. A total of 63 Districts have never been reached by TIB through KKCF. The Morogoro, Arusha, Mwanza, Mbeya and Pwani regions were the most served while Songwe, Kigoma and Simiyu were the least served.

The students' loan financing scheme was on the other hand serving the needy students through financing their higher education. The performance audits conducted indicated that HESLB which is responsible for providing loans to higher education students, managed to provide loans to an average of 72% of all eligible students who applied for the respective financing facility. Although further analysis has indicated that there has been a rising trend in the number of beneficiaries between 2016 and 2021. **Figure 4.2** shows the percentage coverage of the 3 different financing schemes covered by the two performance audits.

Figure 4.2: Percentage Coverage of Loan Financing Schemes



Source: *Auditors' Analysis from Loan Portfolio Reports*

Figure 4.2 indicates that the loan schemes did not cover a satisfactory level of the intended beneficiaries. The most extensive scheme was the HESLB which was able to reach an average of 72% of its potential student's beneficiaries. The least covering scheme was SELF MF which covered only 43% of its potential customers.

The performance audit identified different reasons for insufficient coverage of the respective financing schemes. One of the reasons was the limitation in regional coverage for KKCF and SELF MF. Both loan schemes had opened offices and were operating centrally from seven regional zones for SELF MF and 4 regional zones for KKCF and did not have sufficient coverage of other regions with no established offices. Additionally, the Students' Loans Board did not cover a sufficient number of beneficiaries because of limited availability of loanable funds.

Consequently, some of the students who were not granted students' loans were forced to study under financial difficulties and completed their studies under difficult conditions. A total 2,490 students who were not covered by the students' loans financing scheme were compelled to drop from studies due to financial difficulties, which affected their academic progress.

4.3.2 Inadequate Mobilisation of Funds for Students Loan Scheme

The audits found out that the higher education loan financing scheme did not have sufficient amount of funds to finance all the eligible students' applicants. The Ministry's functions and the Strategic Plan of HESLB 2016/17 – 2021/22 outlined strategies that were to be undertaken in order to secure additional sources of funds, apart from the traditional government financing and collection from repayments.

However, the audits conducted found out that the higher education loan financing scheme has been relying on two major sources of finances to finance the higher education students' loans. The financing scheme for higher education students' loans has continued to rely solely on government financing with a little additional margin by repayments originating from previous loan beneficiaries. The audit team assessed the extent of contribution of each source of finance to the major loanable fund currently managed by HESLB and presented the results in **Table 4.1**.

Table 4.1: Extent of Margin of Contribution of Funds to Higher Education Students' Loans Scheme

Source	Margin of Contribution out of Total Loanable Fund[15]	Extent of Contribution
Government	65.21%	High
Private Sector	Unknown	NA
Owners of Higher Learning Institutions	Unknown	NA
Higher Education Institutions (Public)	Unknown	NA
Individual Students and their Families	Unknown	NA
Beneficiaries (Repayments)	34.79%	Medium/Moderate

Source: *Auditors' Analysis of HESLB Performance Reports, Education and Training Policy (2021)*

Table 4.1 indicates that higher education students' loans have continued to rely on two major sources of financing with Government continuing to be the leading financier to the loan fund. As per the financial information during the financial year 2020/21, the Government was contributing about 65.21% of the total loanable funds for higher education institutions with the next major source being the individual repayments with 34.79% of the total loanable funds. The scheme has not been able to either mobilize or provide information on the contributions from the private sector, owners of higher learning institutions, the higher learning institutions themselves, individuals and families.

The continuous reliance on the two main traditional sources of finance for higher education, loan scheme has adversely affected, the capacity of HESLB to accommodate potential loan applicants. The Board has managed to reach an average of 72.2% of the total eligible applicants while leaving the remaining percentage without loan finances.

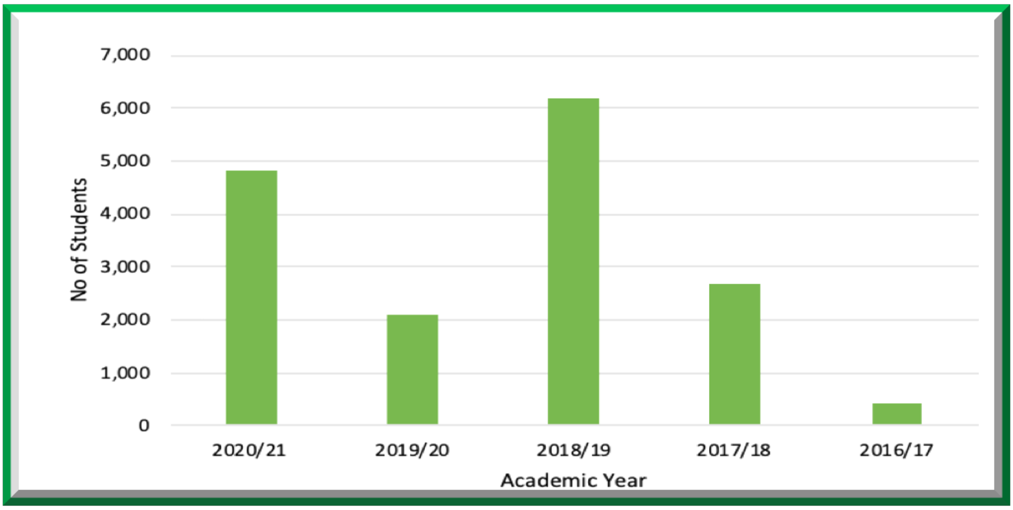
4.3.3 Allocation of Loans above Neediness

The audits conducted indicated that students' loans were provided above the neediness. Based on the Guideline for Issuance of Students' Loans and Grants the allocation of students' loans shall be determined by the degree of neediness as determined by the means testing score run by HESLB.

[15]The figures and margin set are based on the financial data from HESLB during financial year 2020/21

However, HESLB has not been accurately allocating loans to students as per their neediness. The review of student's means testing scores and loan allocations has found- out that some of the students were allocated amount of loans which were above their neediness. The analysis of the loan allocations and means testing scores has provided different results as shown in **Figure 4.3**.

Figure 4.3: Number of Students Allocated Loan above Neediness



Source: *HESLB's Loan Allocation Reports*

Figure 4.3 above shows the presence of students who are allocated with student loan finances above their determined neediness. During the academic year 2018/19, 6182 students were allocated with loan finances above their neediness which was the maximum among the five years assessed. The least was observed during the academic year 2016/17 whereby only 411 students received loan finance above their neediness.

The allocation of loans above and below neediness level has been caused by the system errors and misbehaviors during the means testing and allocation exercises. According to officials from HESLB who were interviewed during the audit, the allocations errors were being reduced year after year with an improvement of the system.

Consequently, the allocation of loan finances above the neediness has resulted into inequitable allocation of funds to needy applicants who could have been allocated with the additional funds on top of the deficit amount.

For instance, in the period of five years audited about TZS 13.7 billion were allocated to students above their neediness level. This amount could have been used to top-up a total of 10,075 students who received less than allocations and remain with TZS 11,403,957,425 billion which could have been allocated to 3001 students with an average of TZS 3.8 million allocation per each applicant.

4.3.4 High Rate of Non-Performing Loans

The audits found out that the audited loan financing scheme had been operating with high-rate of Non-Performing Loans (NPL). In order to operate sustainably, the loan financing schemes were supposed to conduct comprehensive analysis of the credit worthiness of the clients before loans are granted. However, the audits found out that there was no sufficient analysis of the credit worthiness and therefore the loan schemes ended up having high rate of Non-Performing Loans (NPL).

The reviewed portfolio report of Agricultural Input Trust Fund (AGITF) indicated that TZS 20.1 Billion out of TZS 27.87 Billion total outstanding portfolio which is equivalent to 72% were Non-Performing Loans. A further review of Kilimo Kwanza Catalyst Fund, as of September 2021 indicated that, TZS 27.6 Billion out of 34.2 Billion of total outstanding Portfolio which is equivalent to 80% was NPL while only 20% of the portfolio performing well.

The audits established different reasons for prolonged existence of non-performing loans. The main reasons for accumulation of non-performing loans included; provision of loans to unqualified customers, non-recoverability of loans and use of loans for unintended purposes. Consequently, the perpetual existence and growth of non-performing loans, has mainly contributed to capital wearing and has reduced the amount of funds available to be loaned. As a result, the non-performing loans impair government's efforts in reducing the impact of SDG 1 and 8; on eliminating poverty and creating a sustained and inclusive economy. The audits assessed the extent of decline of the working capital and presented the results in **Figure 4.4.**

Figure 4.4: Trend of Working Capital of the AIGTF and SELF MF Financing Schemes

Source: *Evaluation Report of Government Financing Scheme 2021*

Figure 4.4 indicates that the working capital of the two financing schemes with high rate of non-performing loans has been declining over the years. In the past five years the working capital of Agricultural Inputs Trust Fund had declined by 35% from TZS 25 Billion in 2016/17 to 17 Billion in 2020/21. Parallel to that the working capital of SELF-MF had declined by 6.5% from TZS 62 Billion in 2016/17 to TZS 58.9 Billion during 2019/20.

4.3.5 Provision of Loan Finance to Ineligible Beneficiaries

The conducted Performance Audits found out, that the financing schemes were providing loans to ineligible beneficiaries. The Guidelines for Smallholder Farmers Credit and SELF MF provided guidance for who was qualifying for loan scheme and those who were not qualifying for it.

Additionally, the Higher Education Students' Loan Operational Manual, stipulates the criteria for students to qualify for the loan and all the requirements.

However, the review of Loan Portfolio indicated that, 21 SMES/Corporates which did not have the required qualifications were guaranteed loans amount up to TZS 9.186 billion. **N**one of the loan beneficiaries had met the requirements of receiving guarantees, including taking- off smallholder farmer's produce under contract farming; supplied inputs and technology to smallholder farmers; provided technical support to smallholder farmers; renting of farming equipment; nucleus farming or out growers scheme or using the loan to expand their business with smallholder farmers. Out of the total loans granted to beneficiaries TZS 47,083.6 billion, TZS 23,541.8 were granted to unqualified customers.

While reviewing the list of customers under Kilimo Kwanza Catalyst Fund (KKCF), the audit found out a sample of 50 customers' files with the largest outstanding loans, classified as loss. Based on the review, it was further noted that a total of TZS 4,606,149,156, was loaned to customers with poor track record and unsatisfactory performance, contrary to the requirements of Para 9.3 of the Agricultural Window Framework, which requires loan to be issued to customers with good track record of paying outstanding loans and a positive net cash flow.

Furthermore, during the review of loan beneficiaries at HESLB, the audits found that a total of 756 unqualified students were allocated a total of TZS 2,255,336,448 as students' loans. Based on the loan operational manual, these students were identified to have negative neediness and therefore did not qualify to receive students' loan finances.

Consequently, the issuance of loan finances to unqualified customers contributed to potentially default customers who added up to the list of non-performing loans in the respective scheme. This is revealed by the margin of non-performing loans for AGITF and KKCF schemes which had non-performing loans at the ratio of 80% and 52% respectively out of the total loan portfolio. Additionally, this affects the attainment of SDG's Goal 10 on reduction of inequalities within the community.

4.3.6 Providing Unsecured Loan Facilities

The performance audits, found- out that the loan schemes, were providing loan facilities to beneficiaries who did not have the required securities. The Agricultural Window Framework and the AGITF Credit Policy (2017) are required to conduct sufficient collateral analysis, prior to granting loans and that disbursements are done after submission and verification of all documentation and registrations.

However, the review of the Loan Collateral Verification Report, of the AGITF, found- out that 65% of the total loan portfolio equivalent to TZS 418 million of the loan funds was unsecured. Further review of the same report, indicated that the pledged security was not sufficient to recover 65% of the outstanding portfolio. According to the Site Visit Report for Katavi, Mbeya, Songwe, and Rukwa regions (2021), there was a challenge of overvaluing pledged security during loan application compared to their true values.

A Performance Audit on the AGITF Scheme found- out that Tanzania Investment Bank (TIB) which was providing credit on behalf of AGITF approved an aggregate credit facility of TZS 354.17 million (TZS 93.7million being farm implement and TZS 260.47 Million for farm expansion and operation) to Antipa Investment Limited. On 24th February 2016 the Bank approved additional Loan Facility of TZS 50 Million to Antipa Investment Limited.

A detailed review of TIB follow up report of 2nd January 2017, indicated that, two securities pledged by Antipa Investment limited were not genuine because one of the third part guarantees at the value TZS 178,200,000 registered as a mortgage was not successful because the owner reported that he had lost his title deed. Tanzania Investment Bank (TIB) follow- up report also indicated that another third-party security guarantee valued at TZS 25,000,000 was not verified because the location of the plot was unknown.

Moreover, the review of the loan assessment reports indicated that the staff who were responsible for processing loan facility did not conduct a thorough credit analysis to determine the authenticity and location of the collaterals. As a result, loan facilities faced delayed repayments and non-performing loans due to lack of valuable collaterals which could compel creditors to promptly repay. For instance, TZS 503,401,704 of loan facility at TIB under the AGITF was not paid for 1,873 past due dates as of 30th August, 2021

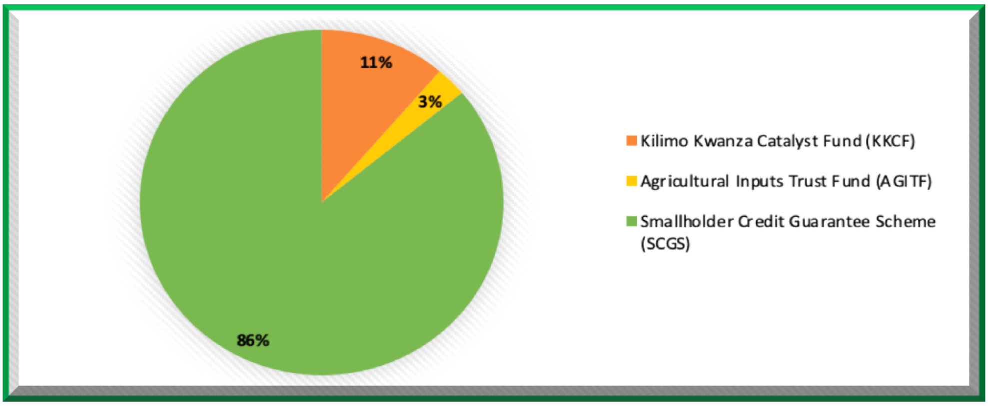
4.3.7 Loan Facilities not used for Intended Purposes

The Performance Audit found out that the loan facilities, extended to the respective beneficiaries were not used for intended purposes. Section 4.1(b) of the agreement terms with Tanzania Investment Bank, stipulates that loans should be administered and disbursed, in line with project implementation plan and ensure that the funds were utilized for the intended purposes.

Review of Bank Statement for Smallholder Credit Guaranteed Schemes (SCGS) revealed that funds which were transferred to TADB, were spent on unintended purposes. SCGS, Call Account audit noted that, TZS 7 Billion was transferred to the Call Account at TADB to provide guarantee for smallholder farmers. However, after two- month the funds were transferred from SCGS Call Account to TADB Development Account, which allowed the bank to use the funds for other commercial purposes, instead of using the funds for providing guarantee.

The review of 50 sampled files at the Kilimo Kwanza Catalyst Fund, found out that 9 out of 50 borrowers (equivalent to 18% of beneficiaries) did not use the loans for intended purposes. A total of TZS 917.342 million out of 4,651.4 was used for un-intended purposes. Else, the review of 50 selected customer files under AGITF Loan Scheme found out that TZS 226. 759 million were used for purposes different from purposes loan applications. A general overview of the funds used for unintended purposes is provided in **Figure 4.5**.

Figure 4.5: Overview of Loan Finances Used for Unintended Purposes



Source: *Analysis of Internal Audit and Sampled Customer Files*

Figure 4.5 indicates that a substantial amount of loan funds was used for purposes other than the intended ones. A total of TZS 8.144 billion was used for unintended purposes in the three financing schemes assessed. The major portion of funds was observed for the Smallholder Credit Financing Scheme where TZS 7 billion equivalent to 86% of the total funds assessed were spent on unintended purposes.

The review of the bank transactions indicated that the funds were transferred to TADB's "Call Account" to be used as a credit guarantee for the small holder farmers. However, the funds were used for commercial purposes at TADB, contrary to the original purpose of the loans.

Consequently, the use of credit guarantee funds for other purposes, has denied a significant number of smallholder farmers an opportunity to access the required funds and obtain loan finances. For instance, the TZS 7 billion at TADB could have been used to provide guarantee for loans up to TZS 14 Billion based on the loan-guarantee ratio of 50%.

4.4 Impact on the Attainment of Sustainable Development Goals

The weaknesses discussed above on the performance audits highlights the challenges in the management of loans and financing schemes that may have direct or indirect impact on the management of loans and financing schemes and hence the achievement of Sustainable Development Goals (SDGs). The observed weaknesses could ill affect the attainment of the 4th sustainable development goals in different dimensions as elaborated below:-

a) Inadequate Administration of Government Funds and Programs

The Government introduced the government funds and financing schemes in order to economically empower the marginalized and vulnerable groups and hence raise their standard of living. However, the inadequate administration of the government's funds and programs deters government efforts from attaining the main objective of introducing the schemes. In turn, this is expected to affect the attainment of Goal 1 on eradication of extreme poverty for all people, Goal 8 on promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, Goal 9 on building resilient infrastructure, promote inclusive and sustainable industrialization and fostering innovation and Goal

10 on reducing income inequality and promoting social economic inclusions and ensure equal opportunities and end discrimination.

b) Ineffective allocations and disbursement of higher education students' loans

The Government introduced the Students' Loans Financing Scheme, currently, managed by the Higher Education Students' Loans, to ensure that students from low-income families and marginalized groups can afford to acquire higher education through the provided loans. However, ineffective allocations and disbursements process, pose risks to the government objectives of financing the students from low income and other disadvantaged groups. The ineffective allocation of students' loans will deter the government from attaining Goal 10; which strive to ensure presence of equal chances of access to educational financing opportunities for disabled loan applicants and economically poor families who by any chance are vulnerable on income terms.

4.5 Specific Audit Conclusion

In conclusion, the systems for managing loan financing schemes in the country are functioning inadequately, thus they cannot ensure the objectives of initiating the programs are met. The government loan fund and financing schemes are marred with challenges that are affecting their working capitals and financing capacity. The challenges are more on administration, particularly, on the monitoring of the disbursed funds. Additionally, the students' financing scheme is faced with an increasing demand for students' loans and non-availability of a fair and accurate system, which will allocate the loans in a more effective manner.

The parent Ministries responsible for overseeing the financing programs, are not discharging their respective responsibilities as required in the management of loan and financing programs. This oversight gap has led to mismanagement of funds and draining the initially invested capital for the financing programs.

CHAPTER FIVE

MANAGEMENT, DEVELOPMENT AND PROMOTION OF NATIONAL MUSEUMS, CULTURAL HERITAGE SITES AND TOURISM

5.1 Introduction

This chapter presents a summary of audit findings derived from the two Performance Audit Reports namely: Management of Museums and Cultural Heritage Sites and Development and Promotion of Tourism.

It provides a brief description on the importance of museums, cultural heritage, sites and tourism in the attainment of Sustainable Development Goals, responsible Government entities, their strategies and efforts in improving the management of museums and cultural heritage in promoting Tourism.

5.1.1 Background Information

Tanzania has seven national museums with collections of relics for public viewing through exhibits that may be permanent or temporary. Museums have varying aims, ranging from serving researchers and specialists to serving the general public. Also, Tanzania has a total of 131 gazetted cultural heritage sites. Out of 131 cultural heritage sites that have been gazetted in Tanzania, only four[16] are listed in the world heritage list. Worldwide cultural heritage sites provide insights into the past and help people to learn about human history.

Furthermore, according to the World Travel and Tourism Council (WTTC) Report issued in 2017[17], Tanzania's Tourism Industry is expected to be among one of the world's fastest-growing sector over the next decade, with 1.28 Million tourist arrivals. Tanzania is already one of the most visited destinations in Sub-Saharan Africa[18]. Therefore, the importance of the

---

[16]Ngorongoro Conservation Area, Ruins of Kilwa Kisiwani and Songo Mnara, Stone Town of Zanzibar and Kondoa Rock-Art Sites

[17]http://repository.businessinsightz.org/bitstream/handle/20.500.12018/7436/TRAVEL%20%26%20TOURISM%20ECONOMIC%20IMPACT%202017%20TANZANIA.pdf?sequence=1&isAllowed=y (Accessed on 19th April, 2021)

[18]https://oxfordbusinessgroup.com/overview/achieving-potential-taking-steps-diversify-offerings-and-address-remaining-challenges-growth Accessed on 19/04/2021

tourism sector cannot be denied considering foreign currencies which are earned from international visitors.

Africa is both fortunate and unfortunate as far as cultural heritage resources are concerned. The continent is fortunate for being a home to a variety of heritage assets, informative on the origin and development of humanity. In the meantime, it is unfortunate that Africa is too poor to take care of such vast cultural treasures.

5.1.2 National Museums, Cultural Heritage Sites and Tourism Linked to Sustainable Development Goals

The two audited areas are linked with the implementation of the Sustainable Development Goals. For instance, the Management of National Museums and Cultural Heritage Sites has implemented to promote tourism which links with Development and Promotion of Tourism Sector.

The audits respond to SDG 1, 3, 4, 7, 8 and 10. These are as shown in **Figure 5.1.**

Figure 5.1: SDGs Linked to National Museums, Cultural Heritage Sites and Tourism Promotion

Source: *Auditors' Analysis of SDGs, 2021*

Figure 5.1 shows the six goals which are linked to SDGs for fostering economic growth and human development as envisaged in FYDP-II.

The implementation of the recommendations on the development of Museums and Cultural Heritage Sites has a potential contribution to the promotion of culture and tourism through implementation of the devised policies to promote sustainable tourism that creates jobs and promotes local culture and products. The impact of tourism will be measured through a proportion of tourism sector to total GDP and in growth rate and proportion of jobs in sustainable tourism industries out of total tourism jobs.

5.1.3 Government Strategies and Efforts made in the Museums Cultural Heritage Sites and Tourism

The government has taken several initiatives and efforts, to improve the tourism sector including the Management of Museums and Cultural Heritage Sites, setting several strategies such as rehabilitation of physical infrastructure as well as maintaining and increasing the services provided in the Cultural Heritage Sites by 80%. These initiatives have been implemented along with enhancing preservation and conservation of cultural heritage including developing and promoting cultural heritage resources products.

On the side of tourism sector, the initiatives include; the target to increase number of international tourists from 1.3 Million in 2016 to 3.0 Million by June 2022 and to raise the revenues, accrued from tourism from USD 2.1 Million to USD 2.5 Million. Among others, this was expected to be achieved by promoting natural, cultural resources such as Museums and Cultural Heritage Sites, and tourism services in 10 Tanzania Embassies abroad by June 2021; also, increasing promotion by engaging social media marketing tools, carrying out 120 International Promotion events and Adverts by June 2022.

5.2 Audit Objective and Scope

The main objectives of the audits were to assess whether the Ministry of Natural Resources and Tourism (MNRT) through Tanzania Tourist Board (TTB) and National Museum of Tanzania (NMT) have adequately managed Museums and Cultural Heritage Sites and promoted Tourism in Tanzania to optimize the potential of tourism and enhance its contribution to the country's economy and ensure long term survival and enhance culture and natural heritage.

The audit focused mainly on the adequacy of development and promotion of tourism, specifically on the improvements in the performance and contribution of the tourism sector to the country's economy, development of available key tourist products, and promotion and marketing of tourism products.

In addition, both natural and manmade categories of tourism products were covered during the audit. On the Management of Museums and Cultural Heritage Sites, the Audit focused on the assessment of the mechanism in place for the identification and collection of Heritage remains; adherence to set criteria for the establishment of Museums and Cultural Heritage Sites; sustainability of preservation and conservation measures; sufficiency of resources in terms of human skills, equipment and fund; and adequacy of monitoring and follow-up mechanisms in managing Museums and Cultural Heritage Sites.Both audits covered a period of five financial years from 2016/17 to 2020/21.

5.3 Main Audit Findings

5.3.1 Inadequate Development of Museums and Cultural Heritage Sites

The audit noted that for the period between the financial years 2016/17 to 2020/21 Museums and Heritage sites were left undeveloped. Inadequate development of museums and heritage sites was evidenced through the following indicators:

(a) Underperformance of Heritage Sites

The Audit noted MNRT did not ensure adequate preservation of cultural remains in all 131 gazetted Heritage Sites. Furthermore, 18 out of 131 gazetted Heritage Sites (equivalent to 14%) were operational in terms of public access and protection mechanisms. MNRT had information regarding the operational status of only 18 heritage sites. Nevertheless, it noted that in the 12 visited Heritage Sites managed under MNRT through DoA, had lack of information centres and staff to take care of the sites.

In addition, the Audit noted further that only 15 out of 131 (equivalent to 11%) of Cultural Heritage Sites contributed to economic revenue for the period of the financial years from 2016/17 to 2020/21. Heritage Sites that collected revenues included Kaole Ruins (Coast), Kunduchi Ruins (Dar es Salaam), Oldupai Gorge (Arusha), Isimila Stone Age Site (Iringa), Bagamoyo Stone Town (Coast), Mkwawa Grave in Kalenga (Iringa), Ruins of Kilwa Kisiwani and Songo Mnara (Lindi), Mbozi Meteorite (Songwe), Amboni Caves and Tongoni Ruins (Tanga), Livingstone Memorial Site Museum (Kigoma), Livingstone's Tembe and Kwihara Reserved Area (Tabora), Mungomi wa Kolo (Dodoma), Caravan Serai (Coast), and Mwalimu Nyerere Memorial House (Dar es Salaam).

However, 4 out of 18 (equivalent to 22%) Heritage sites that were transferred to the Honorary Antiquities Wardens namely, NCAA, TANAPA, TFS and TAWA did not generate revenue over the past five years. These sites include Old Afya Building managed by TFS, Engaruka Ruins, Engaresero, and Mumba Rock Shelter both managed by NCAA.

The main reason behind the failure to generate revenues was due to the unavailability of investment guidelines that could guide proper decision-making and choice of the investment opportunities available in the respective cultural Heritage Sites.

The audit further noted that 7 out of 12 visited heritage sites had incomplete details about the sites or content(s). For instance, there were no key information and details of the Heritage sites, such as names, dates of the objects, description of the structures, graves and walls - as evidenced at German Bridge (Dodoma), Fliessbach Grave (Dodoma), Kisikimto Graves and Mosque (Tanga), Chongoleani Wall (Tanga), Chikalikani Walls (Tanga), Kunduchi Ruins (Dar es Salaam) and Mbuamaji Mosque and Graves (Dar es Salaam).

Additionally, from the financial years 2016/17 to 2020/21, the Department of Antiquities, successfully gazetted 1 out of 14 available Cultural Heritage buildings as envisioned in the MNRT's Strategic Plan (2016/17-2020/21). The remaining cultural heritage buildings were not gazetted due to an inadequate utilization of research results (which is the basis for identification of heritage properties to be gazetted) as well as inadequate follow-up on the Cultural Heritage buildings which were not documented and gazette.

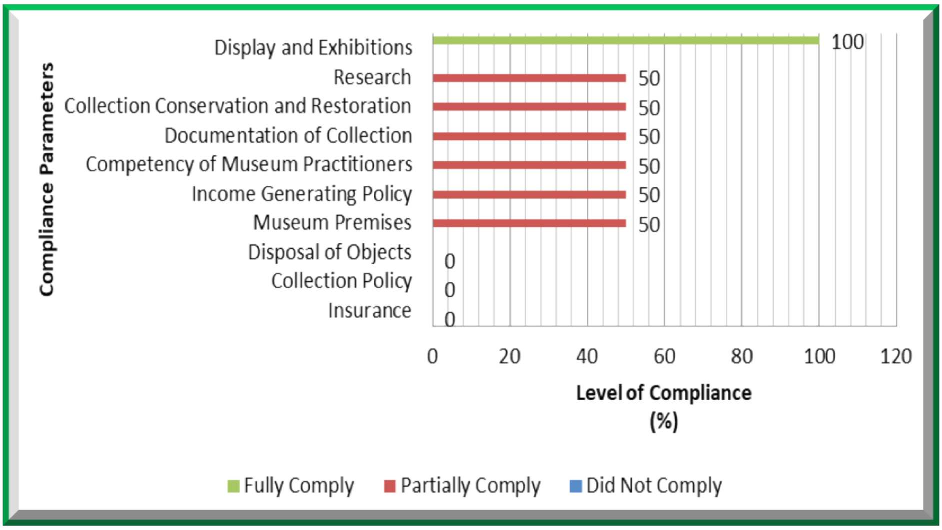
Underperformance of the Museums

The Audit found- out that Museums Premises did not ensure the wellbeing and sustainability of museums' collections. For instance, three out of four visited Museums namely the National Museum and House of Culture, Maji Maji Museum and the Village Museum - both were found with limited space for storage of museum collections.

The Audit noted further that the Village Museum used only 41 percent of the available land intended for displaying traditional houses of different ethnic groups found in Tanzania. It was noted that 13 out of 32 traditional houses were operational and open for public access; six traditional houses had fallen down and were never renovated while 13 other traditional houses were not in use for public visitors since they needed renovation.

On the level of compliance to the requirement for the establishment and management of Museums refer to Figure 5.1, it was noted that 1 out of 10 parameters, the museum fully complied with display exhibition. Whereas, for 6 out of 10 parameters, the museum partially complied with Research, Conservation and Restoration of collections, Documentation of collections, Museum Premises, competence of Museum Practitioners, and income-generating policy). While for 3 out of 10 parameters, the museum did not comply, these parameters were disposal of objects, insurance, and collection policy. Therefore, to a large extent, Museums in the country complied with only 1 out of 10 established parameters for the establishment and management of Museums as shown in **Figure 5.2.**

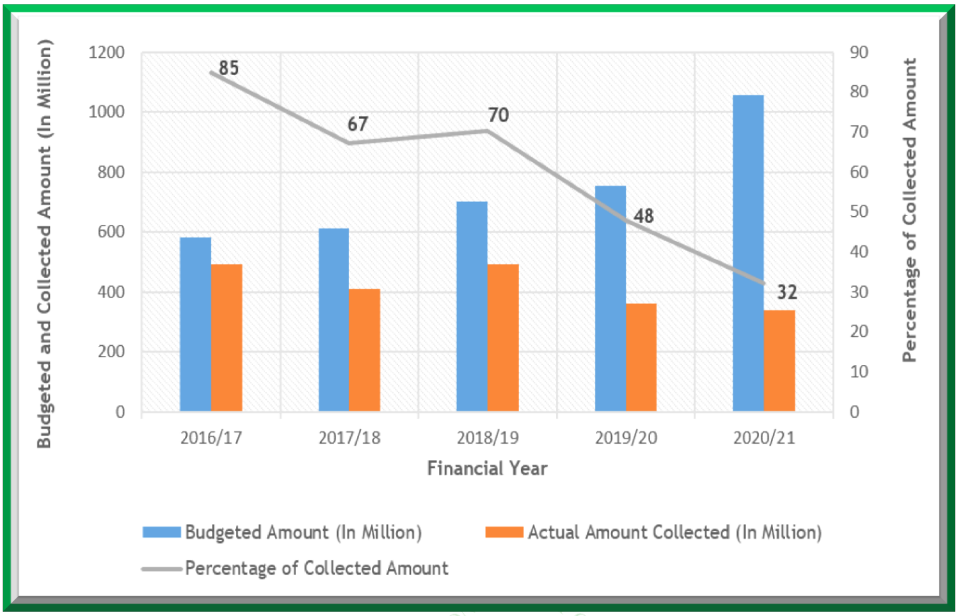
Figure 5.2: Level of Compliance to Parameters for Establishment and Management of Museums



Source: *Auditors' Analysis of ICOM Code of Ethics of 2013*

Furthermore, the audit noted low collection of targeted revenues from the Museums, for the period of three consecutive financial years, from 2016/17 to 2018/19. During the cited financial years NMT managed to collect about 70 per cent of the targeted revenue. For the financial years 2019/20 and 2020/21 NMT managed to collect around 48 and 32 per cents of the target set respectively. While COVID 19 pandemic is likely to have contributed to this trend, the audit noted that prevalence of low collection had existed even before the break-up of the pandemic. Generally, the low revenue collection from internal sources was largely contributed by a decrease in the number of visitors as well as unavailability of tenants in the available rental properties at NMT.

Figure 5.3: Percentage decrease in revenue collection by NMT for the period from 2016/17 to 2020/21



Source: Budgeted and Revenue Reports for the period from 2016/17 to 2020/21

(b) Inadequate Efforts by MNRT to enhance Development of Museums and Heritage Sites

The audit noted some infrastructural development as among the strategies of enhancing the development of Heritage Sites. Infrastructural development was done through a release of the budgeted fund to cater for rehabilitation, conservation and construction of some Heritage Sites for the financial years 2017/18 and 2018/19.

However, the audit noted that the release of the disbursement was less than 50 per cent of the budget for the period from 2017/18 to 2019/20. Out of the cumulative budgeted amount of TZS 1,248,918,192, the released amount was only TZS 795,425,494 which is equivalent to 64%. Consequently, the inadequate release of the fund led to the non-completion of all planned activities intended for developing Heritage Sites.

Weaknesses in the Transfer of Heritage Sites to the Honorary Antiquities Wardens

The audit noted that there were funds allocated by the Honorary Antiquities Warden for improving the Heritage Sites. In the financial year 2019/20, only two institutions namely NMT and NCAA were allocated funds for infrastructural development on the given Heritage Sites. NMT and NCAA spent almost 44% and 59% respectively, on the financial year 2019/20. While on the year 2020/21, all five institutions allocated budgets for developing Museums and Heritage Sites in the country, only NMT, TANAPA and NCAA effected deployed their budget; this was by 38%, 31% and 18%, respectively.

Despite the effort of transferring the management of Heritage Sites from DoA to the aforementioned Wardens, the Audit noted several weaknesses as follows:

The Audit Team managed to access only 10 out of 109 Memorandum of Understandings (MoU) for the transferred Heritage Sites that were signed between MNRT and the so-called 'Competent Authorities' namely TANAPA, TAWA, TFS, NCAA and NMT. There was no signed MoU between MNRT (DoA) and NMT regarding the management of 91 Sites that were transferred to NMT.

There was absence of situational analysis to evaluate whether the transfer of funds would end the problems pertaining to the development of Cultural Heritage Sites.

Absence of timelines in all the 131 Heritage Sites that were transferred to the Honorary Antiquities Warden which had no defined timelines on when the Heritage Sites would be returned to be managed by the responsible entity.

The above-mentioned weaknesses, limits the initiatives of the appointed Honorary Antiquities Wardens, towards developing the Heritage Sites. The anomaly attributed to lack of proper road map at MNRT towards restoration and development of the Heritage Sites to ensure sustainability of cultural heritage resources.

(c) Inadequate Mechanisms in Place for Identification and Acquisition of Museums' Collections and Cultural Heritage Sites

The Audit noted inadequate mechanisms in place for the identification and acquisition of Museums' collections and Heritage Sites. This was attributed to insufficient research that could enable the identification of in order to inform on the proper procedures for acquiring Museums' collections and Heritage Sites at MNRT.

The Audit further noted insufficient research activities due to absence research plans, non-establishment of the Research Council, insufficient monitoring of researches undertaken in the country, and a lesser number of experts in the field of antiquities.

Insufficient Budget for Research Activities

The Audit found out that at NMT they were supposed to conduct 30 researches (at least two in each field). However, there was insufficient release of fund for research activities. Failure to conduct such institutionalized and thematic researches, has led to lack of inventory of heritage resources available in the country. In turn, this leads to inadequate augmentation of museums' collections, acquisition of new heritage sites for protection, as well as lack of scientific publications.

Inadequate Mechanisms to ensure Inventory of Collections after the Completion of Research

The Audit noted that at the Division of Antiquities there was no any mechanism to ensure that the inventory of collections after the completion of research, especially those undertaken by foreigners were functioning. Such inventory was also missing for the materials that were taken to foreign countries for the laboratory procedures. This was evidenced by the absence of cultural materials that were supposed to be returned back to Tanzania after pertinent export permits had expired.

Table 5.1: Status of Permits for Exported Collections without Reminder

Permit Expiry Year	Number of Permits Issues
2016	9
2017	10
2018	3
2019	0
2020	7

Permit Expiry Year	Number of Permits Issues
2021	2
Total	**31**

Source: *Auditors' Analysis of Export Permits' Register*

From **Table 5.1,** it was evidenced that for the period of the audit, no reminder had been issued for the 31 export permits that had expired.

Inadequate Utilization of Research Findings

The Audit noted inadequate utilization of research findings at both NMT and the Ministry of Natural Resources and Tourism. This was confirmed by lack of newly-generated Museum collections from the undertaken research activities in the country as well as lack of the newly identified and gazetted Heritage Sites in the country.

Underutilization of research findings was largely caused by non-submission of scientific research reports due to scanty of closely follow-ups by the Department of Antiquities at the Ministry of Natural Resources and Tourism. The Audit noted further that there was a total of 52 research projects conducted at different Heritage Sites and Museums in the countrywide for a period of five years from 2016/17 to 2020/21, however, not a single scientific research report was availed to the Ministry of Natural Resources and Tourism. The Audit found out that inadequate utilization of research findings was caused by absence of research policy and pertinent guidelines.

(d) **Adherence to Procedures and Processes for the Establishment of Museums and Declaration of Heritage Sites**

During the financial year 2016/17 to 2020/21, the Audit Team selected two recently gazetted Cultural Heritage Sites, namely; Nkurumah Hall and the Historic Town of Mikindani, to assess the adherence of the required procedures for the establishment of Museums and Heritage Sites. It was found out that the declaration processes for Nkurumah Hall complied with the established criteria and procedures; though, for Mikindani Historic Town, the Audit Team was not availed with the documents which could provide the informative procedures that were followed. This implies non-compliance to the established criteria as stated under Section 3 of the Antiquities Act, Cap. 333.

Lack of Local Standards and Procedures for the Establishment and Management of Museums.

The Audit Team noted there were non- availability of local standards to govern the establishment of National Museums in the country. For the period from the financial years 2016/17 to 2020/21, it was found out that the Ministry of Natural Resources and Tourism, established only one Museum namely; Rashid Mfaume Kawawa Museum. The audit noted that there were no available documents that could inform if the criteria for the establishment of the Rashid Mfaume Kawawa Museum were met. It was officially opened on 27th February, 2017.

The Audit Team had the view that lack of the local procedures on the establishment of Museums, was attributed to minimum initiatives to ensure local standards and procedures were established and put in place. Consequently, there has been low pace of establishing and opening new Museums in the country, as stipulated in the National Museum and Monuments Act, Cap. 281, hence, failure of the National Museum to serve the wide community as pledged in the Tanzania's Cultural Policy of 1997.

(e) Inadequate Conservation of Heritage Sites and Curation of Museum Collections

Despite the presence of sectorial policies (i.e. Cultural Policy of 1997 and the Cultural Heritage Policy of 2008), the Audit Team noted lack of specific policies to guide conservation of Heritage Sites and curation of Museum collections. The absence of specific policies directing curatorial activities has led to lack of guidelines that specifically govern the curation of museum collections.

Raising Public Awareness on Museum Activities

A review of the MNRT's Performance Review Report on the achievement made up to June, 2021, indicated that for the period of the financial years from 2017/18 to 2020/21, there was 152 percent overall achievements in raising awareness campaign activities conducted by the National Museum and House of Culture. It was further noted that NMT performed well on the planned Television and Radio programs, production of documentaries and theoretical performances as well as through conducting the outreach programs.

Inadequate Plans to ensure Conservation of Cultural Heritage Sites

The audit noted inadequate implementation of the plans on conservation of Cultural Heritage Sites due to a slow pace in gazetting heritage sites and presence of un-demarcated conserved areas. It was further noted that there was 60 per cent achievement in the construction and rehabilitation of infrastructures in Cultural Heritage Sites. A review of the National Cultural Heritage Register (Updated in 2018), revealed that during the financial years financial years 2016/17 to 2020/21, MNRT managed to gazette Mikindani Historic Town in 2017 out of the targeted six Cultural Heritage Sites and 14 Cultural Heritage Buildings.

Review of implementation of the MNRT's Strategic Plan, revealed that MNRT had managed to demarcate the boundaries of two heritage sites, namely; Kalenga and Kwihara Tembe for the period from 2016/17 to 2020/21.

Absence of clear demarcations of Cultural Heritage Sites

The audit noted unavailability of clear demarcations and regular encroachment of the sites. Out of 12 Cultural Heritage Sites visited by the Audit Team, three heritage sites namely; Mbuamaji, Chongoleani Wall and Kichalikani Wall, had no clear demarcations. As a result, the surrounding community allocated to themselves pieces of land around the Cultural Heritage Sites. Lack of clear demarcations of boundaries for some of the cultural heritage sites was due to absence of efforts aiming at conducting detailed land survey, following up and monitoring by MNRT on the Heritage Sites.

Regular Encroachment of the Heritage Sites

The audit team noted that in the five heritage sites that were encroached, two had clear demarcations. The two visited sites that had clear demarcations and were still encroached were Kunduchi Ruins and Amboni Caves. Kunduchi Ruins, had incidences of regular encroachment to the extent that a private school has been built within the area of the sites.

Furthermore, Amboni Caves is surrounded with quarrying mining plots, whose owners involve themselves in mining activities, which involve dynamite blasting, that increases the risk of collapse of caves due to massive explosions. The explosions also leave empty pits around the environment which threaten the existence of the caves. The Audit indicated that there was no spacing between the caves and the mining plots that would reduce the risk of threatening the existence of the caves.

(f) Inadequate Preservation of Museums' Collections

The audit team noted inadequate conduct of research that informs the preservation status of museums' collections. For the period between 2016/17 to 2020/21, the review of the implementation status of strategic plan revealed that six researches (equivalent to 5 percent) out of the planned 120 researches were done in collaboration with other international researchers, and seven publications (equivalent to 12 percent) out of planned 60 publications were produced.

The audit team noted the absence of research plans that were in place to identify priority areas for research. This was caused by unavailability of internal research policy at NMT to govern the research activities. The under achievement to conduct the targeted researches was due to inadequate planning, budgetary constraints, and lack of priority given to research by NMT.

For the period between 2016/17 to 2019/20, on average, the proposed budget for NMT was TZS 360 million per month, but the approved budget was TZS 38 million, equivalent to 11 percent, while the actual release of the fund averaged at TZS 25 million per month, which was equal to 7 percent of the proposed budget. The audit indicated massive improvement for the year 2020/21, whereby 72 percent of the proposed budget was approved and 53 percent of the approved budget was disbursed.

Limited equipment to Facilitate Preservation and Curation of Museums' Collections

The audit team noted lack of the necessary tools to ensure sustainable wellbeing of the museums' collections. It was further noted that conservation facilities and appliances, such as Thermometers, Hydrometers, Lux Meters, Desiccators, Refrigerators, and Blowers were needed to maintain the required conditions of various collections museums.

In addition, lack of the above-mentioned appliances contributed to the deterioration of the collections of the museums due to factors, such as light, humidity, temperature, and sunrays, among others.

Shortage of Museum Curators

The audit noted shortage of well-trained and competent Museum Curators responsible for curation of museums' collections. For instance, three out of four visited museums were noted to have severe shortage of curators as shown in Table 5.2. These were the National Museum and House of Culture, the Maji Maji Memorial Museum, and Rashid Mfaume Kawawa Memorial Museum.

Table 5.2: Workload of curators of museums as on June 2021

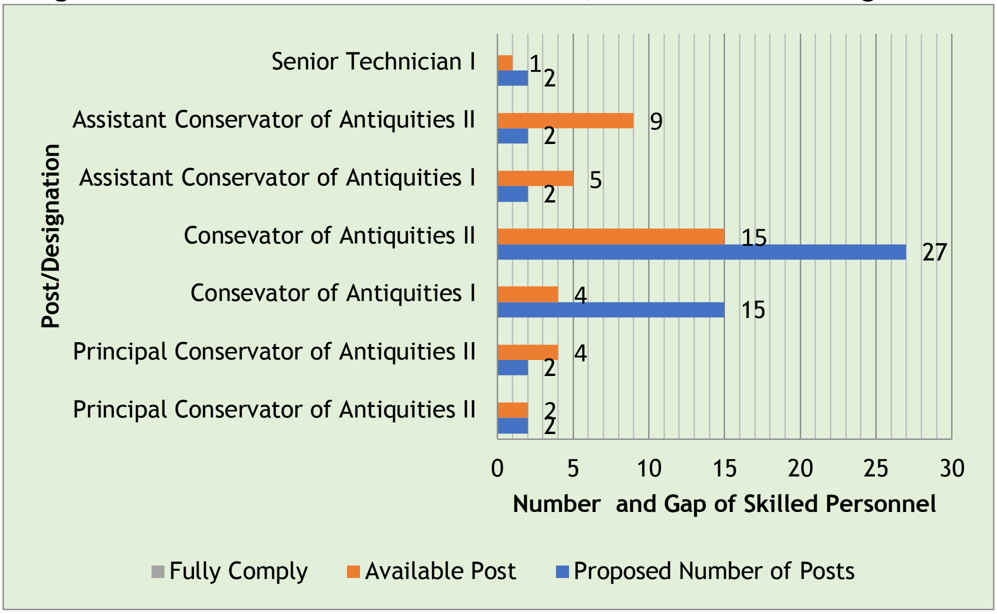
Name of the Museum	Number of Collection	Number of Curator	Workload in Ratio
Museum and House of Culture	373,983	9	1:41,553
Village Museum	1,417	4	1:354
Maji Maji War Memorial Museum	736	1	1:736
Kawawa Museum	302	1	1:302

***Source:** Auditors' Analysis on the Museum Collection Report of September 2021*

Unavailability of Conservators at Several Cultural Heritage Sites

The audit team noted shortage of professional conservators needed to serve at Cultural Heritage Sites. There was a notable gap of conservators who could be needed to ensure the sustainability of the Cultural Heritage Sites through the provision of technical advice and the overall management of Cultural Heritage Sites and contents therein. As shown in Figure 5.4, the Audit found that there was a deficit of 73% for Principal Conservators-I, 44% for Conservators-II, 50% for Principal Conservators of Antiquities-I, and (50%) for Senior Technician-I.

Figure 5.4: Human Resource at MNRT HQ and Cultural Heritage Sites



Source: *Posting Staffing level (Job list) of Antiquities Division, September 2021*

Furthermore, the audit noted the unavailability of the required skills namely; Technicians, Civil Engineering and Architectural Engineering to ensure long term survival of the gazetted Cultural Heritage building in the country. The available skills with background in Archaeology, Anthropology, Geography, Biology, Botany, History and Geology were not competent enough to ensure monitoring during rehabilitation or construction of historic buildings in the country.

Insufficient Staff for the Management of Museums and Cultural Heritage Sites

The Audit found that only 17 out of 109 of the declared Cultural Heritage Sites were allocated with officials from MNRT. This allocation of staff is significantly insufficient since 92 cultural heritage sites (84%) remained unattended by officials. As such, the unattended sites remained non-operational and stagnant.

(g) Inadequate Monitoring and Evaluation Mechanisms on the Performances of Museums and Heritage Sites

The Audit identified inadequate mechanisms on monitoring and evaluation of the performances of Museums and Heritage Sites in the country as evidenced through:

Relevance and Measurability of MNRT Performance Indicators

The Audit noted the presence of performance indicators for evaluation of MNRT as indicated in the Medium Strategic Plan (2016/17-2020/21). However, the Audit Team noted that such performance indicators were not adequately measurable, achievable, and realistic. This was mainly because the KPI's did not consider the availability of both financial and human resources in terms of adequate and capability in achieving the targets set by MNRT within the timeframe.

Relevance and Measurability of National Museum of Tanzania Performance Indicators

Based on the review of the rolling NMT Strategic Plan (2017/18- 2020/21), and interviews held with officials from NMT, it was revealed that monitoring activities to assess institutional performance were lacking. This was due to the absence of a section responsible to conduct monitoring of Museum activities at the National Museum of Tanzania.

Absence of Mechanisms for Monitoring Research Activities

The review of MNRT Annual Reports for the years between 2016 and 2020 undertaken by the audit team, did not locate any informative evidence of how research reports submitted to MNRT were monitored, handled and utilized for sustainable development of the heritage sector. Additionally, no evidence was revealed to inform how cultural materials exported outside the country for further laboratory works were monitored for safe return.

In this regard, for instance, the Audit found that for the period of five years starting from the year 2016 to 2021, a total of 31 export permits of cultural materials were issued, but there was no evidence to indicate how they were returned even after the expiry of such permits. However, it was noted further that there were no initiatives taken to rectify the observed situation.

Inadequate Conservation Activities of Heritage Sites

Review of the Reports on Achievement (MNRT, 2015-2019) indicated that 5 out of 12 visited Cultural Heritage Sites undergone major restorations and rehabilitations. These sites were the Mwalimu Nyerere Memorial House, Kunduchi Ruins, Amboni Caves, Mungoni wa Kolo Rock Art Site, and Kondoa Rock Shelter with painting. Inadequate conservation threatened the existence and sustainability of these heritage sites.

Unmonitored Conservation Status of Declared National Heritage Assets

The Audit Team noted that in 7 out of 12 visited Cultural Heritage properties were in poor conservation status for having been left unattended by the Ministry of Natural Resources and Tourism through DoA. These heritage properties were Chongoleani Wall, Chikalikani Walls, Kisikimto Graves and Mosque, Dar es Salaam City Historic Buildings, Mbuamaji Mosque and Graves as well as German Bridge and Fliessbach Grave.

No evidence was availed by DoA in the Ministry of Natural Resources and Tourism informative of plan and schedule for periodic restoration and rehabilitation of the declared national heritage properties. Consequently, the integrity and authenticity of most declared heritage properties are in constant alteration.

Absence of Management Plans for the Declared Heritage Sites

Most of the declared cultural heritage sites visited by the audit team had no management plans for the period covered by this audit i.e. 2016/17 to 2020/21 that would guide the technical conservation (restoration and rehabilitation), as well as access and utilization of those sites.

Communication Gap within MNRT and between Heritage Stakeholders

The audit noted the absence of clearly-defined reporting mechanisms on the performance of Heritage Sites. This leads to inadequate monitoring of the heritage sites by MNRT through DoA.

Also, there was insufficient flow of information between MNRT, NMT and DoA that was attributed to inadequate reporting mechanisms between the actors managing cultural heritage sites. Such communication gap hinders decision making processes regarding the wellbeing of cultural heritage sector, including formulation of appropriate guidelines and regulations.

Inadequate Utilization of Information for Developing Museums and Heritage Sites

The Audit noted that the absence of monitoring by the MNRT then led to absence of information that was to be utilized by the MNRT and issue appropriate recommendations for improvement to key stakeholders with an intention to ensure future improvement. At MNRT there was no evidence of any recommendation sent to key stakeholders resulting from monitoring done by the Ministry of Natural Resources and Tourism.

5.4 Development and Promotion of Tourism

This part presents Audit findings, conclusion and recommendation for the performance audit on the Development and Promotion of Tourism in Tanzania.

5.4.1 Relatively Low Contribution of Tourism to the National GDP

The Audit noted relatively low performance and contribution of tourism sector to the country's economy as evidenced by the following observations:

Ineffective Measurement of Contribution of Tourism Sector to National GDP

Five Year Development Plan (FYDP II) 2016/17- 2020/21 targeted the tourism sector to contribute 18.3% to National GDP by 2020. However, the Audit Team noted that, MNRT did not develop comprehensive mechanism for collecting adequate data that could be used to measure the contribution of the tourism sector to the country's economy. As a result, the Ministry is not certain on the actual contribution of tourism sector to the national GDP.

Among the parameters which MNRT did not capture include receipts from domestic visitors, outbound expenditure etc. It was further revealed that the Government through MNRT has made efforts to ensure improvement in collection of tourism data, these efforts include the following:

(i) Formation of Tanzania Tourism Sector Survey to get data for tourism;

(ii) Strengthening collaboration with the National Bureau of Statistics (NBS) and the Immigration Services Department (ISD) in collection and analysis of tourism statistics; and

(iii) Soliciting financial resources, where by in 2021, the Government obtained funds from the IMF to partly fund on-going surveys in domestic and outbound tourism, as well as excursions.

The Audit Team further analysed the information from the Bank of Tanzania (BoT), the National Bureau of Standards (NBS) and the Budget Speeches of the Minister for Natural Resources and Tourism, for the financial years from 2016/17 to 2020/21. The results are as detailed in **Table 5.3**.

Table 5.3: Reported Contribution of Tourism Sector to the National GDP

Source of Information (Report)	Percentage Contribution of Tourism Sector to National GDP				
	2016/17	2017/18	2018/19	2019/20	2020/21
Budget Speech of the Minister for MNRT	17.5	Not Stated	Not Stated	Above 17	Above 17
NBS	Not stated	Not stated	Not stated	Not stated	Not stated
BoT	Not stated	Not stated	Not stated	Not stated	Not stated

***Source**: Auditors' Analysis of Information from Various Report, 2021*

Table 5.3 shows that budget speeches of the Minister of Natural Resources and Tourism for three out five financial years starting from 2016/17, 2019/20 and 2020/21 indicated the contribution of tourism sector to the National GDP to be above 17%. This was however, without stating the actual figure that could be compared to the set target of contribution of 18.3% to the National GDP. It also shows that, for the two financial years, 2017/18 and 2018/19, the speech was silent on the contribution of tourism sector to GDP, implying that MNRT was not certain on the value of contribution of tourism sector to National GDP in country.

Table 5.3 also shows that, both BoT and NBS did not indicate the contribution of the Tourism Sector to GDP in their reports for all five years covered in this audit. This implies that, there is a lack of accurate and sufficient information on the contribution of tourism sector to the National Economy, to various stakeholders.

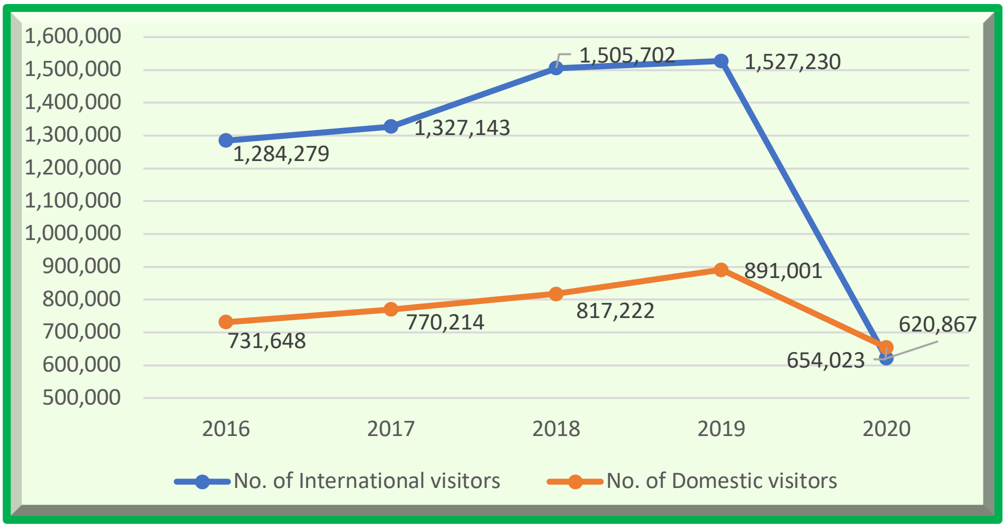
Further discussions with officials from the MNRT, revealed that the reported contribution of 17% to the National GDP was a result of the study that was conducted in 1998, and was not done under the recommended methods by UNWTO.

Non-attainment of Targets for the Number of Tourists Visiting Tourist Attractions in the Country

The Five-Year Development Plan targeted to increase the number of tourists to 1,759,750 by 2020, and the international tourist arrivals increased from 1,284,279 in 2016 to 3,000,000 by June, 2022.

However, analysis of the statistics from the 2020 MNRT's Statistical Bulletin, revealed that the target was not attained as detailed in **Figure 5.5.**

Figure 5.5: Trend of International and Domestic Visitors in the Country



***Source:** International Visitors Exit Report, 2016/17 - 2020/21*

The number of international visitors in the country increased from 1,284,279 in 2016 to 1,527,230 in 2019 and dropped very rapidly in 2020 to 620,867. On the other side, there was a slight increase in the number of domestic visitors from 731,648 in 2016 to 891,001 in 2019 and a significant drop to 654,023 in 2020. There was also a significant decline on the number of visitors in the year 2020 for both domestic and international visitors. Up to 2020, number of visitors were 1,274,890 (domestic + international) which were less than the target of 1,759,750 visitors by 28%.

The main reason for the observed decline in the number of receipts and international visitors in the year 2020, contrary to the good trend in the preceding years, was attributed to COVID-19 pandemic in the year 2020. The tourism sector was highly hit by the lockdowns in the tourist - originating- countries.

Furthermore, the Audit noted significant changes in the overall performance of the tourism industry caused by the COVID-19 pandemic. The pandemic impacted the number of receipts from international visitors which declined from TZS 6.1 to 1.6 trillion (74%); also, this implies a significant low contribution of the sector to the GDP.

(a) ***Inadequate Development of Key Tourist Attractions/Products***

The Audit Team noted the presence of undeveloped key tourist products that are potential for generating revenues, despite that the Tourism Policy, 1999 requires the Ministry of Natural Resources and Tourism to facilitate development of quality tourist products and diversifying tourist attractions. The Policy emphasized on the development of primary attractions like wildlife, improvements in the accommodation and other supportive services such as transportation, restaurants and banking services.

The Audit Team noted that the country has various tourism sites that include 22 National Parks, 42 game-controlled areas, 28 game reserves, four Ramsar Sites, Ngorongoro Conservation Area (including the crater and Olduvai George), 33 Wildlife Management Areas, 6 Nature Reserves and a number of Cultural Heritage and cultural sites. However, the Ministry did not have the mandate to directly develop other types of tourism products like beaches, marine parks, medical, sports, conferences etc., because they fall under other Ministries and Agencies. Example, cruise ship is under Tanzania Ports Authority, medical is under Ministry of Health, marine parks under Ministry of Livestock and Fisheries etc.

The reviewed strategy, 'Towards a Comprehensive Strategy for Tourism Diversification, Growth and Development in Tanzania, 2019 indicated that there were rooms for tourist products diversification in cruise ship, beaches and Meeting, Incentives, Conferences and Events/Exhibition (MICE) which are yet to be developed at its maximum potential. However, the Audit Team noted that, as the result of limited mandate MNRT did not adequately plan to facilitate the development of other tourist products.

The reasons for inadequate development of identified tourist attractions include:

(i) Inadequate conference facilities purposely built as convention centers with proper banqueting and exhibition facilities, and the existing centers have low capacities when compared to competitors;

(ii) Lack of a Convention Bureau that could be used for searching, lobbying and attracting international meetings and events to be hosted in the country;

(iii) Lack of Local Conference Ambassadors mainly, Academicians from different Universities, Colleges and Government Officials who by virtues of their specialization and professions are members of regional and international associations;

(iv) Limited accessibility to prime beach areas, especially during rainy seasons which limited possibility for developing them;

(v) Inadequate planned development whereby the land is not set aside for specific economic activities/use;

(vi) Tendency of speculators occupying big land at beach areas without developing them waiting to sell for higher price; and

(vii) Inadequate coordination and planned development of the coastal line.

As a result, the identified tourist attractions were not effectively developed. Moreover, the quality of some of the tourist attractions were not up to the required standards. Further, the contribution of the tourism sector to the economy is not realized its full potential.

Delays in the Commencement of Projects for Developing Tourist Attractions/Products in Southern Circuit

The Audit observed that in order to diversify tourism activities, the MNRT developed proposal for Resilient Natural Resource Management for Tourism and Growth Project (REGROW). The targeted priority areas, in the Southern Circuit included National Parks of Mikumi, Ruaha, and Udzungwa as well as the Selous Game Reserve.

Additionally, the Audit team learnt that the commencement of the project was delayed for more than 17 Months; though, initially the project was expected to start in the year 2017, but it was launched in March, 2019. The Audit indicated that among the reasons behind delays, was interruption brought about by a claim of a plan for the implementation of an Electricity

Project in the protected area under REGROW Project, which would have distracted the environment.

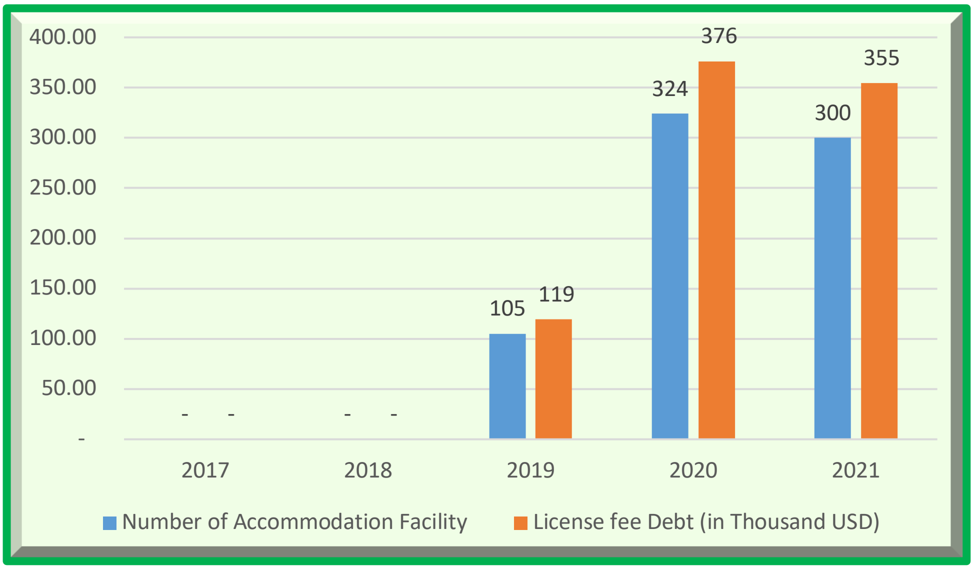
However, it was noted that the project had been already declared viable following the conclusion of an Environmental Impact Assessment (EIA) as well as a go-ahead endorsement from the World Bank.

Despite the approval of the project, the COVID-19 pandemic, adversely affected the implementation of the planned activities e.g. delay of 44 Motor Vehicles from TOYOTA, delayed supply of heavy-duty equipment, delay in implementation of approved tenders due to restrictions of travelling of consultants from countries with travel restriction etc. As the result of delaying in kick-starting of the projects, the intended improvement in the standard of the available tourist products was not attained. Consequently, this also had implication in the number of visitors.

Ineffective Regulation of Tourism Operators in the Country

Regulation of tourism operators is key for success of tourism sector. However, there was noted Ineffective Regulation of tourism operators in the country, this is evidenced by the presence of tourism operators with outstanding license fees debt amounting to USD 850,000 equivalent to TZS 1.96 billion. **Figure 5.6** gives the detailed information on the same.

Figure 5.6: Number of Accommodation Facilities with Business License Debts



Source: *Auditor's Analysis of Tourism Business License Fee Debts Southern Highland Zone*

Figure 5.6 shows that for the last three years in 2019, 2020 and 2021, MNRT did not collect debts of USD 119,000, 376,000 and 355,000 respectively. This implies that for the three years, the Ministry did not collect debt amounting to USD 850 thousand which is equivalent to TZS 1.96 billion as license fee from 729 Tour Operators (i.e. accommodation facilities) in the country.

Similarly, it shows that in 2019, before emerging of COVID-19, the Ministry did not collect debt amounting to USD 119,000 equivalent to TZS 276 million. In addition, the database regarding actual debts in two previous years were not availed by the Ministry which creates questions on whether the Ministry did actually carry out follow ups and enforced the payment of debts.

Inadequate enforcement of debt collection from the tourism operators was caused by the Act which did not give mandate to director of tourism to compound offences relating to penalties. This was noted to prevail for the whole period of the audit from 2016 to 2021 when the Tourism Act No. 29 of 2008 was amended in Section 55.

The inadequate enforcement of the payments of debts led to loss of financial resources which could be collected and used to support development and promotion of the tourism sector.

Discussions with MNRT revealed that the list of non-compliant has been submitted to the Legal Section of the Ministry for legal proceedings. The Audit Team noted that, there were delays in taking legal actions against defaulters since it took more than one year before any action was taken to the defaulters.

Despite that the Management of MNRT indicated that most debts falls within the period of COVID-19, and that companies were not operating in that period, the Ministry did not provide written request from those companies indicating that they were not able to pay license fees due to the effect of COVID-19.

(b) *Inadequate Classification and Grading of Tourism Facilities*

The Audit noted that, from the financial year 2016/2017 to 2020/2021, MNRT conducted inspection targeting hotel facilities only, with no consideration to other tourism facilities such as transportation (vehicles), hunting safaris, tour operators, cultural and tourism enterprises.

Moreover, the audit noted that, 15% (314 out of 2051) of registered tourism operators were not classified. In 2017/2018 and 2018/19, MNRT conducted grading only in 2 out of 26 Regions (Arusha and Dodoma) which had Hotel Facilities that were operating from 2016/17 to 2019/20. **Table 5.4** shows more details of grading activities conducted by MNRT during the period under audit.

Table 5.4: The Status of Grading Activity for the Period under Audit

Year	Region	Number of Identified Hotels Facilities	Number of Hotels Qualify for Grading	Number of Hotels Given Rank
2016/17	Dar es Salaam	0	0	119
	Arusha	0	0	153
	Manyara	0	0	25
2017/18	Nil	0	0	0
2018/19	Dodoma	428	0	0
2019/20	Dodoma	0	24	11
2020/21	All Regions	0	755	0

Source: *Auditors' Analysis of MNRT's Inspection Reports, 2016/17 to 2020/21*

Table 5.4 shows that, in the year 2016/17 the Ministry conducted grading activity in Dar es Salaam, Arusha and Manyara Regions whereby 297 hotel facilities were ranked. In 2019/20, 11 hotel facilities were ranked in from 24 which were qualified and in 2020/21 the hotels which qualified for grading were 755, although they were not grading was made on them.

Causes for Inadequate Classification and Grading of Tourism Operators

The following were cited as causes for inadequate classification and registration of tourism operators:

(i) Inadequate Human and Financial Resources; MNRT had a shortage of 17% of the required staff for grading and classification of tour operators;

(ii) Inadequate Enforcement for Grading of Tourism Facilities: MNRT had not managed to adequately enforced tour operators to register and apply for grading;

(iii) Insufficient Number of Hotel Assessors to Classify and Grade Hotels; the current number of 15 Hotel Assessors is not sufficient to frequently assess, classify and grade all 1,815[19] Hotel Facilities in the country, to ascertain if they operate in accordance with East African Standards; and

(iv) Inadequate conduct of Quality Assurance on Tourism Operators; the MNRT lacked reports to show the conducted Quality Assurance for the follow up of operations of tourism operators. Interviewed MNRT officials, indicated that this was associated with lack of fund to carry-out quality assurance activities.

There are risks of having tourism operators who are operating below the required standard in the tourism sector, and hence negatively impacting the image of destination due to poor hospitality service.

[19] Implementation Report July-December, 2020

(c) Inadequate Capacity of TTB to promote and Market Tourism Products

The Audit team noted that the Board had inadequate capacity to adequately promote and market tourism in terms of tools, technology, funds and human resources as explained in details hereunder:

Shortage of Tools and Technology

It was noted that, there was shortage of working digital equipment such as computers and digital cameras. Also, TTB efforts to improve digital marketing by redesigning website, creating social media network accounts alone were not adequate as the planned, because the digital marketing studio was not operational up- to the time of this audit June,2021. Furthermore, social media networks were did not enhance to conduct market research and market intelligence.

The plan to establish digital marketing studio (i.e. command center) in collaboration with other institutions failed. The center could facilitate provision of correct and instant tourism information which are frequently searched by tourists, enhance online market research, intelligence, and customer support.

The shortage of modern equipment was caused by inadequate funds to establish the needed technology such as the opening of digital marketing studio delayed because funds to establish the studio from TANAPA, NCAA and TFS were not made available on time. Shortage of equipment and modern technology limited TTB to effectively have competitive advantage by means of ICT in marketing the tourism sector. Moreover, there was no improvement in promotion and marketing of tourism attractions as the same pace of today's World.

Received less than planned budget each year for Promotion of Tourism

The reviewed budget and actual amount received at TTB indicated that, the Ministry of Natural Resources and Tourism did not disburse well the funds collected through Tourism Development Levy (TDL) where for the period of five financial years TTB received below 33% of projected budget of TDL.

Moreover, in 2020/21 the condition was worse whereby TTB received nothing from projected amount of TDL due to inadequate collection of Tourism Development Levy (TDL). This Levy was introduced in 2013 for the purpose of developing the tourism sector by facilitating development of tourism products, trainings, quality control and promotion activities. As a result, TTB did not receive the planned budget each year; the Board was not in a position to adequately facilitate development of tourism products, trainings, and quality control and promotion activities.

(d) ***Insufficient Development of Human Resources***

The Audit revealed that, there was a gap of 44% (11 out 25) of the required human resources at Tanzania Tourist Board. Of recently the government has transferred all staff, from the Directorate of Marketing to different entities without considering adequate staff replacement in terms of experience in the tourism sector.

The available human resource had insufficient skills to ensure use of digital marketing/technology in promoting the tourism sector in the country. As a result, there was low morale at TTB in ensuring promotion of tourism was done by using updated technology

The audit team had the view that the available human resources were skewed to few skills, the human resources needed to be diversified in different skills and knowledge to suit the industry, for instance competent personnel in digital marketing was very key.

Insufficient development of human resource due to inadequate training of TTB staff; TTB did not have training plan over the past two FY 2016/17 and 2017/18. Despite the planned training on three financial years from 2018/19 to 2020/21, no training was done.

Also, the Audit noted the inadequate monitoring of private institution. There were no clear systems used by the division in monitoring training provided by public and private institutions. Lack of monitoring is contrary to Section 55 of Tourism Act, 2008 which requires MNRT to monitor curricular of hotel and tourism training provided by public and private Institutions to ensure that the institutes maintain high academic and practical standards; and accredited by relevant laws.

The inadequate development of Human Resources resulted into:

(i) Lack of standard knowledge on the students trained on various courses like hospitality courses, customer care etc.

(ii) Available institutions providing courses without standards duration whereby the NCT's officials claimed that most private institutions provide courses on tourism sector for less than a year leading to production of unqualified graduates.

Impacts to the attainment of the specific SDGs

The Audit on the Management of Museums and Cultural Heritage Sites, was intended to improve the Performance of Museums and Cultural Heritage Sites directly conforming to the SDG 1, 3, 4, 7, 8 and 10. Therefore, weaknesses on the management of National Museum and Cultural Heritage Sites, nips the country's initiatives to attain the notable SDG goal number 8 in the areas of promotion of tourism for increasing its contribution in the National GDP.

Also, the Audit on the Development and Promotion of Tourism Sector was intended to promote the tourism sector which corresponds to the SDG 8 target 9 which focuses on having a better and more sustainable future for all, by 2030, whereby it is important for governments to devise and implement policies for promoting sustainable tourism that creates jobs and promotes local culture and products.

Weakness in the promotion of tourism includes; decline in the contribution of tourism sector to GDP and inadequate development of tourist attraction limits the initiatives of attaining SDG 8 on the implementation of the devised policies to promote sustainable tourism. Failure to attain the Goal will results into non creation of jobs and inadequate promotion of local culture and products by 2030 that would be measured through a proportion of tourism sector to total GDP and in growth rate and proportion of jobs in sustainable tourism industries out of total tourism jobs.

5.5 Specific Audit Conclusion

Based on the findings and as assessed against the overall objective of the audit, it is concluded that the Ministry of Natural Resources and Tourism and the National Museum of Tanzania, have inadequately managed the National Museums and Cultural Heritage Sites to ensure long-term survival and enhancement of Tanzania's cultural heritage.

Inadequate management was evidenced by an inadequate development of Museums and Heritage Sites as well as underperformance of the Museums and Heritage Sites. It was noted that only 14% of Heritage Sites in the country were operating with availability of qualified human resources and were open to the public tourism and education purposes.

Also, the Ministry of Natural Resources and Tourism (MNRT) through Tourism Division and Tanzania Tourist Board (TTB) have not adequately facilitated development and promotion of the tourism sector in Tanzania in order to optimize potentials of tourism and enhance its contribution to the country's economy.

Despite the efforts made by MNRT and TTB towards facilitating development and promotion of tourism sector, maximum efforts were made on wildlife and mountains climbing, while minimal efforts needed to develop and promote other tourist products with high potentials in generating revenues like cruise ship, beaches et This is against the requirements of the Tourism Policy, 1999 which requires the Ministry to facilitate development of quality tourist products and diversify the tourist attractions.

CHAPTER SIX

MANAGEMENT OF BUSINESS REGISTRATION AND CONTROL ON MEASUREMENTS

6.1 Introduction

This chapter presents a summary of the findings derived from two Performance Audits, namely; Business Registration and Licensing and Implementation of Control Activities on Measurements.

6.1.1 Background Information

According to a study conducted by World Bank[20] on easy of doing business, 42 economies world-wide made it easier to start a business. Economies with smart business registration have a higher entry rate as well as greater business density. In the past seven years Doing Business Report recorded 296 business registration reforms in 140 economies. As a result of these reforms, the average time to start a company fell from 49 to 34 days, and the average cost from 86% of income per capital to 41%. In East Africa, nine reforms were conducted in four economies (Rwanda, Kenya, Tanzania, and Uganda) for the past seven years. In the region, the average number of procedures was reduced from 13 to 11, the number of days was reduced from 34 to 25 days and the cost was reduced from 142% of income per capita to 60%.

Meanwhile, in recent period because of the rapid development, rational decision making in management practices is highly supported by accuracy measurement readings from digitalized measuring instruments. All important decisions relied on measurement be it on diagnosis and therapy, in trade, in environmental protection, most of these decisions are largely made on the strength of measurements done by non- meteorologists. This means that attention should be put on compliance to national and international requirements to instruments and measurement methods.

Therefore, this chapter presents issues covered when auditing business registration and licensing, and weights and measures respectively. It has also given an -insight on the relevance of audits executed with respect to Sustainable Development Goals (SDGs).

[20] World Bank (2020), Doing Business "*Comparing Business Regulation in 190 Economies*"

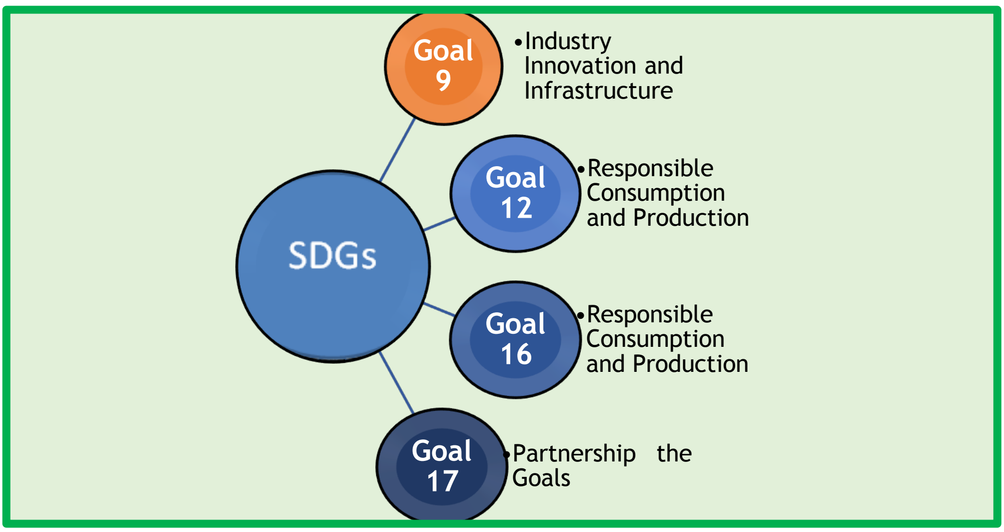
The proper management of business registration and implementation of control activities of measurements is critical in order to ensure that there is clarity and certainty about business registration processes and guarantees supportive environment for business operations. It ensures that producers, traders and consumers are protected, and the government collects revenues entitled to it.

In recent years, because of the rapid development, business prospects are highly dependent upon accurate measurement readings from digitalized measuring instruments and technological platforms. This calls for more attention to be put on compliance to national and international requirements to instruments and measurement methods in order to safeguard consumers. In connection with it, timely business registrations and licensing are important as they promote easiness in doing businesses.

6.1.2 Business Registration and Control of Measurements Linked to SGDs

Tanzania being one among the signatories to the 2030 Agenda on SDGs has taken initiatives to integrate the agenda into national context. Therefore, the execution of these performance audits is of high significance since the audits addressed 3 out of 17 SDGs as presented in **Figure 6.1.**

Figure 6.1: SDGs Linked to Business Registration and Control of Measurements



Source: *Auditors' Analysis of SDGs, 2021*

Ensure sustainable consumption and production patterns: Through proper registration and licensing of businesses better environment will be provided, hence the audit had a link with SDG 12 and target 12.6 which aims to encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development: By improving business registration and licensing systems through technology, this audit expected to strengthen means of implementation and revitalise the global partnership for sustainable development. In so doing, this audit therefore addressed target 17.6, 17.7 and 17.8 of the Goal 17 of the SDGs. These targets emphasize on enhancing science and technology, use of enabling technology and technological knowledge sharing.

Industry, Innovation, and Infrastructure: The ability to develop and deploy appropriate methods for control of weights and measures, is key to industry, support product innovation, process improvement and quality assurance to ensure that, components and finished products meet regulatory requirements. Therefore, the implementation of recommendations that result from the performance audit on weights and measures will enhance the attainment of SDG goal number 9.

6.1.3 Government Strategies and Efforts to improve Business Registration and Control of Measurements

To improve business registration and control of activities on measurements, the Government through the Ministry of Investment, Industry and Trade and its Agencies namely BRELA, WMA and TBS came up with four priority areas for actions as stated in Five Years Development Plan II. Out of these, two areas were directly responsible for businesses and weights and measures aspects. The envisaged action area for priorities were fostering economic growth and industrialization; and improving the environment for business and enterprise development.

In addition to that, the Ministry of Investment, Industry and Trade through BRELA had developed the 6th BRELA's Strategic Plan of 2016/17 - 2020/21. Among other things, the plan aims at putting in place strategies to enable

BRELA services accessible online to customers, ensuring dynamic and fast changing technology driven market environment.

Moreover, making Tanzania the easiest country to open a business, BRELA automated most of its business processes. Among the strategies put forth by the Government was an introduction of Online Registration System for Business Registration and National Business Portal for Business Licensing. Automation of business processes had revamped the number of companies and business activities that were registered per month.

Meanwhile, for the weights and measures, the government has put more efforts to ensure services are improved. Among the effort put forth by the government was an introduction of Weights and Measures Agency (WMA) which was mandated to protect consumers, businesses, and manufacturers from unfair practices made through the application of inaccurate weights and measures.

6.2 Audit Objectives and Scope

The main objective of the audits was to assess the extent to which the Ministry of Investment, Industry and Trade through its agencies such as BRELA, WMA and TBS managed business registration and control on measurements activities to ensure adequate and timely delivery of services to customers.

Specifically, the audit assessed whether:

BRELA has effectively and efficiently managed to deliver its core services on Business Registrations and Licensing (company registration, Business name registration and Industrial and Business Licensing) and whether the Ministry of Investment, Industry and Trade and BRELA effectively monitors the implementation of registrations and licensing activities; and

- Whether the Weights and Measures Agency and Tanzania Bureau of Standards (TBS) have adequately implemented control activities on legal, scientific, and industrial metrology to protect consumers on issues related to measurements and whether the Ministry of Investment, Industry and Trade (MIIT) effectively monitored the implementation of such activities.

Both audits collected information spanning in the period of four years between the financial year 2017/2018 and 2020/21.

6.3 Main Audit Findings

The main audit findings were categorized into two groups based on the audit. In this regard, the chapter presents findings related to business registration and licensing; and finding related to the implementation of control activities on measurements. Issues observed in this regard are presented in below:-

6.3.1 Main Audit Finding on the Business Registration and Licensing

Finding related to this part covered capacity of the registration system, efficiency of the registration and licensing processes and monitoring of business registrations and licensing by the Ministry of Investment, Industry and Trade (MIIT), as detailed below: -

(a) Inadequate Capacity of the Online Registration System

The Audit showed that the business registration and licensing activities were not done as per Section 4 (2) b of the Executive Agencies Act, Cap.245 RE 2002. However, the ICT System Review Report done by the National Internet Data Center (NIDC), had noted that the capacity of Online Registration System (ORS) was inadequate. This inadequacy was mainly evidenced by the fact that the system lacked hot disaster recovery as a backup in case of an emergency.

Similarly, through the review of Meeting Minutes between BRELA and NIDC, it was also noted that the ORS infrastructure operated in a single primary site and there was no secondary hot disaster recovery site that would have improved the capacity of the system. Having hot recovery site would have helped the system to function well and act as a backup during a disaster or maintenance. This means, secondary hot disaster would maintain business continuity even when there is a disaster or breakdown. As a result, in order for the system to function well, it needed several maintenances and re-designing within a short period of time during and after the warranty period.

Causes for inadequate capacity of the developed Online Registration Systems

Inadequate capacity of the developed ORS system was contributed to insufficient skills in project management of the officials at BRELLA to properly monitor the Vendor, so as to ensure all agreed aspects are executed as per contract. As a result, the Vendor developed the system without covering all the required specifications. It was noted that aspect such as IT help desk, SMS module, record management system and internal chatting that were stipulated in the contract were not developed.

Moreover, the audit found that, BRELA had inadequate capacity in terms of staff in area of business registration and licensing to handle different system challenges when occurred. The Audit noted that, BRELA had deficit of 36% of the required staff. Despite this shortage, the available staff were inadequately trained to handle the system's challenges.

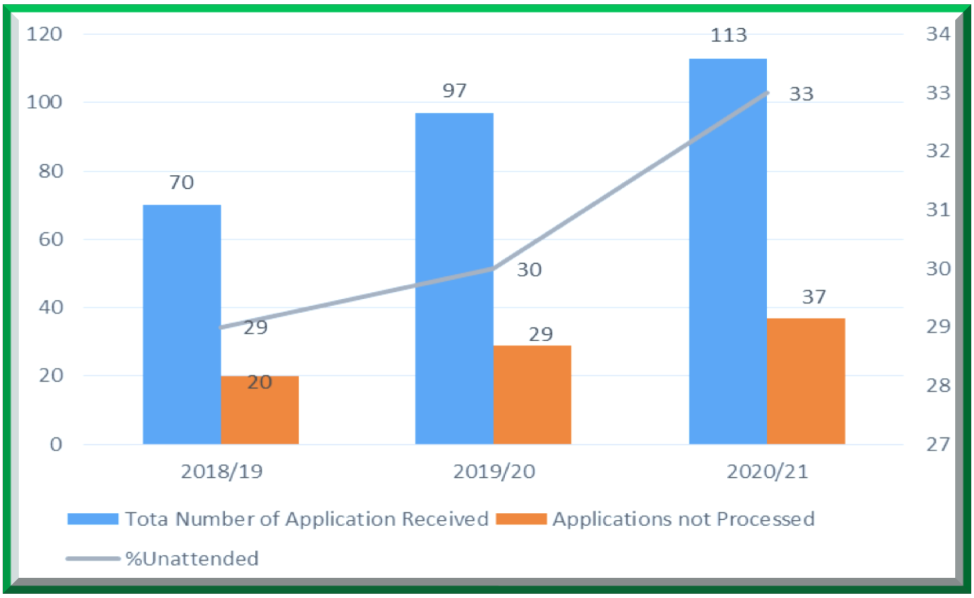
***Consequences for Inadequate* capacity of the developed Online Registration Systems**

The following were noted as consequences of inadequate capacity of Online Registration System:

Increasing number of Unattended Applications

The analysis made from application information extracted from system, revealed that, from 2018/19 to 2020/21 that the developed system had a total of 86,000 out of 281,000 applications received (equivalent to 31%) were not attended due to inadequate capacity of the ORS. **Figure 6.2** shows number of applications received and attended from 2018/19- 2020/21.

Figure 6.2: Trend of Applications Not Attended (2018/19-2020/21)



Source: *Auditors' Analysis form the Extract from ORS System, 2021*

Based on **Figure 6.2**, it is deduced that, the number of applications attended in three Financial Years, were equivalent to 29% of all applications received for 2018/19, and 30% for all applications received in 2019/20 and 33% of all applications received in 2020/21. In this regard there was a gradual increase of percentages of unattended applications when the total number of applications increased in each financial year. This implies that the system and staff had inadequate capacity to handle the increased applications. The increase in the number of unattended applications negatively affected the intention of enhancing automation and easiness of registering businesses in the country.

Additional Cost for Operating the Developed ORS

Reviewed project budget indicated that a total of TZS 329 Million were used by BRELA as an extra cost to support the ORS operational efficiency, that were mainly associated with frequency maintenance of the system and training of staff.

Furthermore, the review of the procurement documents revealed the presence of an addendum for ORS Procurement which was an additional cost out of the original contracted sum. The Audit Team noted that, this additional cost could have been avoided if BRELA technical staff were engaged during the construction of the ORS system because they could have benefited from the knowledge transfer to run this project. The detailed amount in every activities and amount increased is as indicated in **Table 6.1.**

Table 6.1: Extent of Additional Costs during and After the Introduction of Online Registration System

Activities	Original Budget (TZS Million)	Additional Cost (TZS Million)	Percentage (%)
ORS Development Cost	2,849	257	9
ORS Training	113.6	54	47
Commissioning and Launching	1,430	18	1
Total	4,392.6	329	7

Source: *Auditors' Analysis from ORS Addendum of Contract, 2021*

Table 6.1 indicates a total of TZS 329 Million which was the additional costs during and after the introduction of Online Registration System. This amount was equivalent to 7% of the total budget for the installation and operationalization of ORS system. Among the three activities, the additional cost on ORS development was the highest of all with a total of TZS 257 Million on top of the originally agreed budget. Based on the review of the procurement files, additional costs on this item were a result of system re-engineering after inefficient operation of the initially developed ORS system.

A further review of addendum for the conducted training indicated that ORS Training had an additional cost of TZS 54 Million which is equivalent to 47% from the originally agreed budget. The review of the procurement files indicated that the additional costs were a result of second round of training after the initial training on ORS was found to be redundant and could not assist the technical staff to manage the system.

(b) Inefficient Processes when Registering and Licensing Businesses

The audit noted that there were inefficient in the registration and licensing processes to ensure timely renewal of licenses and registration of business activities. The registration system was not inefficient to deliver the intended activities as required by the Ministerial Advisory Board. This audit found that, network problem was among things that decreased speed during registration and licensing processes.

In addition to that, BRELA had inadequately integrated the ORS system with other stakeholders' systems. According to BRELA's Online Registration System Inception Report of 2016, it is vital for the system to be integrated into other compliant authorities to help the Agency and the applicants to speed- up the process of registration and avoid unnecessary delays.

The audit noted that BRELA's Online Registration System was completely integrated into 2 out of 17 external systems, envisaged to be integrated with other Government institutions. The two systems that were found to be integrated with the ORS were for National Identification Authority (NIDA) and Tanzania Revenue Authority (TRA). This means, the integration with other relevant stakeholders was successful to only 12%.

Causes of Inefficient Processes when Registering and Licensing Businesses

The following were identified factors affecting efficiency of the registration processes:-

(i) Weaknesses of the Systems

The Audit indicated that the system was associated with weaknesses as it was revealed from the reviewed system report that when the clients post their applications, the ORS could not assign the submitted applications to specific action officers. Instead, applications remained in the pool, and the action officer discretionally choose the application to start with.

Due to this, action officers could not be held responsible as there would be no application queues on any of the officers and that was likely to reduce commitment of action officers.

On the other hand, the reviewed ORS established that, the system was not developed to follow first in first out principle which could restrict the action officers from attending any applications they wished, instead they would ensure the first submitted applications were processed first. Absence of this restriction was likely to allow the action officers to deliberately prioritize certain applications and disregard others.

(ii) Failure of the system to send SMS to notify customers about raised queries on their applications

In addition to that, failure of the system to send SMS to notify customers about raised queries on their applications was another cause for inefficient registration processes.

After application was made by the customer, the customer was required to receive notifications via emails and Short Message Service (SMS). However, it was noted that the system sent notifications to the applicants via emails only which is contrary to the requirement of Inception Report.

Consequently, the customers could not act timely on the comments raised on their applications because most of customers were not frequent mail users which resulted in the delay in processing applications and ultimately led to queuing of unattended applications.

Consequences of Inefficient Processes when Registering and Licensing Businesses Activities

(i) Delay in Issuing of Licenses of 55% of Applications

The review of the Ministerial Advisory Board Report, 2019/20, it was noted that the application for business license was supposed to be completed within four (4) working days. Despite this requirement, the audit noted that a delay in issuing licenses ranged from 5 - 800 days, which is contrary to the prescribed standards. The review of National Business Portal System Database extracted from BRELA revealed the presence of 19,375 out of 42,783 license applications (equivalent to 45%) that were processed to the end.

The audit found that license applications were delayed within the range of 5-800 days. Analysis made on the range of days taken from application day to the day license is issued, is as indicated on the **Table 6.2**.

Table 6.2: Analysis of Ranges of Days taken Versus Number of License Applications Processed

Range of Delays (Days)	Number of License Applications	% age Applications
<5 (No Delays)	19,375	45
5 -100	6,910	16
101 - 200	2,110	5
201 - 300	2,030	5
301 - 400	2,357	6
401 - 500	3,568	8
501 - 600	2,371	6
601 - 700	2,580	6
701 - 800	1,482	3
Total	**42,783**	**100**

Source: *Auditors' Analysis using data Extracted from License System, 2021*

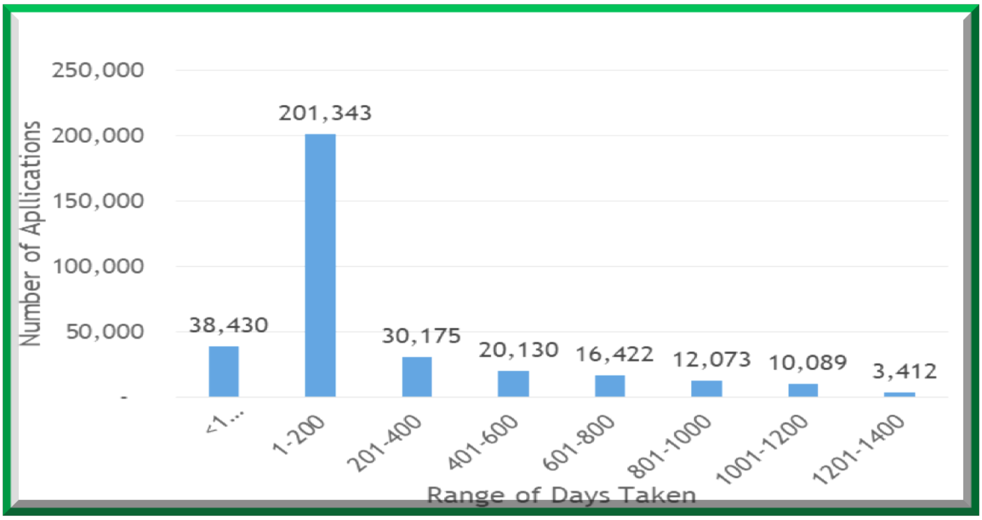
Table 6.2 indicated that 45% of all license applications made were processed with no delays. It was noted that, the lowest percentage of delays noted was 3% and it had 1,482 applications delayed within the range of between 701 and 800 days. The low performance was also caused by failure of the system to send mobile phone messages to the customer for notification of raised comment from their applications. The system sends notifications through emails only and since most of applicants are not mail users the applications remained unattended.

Furthermore, review of BRELA's Internal Audit Reports, 2019/20 pointed that, among other reasons, delayed licenses were caused by the dispatching of comments to customers in installments and in different days. The comments were supposed to be issued in full. As a result, the number of days processing updates increased unnecessarily.

(ii) Long waiting time in registering business

An assessment made in the ORS found-out delays when customers applied for registration of business. The Audit established that for the period under review (2018/19 to 2020/21), 293,644 out of 332,074 business registration applications made (equivalent to 88%) were delayed to be processed. The delay ranged from 1-1400 days, as detailed in **Figure 6.3**.

Figure 6.3: Extent of Delays in Issuance of Business Registration



Source: Auditors' Analysis using data Extracted from ORS Database,2021

Figure 6.3 shows business registrations that were processed without delays i.e. below 1 day were 38,430 of the total applications made. This amount is equivalent to 12%. This implies that 88% of all applications made, were delayed at various ranges of time. It was noted that high number of delayed applications was 201,343 as the delays were within 1201 to 1400 days when processed.

The noted cause of delay was inadequate of the system to assign task to action officer as the result, the applications piled up. Moreover, the action officer discretionally chooses the application to start with as there was no first- in first- out restrictions.

(c) Inadequate Monitoring of Business Registrations and Licensing by Ministry of Investment and (MIIT)

The audit had found that, the role of Monitoring activities as performed by MIT was not adequately conducted. According to the Ministry's Strategic Plan, MIT was required to execute activities done by BRELA on quarterly basis, through field visits verification and review performance reports sent to it from BRELA.

Reviewed Monitoring and Evaluation Reports, 2018/19- 2021 indicated that monitoring activities on the performance of BRELA were not sufficiently conducted. It was observed that there was no physical supervision done on BRELA by the Ministry, instead, the Ministry absolutely depended on the

Implementation reports submitted by BRELA. It was indicated that for the three years under review, there were no physical visits conducted on BRELA by MIT for monitoring purposes. It means that, for the three years BRELA's activities were implemented without being physically verified by the parent Ministry.

Causes of Inadequate Monitoring

The audit noted that, inadequate monitoring by MIT was caused by insufficient funding of the monitoring activities, which were also caused by inadequate prioritization of monitoring activities by the Ministry Reviewed MTEF for the period of 2018/19 to 2020/21 indicated that, budget set to facilitate monitoring activities for three years was TZS 106,500,000, but no fund which was released for that purpose.

Moreover, the audit found that MIT did not have Monitoring and Evaluation framework to facilitate the implementation of monitoring activities.

Though, the Ministry had Strategic Plan in place with various Key Performance Indicators (KPIs), it was also supposed to have monitoring and evaluation framework, as a guiding tool to define the strategic plan and act as a guiding instrument in undertaking monitoring and evaluation activities.

Consequences of Inadequate Monitoring

In the absence of supervision visits, the Ministry was in the dark over BRELA's wellbeing. Lack of physical visit for monitoring purpose has affected the development of registration and licensing System and leaving it with many shortcomings. In all reviewed correspondence files, such as System Reports from BRELA, the Audit team could not see any intervention done by the Ministry when things went wrong. For example, National Internet Data Center (NIDC) had delayed the ORS project re-designing for almost 21 months but no intervention was undertaken by the Ministry.

6.3.2 Main Audit Findings on the Performance Audit on Implementation of Control Activities on Measurement

This section covers findings observed in the Performance Audit on Implementation of Control Activities of Measurements.

(a) Inadequate Verification of Secondary Standards, Working Standards and Measuring Instruments

The audit found inadequate verification for accuracy of secondary standards, working standards and measuring instruments (commercial instruments). Reviewed working standards verification certificates of the visited WMA regions noted that, length measuring working standards in all the visited WMA regions were not verified for accuracy (traceability). This implies that standard meter rules in the visited WMA regions were not verified for accuracy before they were used for verifying consumers' length measuring instruments.

According to the reviewed Implementation Reports and Working Standards Verification Certificates, the audit team found that, there was inadequate verification of mass, volume and length working standards. On volume working standards, WMA verified check pumps while the measuring cylinders were not verified. Meanwhile, proving tanks were also not adequately verified. It was noted that, Kinondoni region did not verify proving tanks in three financial years, while, Ilala, Temeke, Tanga, Mwanza and Pwani did not verify proving tanks for two financial years. Moreover, Tabora, Dodoma, Kilimanjaro and Mtwara regions did not do the same for one financial year.

On verification of mass working standards, the audit team noted that, Pwani and Mtwara did not verify its mass working standards for one financial year which of 2018/19.

On the other hand, review of secondary standards calibration certificates issued by TBS revealed that, the secondary standards at WMA HQ were verified for their accuracy (traceability) at intervals exceeding two years contrary to the requirements of 24 months. The intervals and the respective financial years are presented in **Table 6.3.**

Table 6.3: Verification for Accuracy (Traceability) of Secondary Standards at WMA HQ for financial years 2017/18-2020/21

Secondary Standard Calibrated	Verification Interval (months)	Delay in Verification (Months)
Set of Weights (20mg-50mg) and (1g-10,000g)	33	9
Set of Weights (1mg and 10,000g)	32	8
Weight (50,000g)	48	24
Stainless Steel Weight (20Kg)	36	12
Rule Range(0-1000)mm	36	12
Capacity Measure (5L)	36	12
Capacity Measure (4, 2, 1, 0.5, 0.2, 0.1, 0.05L, 0.02L, 0.01L, 0.005L, 0.002L, 0.001L)	36	12

Source: *Auditors' Analysis Based on WMA's Certificates of Calibration, 2021*

Table 6.3 indicates that secondary standards at WMA HQ were not timely verified. The verification for accuracy (traceability) of secondary standards were delayed by 8 to 24 months beyond the required interval of 24 months.

Causes of Inadequate Verification of Secondary Standards, Working Standards and Measuring Instruments

Causes of the inadequate of verification of secondary, working standards and measuring instruments are:

(i) Delay of TBS to conduct the calibration services. Since TBS was an external entity WMA was not able to control the timeliness in verifying the standards. The audit team, however, did not find any close follow-up and reminder to ensure TBS timely calibrate their secondary standards.

(ii) Inadequate availability of standards to conduct legal Metrology.

Consequences of Inadequate Verification of Secondary, Working Standards and measuring instruments

Implication of the delay to verify secondary standards and inadequate verification of the working and measuring instruments are detailed hereunder:

(i) Wrong measurements and wrong interpretations because of using working standards which were verified using unverified secondary standards.

(ii) Affect fairness to buyers, traders or manufacturers especially if accuracies were out of allowable tolerances, since unverified instruments also give false measurements. In addition, the working standards and measuring instruments giving false measurement have significant impacts social and economic impacts to stakeholders.

(b) WMA did not adequately inspect goods in number of industries in previous financial years

Regulation 175(1) of the General Regulations of the Weights and Measures of 2019 requires that, goods produced, manufactured, or packed locally or otherwise to be subject to inspections, testing and certification by the inspector at least once in every year.

However, review of registers, pre-package reports and letter of appointment of inspection to industries in the visited WMA regions of the pre-packaged goods noted that, WMA did not inspect all goods in the industries as shown in **Table 6.4**.

Table 6.4: Performance of Inspection of Manufacturing Industries

Region Name	Number of verified industries 2021	No. of the manufacturing industries in the region, 2021	Percentage of performance (%)
Mwanza	102	2,708	3.8
Dar es Salaam	497	14,519	3.4
Tabora	48	1,614	3.0
Kilimanjaro	69	2,699	2.6
Mtwara	31	1,423	2.2
Tanga	47	2,580	1.8
Pwani	34	2,584	1.3
Dodoma	28	2,806	1.0
Total	**856**	**30,933**	2.8

Source: *Analysis of the Pre-package Reports and Report of the Industrial Mapping Desktop Survey Published in August, 2021*

Based on **Table 6.4,** it can be seen that, WMA inspected only 2.8% of the manufacturing industries in selected regions. The proportion of verified industries varied from 1% to 3.8%. It was noted that, inadequate inspection of goods in number of industries causes a potential loss of revenues in form of inspection fee that were supposed to be paid by verified industries.

According to the reviewed implementation reports, the average verification fee per one factory for one year was TZS 83,451.09 for small industries and TZS 4,922,994.23 for large industries. It was noted that for the financial year 2020/21 there were a total of 30,077 factories not verified, which means the estimated loss potential losses occurred ranged from TZS 2.5 to 148 billion per year for the regions with low number of factories and higher number of factories respectively.

(c) TBS did not Adequately Assume the Custodian Role of the National Measurement Standards of Weights and Measures

Section 4 (1) (l) of the Standards Act, 2009 states the function of TBS, among others, was to act as the custodian of the National Measurement Standards of weights and measures.

Review of performance reports noted that, TBS did not adequately assume this role. This was because key metrological activities were not implemented by TBS as a National Metrology Institute (NMI). These activities were in the areas of legal, scientific, and industrial metrology. In addition, TBS on its role as NMI did not ensure accuracy (traceability) of standards used for verification. In practice, TBS was required to ensure accuracy of the standards used by WMA.

Some of the custodian roles were delegated to the Metrology Laboratory Section at TBS. Given the small capacity of the Metrology Laboratory Section, those activities were not efficiently done.

The aforementioned section was not headed by the Manager and hence, they lacked representation in the management meetings when discussing key decision issues. Because of this, key decisions concerning metrology, including budget allocation and disbursement, priority setting, procurement of equipment and metrological control activities were not well addressed. As the result, the section inadequately implemented the roles vested on it.

(d) Inadequate Reference Standard Equipment / National Measurement Standards

According to OIML document (OIML D1 Edition 2004E) TBS was required to act as National Metrology Institute (NMI) with at least one laboratory. In addition, TBS as NMI was supposed to set up national measurement standards according to country's needs. When relevant, these national measurement standards will be primary realizations of the SI units (or a copy of the international prototype of the kilogram), and in other cases, the national measurement standards may just be secondary measurement standards traceable to primary measurement standards of another country.

Based on reviews of the implementation reports the audit team noted that, TBS did not establish eight National measurement standards. The measurement standards concerned radiology; sound; lights; viscosity; high voltage; flow rates; frequency in aviation and air quality. As result, there were no references or benchmarks in this country in which these equipment can be tested and calibrated.

Causes of Inadequate Reference Standard Equipment /National Measurement Standards

There were no laboratories for tracing measuring equipment to ascertain their reliability. TBS did not conduct any needs analysis of the required number and/or types of standard equipment. Absence of needs analysis made it difficult to know the gap of the required equipment. This, to a large extent, affected the capacity of TBS to verify all WMA standards, as it had no reference standards.

TBS could not procure more reference standards because the release of budget was not sufficient as presented in **Table 6.5**.

Table 6.5: Standards Procurement Budgeted Versus Released Variance for FY 2017/18-2020/21

Financial Year	Amount budgeted (in Billion TZS)	Amount released (in Billion TZS)	Variance (in Billion TZS)	Variance in %
2017/18	1.111	0.503	0.608	54.7
2018/19	1.044	0.367	0.677	64.8
2019/20	1.58	0.588	0.992	62.8
2020/21	1.87	2.25	(0.379)	(20.3)
Total	**5.605**	**3.708**	**1.897**	**34**

Source*: Auditors' Analysis Based on TBS ML Section Budgets 2017/18-2020/21, 2021*

Based on **Table 6.5,** TBS's budget for procuring reference standards showed that, from 2017/18 to 2020/21 TBS received fund with a shortage of 34% of the approved budget. In 2020/21 TBS received 20% in excess of the approved amount. According to interviews Audit noted that, the budget surge in this year was because TBS reallocated funds from other activities which were not implemented due to Covid-19 pandemic. Therefore, these funds were re-allocated to the procurement of the reference standards.

Consequences of Inadequate Reference Standard Equipment /National Measurement Standards

The impacts of inadequate Reference Standards Equipment include loss of government revenue from clients who opt to go abroad to seek for the same services of traceability. Fields which were not traced by reference standards from respected authorities and provided uncertain results, could potentially unfairly affect customers, traders or manufactures.

6.4 Impacts on the Attainment of Sustainable Development Goals

This section presents the potential impact that could lead to inadequate attainment of SDGs if the recommendations issued in the two audits would not be fully implemented. Analysis of the impact of SDGs in relation to the audit findings is as tabulated in **Table 6.6.**

Table 6.6: Relation of Audit Findings Vs Impact on Attaining SDGs

SDG goal covered by this Audit	Goal description	Potential Impact in relation to Audit finding
Goal 17	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	There was an inadequate time control when registering, licensing business and when controlling weights and measures. This could directly impact an attainment of goal 17 targets 17.10 which had an emphasis on promotion of trades. Prolonged delays when issuing services would result to making Tanzania a difficult place in doing the business. Moreover, the audit found an inadequate capacity to handle Online Registration System. This could lead to inadequate attainment of target 17.7 of SDG 17 on the area of using technology in business registration and licensing as the goals intends to promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries.
Goal 12	Responsible Consumption and Production	Inadequacy in encouraging companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle may impair attainment of SDG 12.
Goal 9	Industry, Innovation, and Infrastructure	Inadequate Capacity in terms of reference standard equipment National measurement standards at TBS could impact of SDG 9 Target 9.2. Since the ability to develop and deploy appropriate methods for weights and could jeopardize the manufactured value-added products

Source*: Auditors' Analysis, 2021*

6.5 Specific Conclusion

The Audit acknowledges the efforts shown by BRELA with regards to the implementation of registration and licensing of business activities. However, the observed inefficiencies call for more interventions for improvement.

It is concluded that, having a large public interface, Online Registration System is an essential tool for BRELA's management to fulfill its mandated roles. The system is aiming at enhancing greater transparency and accountability in the working of organization to enable fostering formalization of businesses. Despite this intention, the objective is yet to be achieved because BRELA's automation of its business processes was inefficiently done resulting into various inefficiencies in delivering its core services of Business Registrations and Licensing.

The inadequate performance of BRELA in business registration and licensing could lead to inadequate attainment of SDG 12 and 17. In this regard, better environment for the business as stipulated in target 12.6 that aimed at encouraging companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle would not be achieved.

In addition to that, SDG 9 and 17 will be at risk of not being attained if the audit recommendations would not be implemented, as the targets emphasize on use of technology when implementing activities.

Moreover, the audit findings for the implementation of weight and measures lead to a conclusion that the Ministry of Investment, Industry and Trade (MIIT), the Weights and Measures Agency (WMA) and the Tanzania Bureau of Standards (TBS) inadequately implemented control activities on legal, scientific and industrial metrology.

This is because both WMA and TBS did not adequately verify the correctness of standards and measuring instruments, as well as efficiently delivering business registration and licensing activities. The Ministry did not adequately monitor the implementation activities of WMA and TBS to protect consumers on issues related to measurements and that of BRELA on registration and licensing of business.

Failure to implement the recommendations of this audit will put at risk the implementation of SDG 9, which is aimed for Industry, Innovation, and Infrastructure. The ability to develop and deploy appropriate methods for weights and measures is key for industry, support product innovation, process improvement and quality assurance to ensure that components and finished products meet the regulatory requirements.

CHAPTER SEVEN

MANAGEMENT OF MECHANISMS FOR REVENUE COLLECTION IN THE MINING SECTOR

7.1 Introduction

This Chapter presents the Audit conducted on the management of mechanism for revenue collection in the mining sector. It describes the audit area, government entities involved in the audit, relationship to SDGs and its impact, design, findings, conclusions and recommendations related to the audit.

7.1.1 Background Information

It is a shared belief that the mining industry has an unprecedented opportunity to mobilize significant human, physical, technological and financial resources to advance the Sustainable Development Goals (SDGs). The mining sector makes up more than 50% of the total exports in the country. The contribution of the mining sector to Gross Domestic Product (GDP) increased from 3.4 percent in the year 2015 to 5.2 percent in the year 2020. However, the targeted contribution of 10 percent to the GDP in the year 2025 makes it imperative to ensure proper management of mechanisms for revenue collection.

Assessment of the mechanisms for revenue collections in the mining sector aligns with SDG 17 of the SDG, and Target number one. SDG 17 calls for strengthening the means of implementation and revitalizing the Global Partnership for Sustainable Development Finance.

Furthermore, as a means towards ensuring SDG No. 17, it is expected that there should be a mechanism to strengthen domestic resource mobilization, including improving domestic capacity for tax and other revenue collections. As well, this would be tracked through monitoring of the total government revenue as a proportion of the Gross Domestic Product (GDP) by source.

The government through the Ministry of Minerals and the Mining Commission organizes to focus on promoting and facilitating value addition activities in the mineral sector to increase income generation and employment opportunities; strengthen revenue collection by improving control of mineral smuggling and illegal trading, and integrating the mineral sector with other sectors.[21]

The rationale for carrying out the audit on the mechanisms for revenue collections in the mining sector is grounded on the fact that there have been reported mineral smuggling events in the country.[22] Likewise, in February 2018, the Parliamentary Committee on the Energy and Minerals highlighted potential revenue loss by the Government that would have been collected if appropriate measures to control the situation were in place.

7.2 Audit Objective and Scope

The main objective of the audit was to assess whether the Mining Commission has put in place adequate control measures on the management of revenue collection from the mining activities to accelerate the country's socio-economic development through sustainable development and utilization of mineral resources.

The main audited entity was the Mining Commission of Tanzania. The audit focused mainly on non-taxable incomes namely Royalties, Clearance and Inspection Fees, and other charges since they contribute to the overall revenues collected by the Mining Commission. Likewise, the audit assessed the shared tax verification information initiated by the Mining Commission to the Tanzania Revenue Authority (TRA) which is mandated for collection of tax revenues, adequacy of the reported annual taxable income from the mining companies, with focus on monitoring and verification of exploration costs, reported annual taxable income, capital investments, and operational costs as reported by the mining companies.

Also, the Audit assessed the appropriateness on the management of reconciliations for payable royalties, such as activities for audits on production and expense data to ascertain whether correct amounts in terms of grade and volume of minerals produced were received, as well as resource capacity, and the provision of geoscientific laboratory services.

The audit covered a period of three financial years from July 2018/19 to June 2020/21. The reason being that it was the period when the

[21]The United Republic of Tanzania (Ministry of Minerals) Strategic Plan (2019/20 – 2023/24)
[22]Speech by the President of the United Republic of Tanzania on the 6th of April 2021

Government, through the Ministry of Minerals, established the Mining Commission, with the main objective of enhancing revenue collections from the mining sector.

7.3 Main Audit Findings

This section presents the audit findings based on the performance of the Mining Commission on the management of mechanisms for revenue collections in the country. The findings focused on the forecasting of revenue collections, effectiveness in the valuation of minerals, fairness in the treatment of taxable incomes, and effectiveness on the management of reconciliations for payable royalties.

7.3.1 Inadequate Mechanisms to Ensure Effectiveness of the Model for Revenue Projection

The Mining Commission has not adequately ensured that the identified controls that aim to maximize revenue collection were well coordinated and/or exhaustive, based on the revenue sources identified in respective RMOs. The identified measures include conduct of financial audit and tax reviews, reconciliation for payable royalties, monitoring the quantity of minerals produced, issuance of mineral transport permits, and control of arrears revenue.

However, it was found that the Commission used the existing FlexiCadastre[23] in connection to the submitted estimates from RMOs to assess the potential measures, and mineral production trends to estimate the annual revenue collection. Besides, it was noted that the Commission lacked a system that could integrate all necessary information that ought to be used to forecast annual revenue collection.

Furthermore, it was further noted that these estimates were not exhaustive due to the lack of an established system to integrate the available revenue control measures that could give reliable and exhaustive inputs during the establishment of revenue estimates. In addition, the audit team identified the failure to have or establish an integrated system to capture the available measures in revenue collection was mainly attributed to low

[23]FlexiCadastre system is an online based system used by the Mining Commission to receive, process, administer, and maintain mineral rights.

awareness on having an exhaustive list of the potential measures to inform the annual revenue estimates.

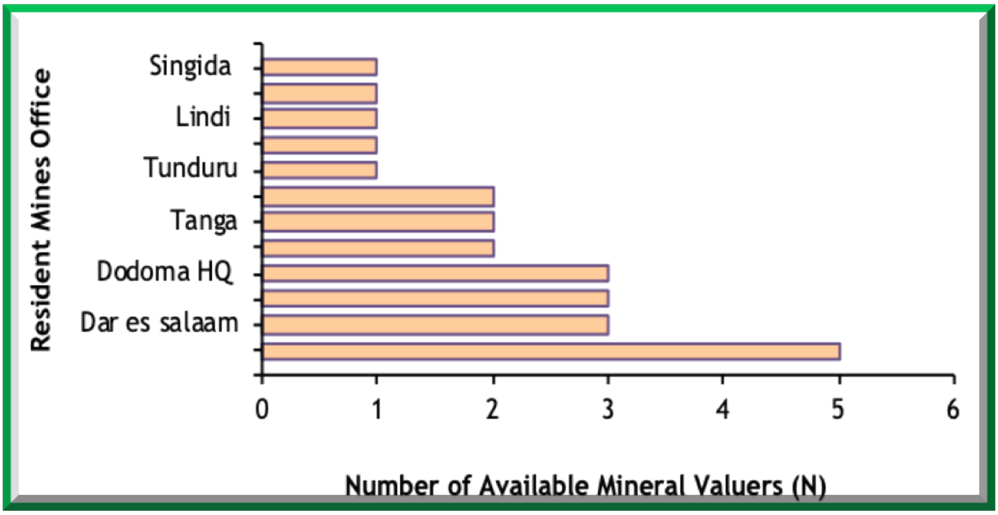
Overall, lack of an integrated system for measures on revenue collection implies that the Mining Commission would not be fully informed of the potential contribution for the existing sources and that the identified measures would in turn be used as input parameters in the model for estimating annual revenue collections.

7.3.2 Ineffective Procedures for Mineral Valuation

The Audit noted that the Mining Commission lacked documented guidelines on the procedures for valuation of Industrial Minerals, Energy Minerals, and Building Materials that would be important to ensure uniformity in mineral valuation procedures. The available guidelines were those for valuation of only one category of minerals, namely, Gemstones and Kimberlitic Diamond; while other categories of minerals, namely, Industrial Minerals, Energy Minerals and Building Materials, were found to be valuated without proper documented guidelines and/or procedures. However, the guidelines for valuation of Metallic Minerals were issued in the financial year 2021/22 which implies that for the period of the financial year starting from 2018/19 to 2020/21, the Mining Commission had no guidelines to entail valuation procedures for Metallic Minerals.

In addition, the Audit Team found out that, there was inadequate valuation of diamond/gemstone, in the sense that the number of valuers was not sufficient as per the requirements and standards indicated in the guidelines. The actual allocation of mineral valuers in different Resident Mines Offices is as indicated in **Figure 7.1**.

Figure 7.1: Percentage Allocation of Diamond/Gemstone Valuers in the Resident Mines Offices



Source: *Auditors' Analysis from the Mining Commission's Staffing Level, 2021*

Figure 7.1 illustrates that five Resident Mines Offices namely; Singida, Mahenge, Lindi, Morogoro and Tunduru had the number of valuers less than two, and the other seven Resident Mines Offices were allocated with at least 2 valuers.

In addition, it was found that the Mining Commission did not adequately monitor the quality and quantity of the produced minerals due to inadequate allocation of MROs in the mining sites. It was found out that the valuation of quantity for industrial minerals essentially relied on the presented quantity of produced minerals by the mineral rights' holders, with no mechanism in place to ascertain the presented volumes.

The Audit further revealed that ineffective procedures in mineral valuation was due to the low priority placed on emphasizing adherence to the procedures that ought to take place during the conduct of mineral valuation for all mineral types. As part of monitoring revenue payable, it was found that the Mining Commission at respective Resident Mines Offices (RMOs) made use of the Mines Residents Officers (MROs) to control the quantity of the minerals produced in large and medium scale mines.

However, notwithstanding the fact that MROs are located in mineral producing Mining Companies, the Audit noted that currently the allocation of the MROs does not match the available number of Mining Companies; there is a total of 13 MROs out of 287 producing Mining Companies.

Besides, a review of the list for the available number of MROs at the Mining Commission indicated that MROs were more allocated to the gold producing areas (7 out of 13). However, interview with Officials at the Mining Commission revealed that MROs were more allocated in the identified high-risk areas despite the fact that for instance, given bulk production of industrial minerals at Dangote, there was no MRO allocated.

Therefore, inappropriate procedures in mineral valuation imply risk to underestimate the presented quantity of minerals produced since they form a basis for determining payable government charges.

7.3.3 Inadequate Monitoring of the Taxable Income to the Mining Companies

Overall, scope representation in terms of the number of conducted financial audits and tax reviews for verifying taxable incomes were not adequate for the Mining Commission to be informed of the correct payable charges to the Government. **Table 7.1** provides details in terms of the number of planned audits from the financial years 2018/19 to 2020/21.

Table 7.1: Status on the Number of Planned Financial Audits and Tax Reviews

Financial Year	Available No. of Mining Companies24	Planned No. of Financial Audits	Actual No. of Financial Audits	Variance25 (%)
2018/19	**132**	**24**	**11**	**8.3**
2019/20	**152**	**48**	**7**	**4.6**
2020/21	**157**	**23**	**28**	**17.8**

Source: *Annual Performance Reports - Mining Commission (2018/19-2020/21)*

Table 7.1 describes that there was less than 20 per cent of the Mining Companies audited on the financial and tax reviews from the financial year

[25] Proportion for the number of actual versus available number of Medium and Large-Scale Mining Companies

2018/19 to 2020/21. This also entailed monitoring of the determinants of the annual reported income of the respective Mining Companies.

The Audit noted further that the Mining Commission hardly conducted auditing and monitoring of the imposed tax incentives to the mining companies to ascertain the revenue collectable.

Furthermore, the audit noted that aspects of exploration costs were less likely to be considered during auditing of the mining companies. A review of the Audit and Tax review reports from the Mining Commission indicated that none of the available mining companies were audited on those aspects in the financial year 2018/19. It was revealed further that there were less than 20% of all the mining companies audited in the exploration costs for the financial year 2019/20 and 2020/21.

Despite being reflected in the Monitoring and Evaluations Plans of the Mining Commission, the Audit Team found that failure to fully conduct financial auditing is associated with resource capacity constraints compared to the available number of mining companies in the country.

The audit team had the view that the observed weaknesses could be attributed to the limited resources in terms of the number of personnel and/or equipment to facilitate the conduct of the financial audits and tax reviews that ought to cover the available Mining Companies.

Consequently, failure to adequately examine and monitor exploration costs of the potentially contributing Mining Companies had the possibility of creating loopholes that were likely to be used to prolong and inflate the said costs, which in turn, created artificial losses and eventually lowered the revenue payable to the government as taxable income.

7.3.4 Inadequate Management of Reconciliation for Payable Royalties

The management of reconciliations for payable royalties was not satisfactory due to inadequate periodic updates of the information of mineral-right holders that was caused by lack of an integrated information system. It was further noted that the current FlexiCadastre system was not integrated with other government system e.g. the Government electronic Payment Gateway (GePG) that would help to track revenue information from the mineral right holders. Lack of an integrated system was attributed to limited rights to own the source code that would help the Mining Commission to upgrade the existing system.

In addition, having an integrated information system for GePG and the FlexiCadastre system would minimize risks associated with unnecessary delays in obtaining the overall status of operations of the mineral right holders. **Table 7.2** provides the status of operating mining licenses for the financial year 2020/21.

Table 7.2: Status of Operating Mining Licences (2020/21)

Type of Mineral License	Total Number of Active Licenses	Number of Operating Licenses	Number of Non-Operating Licenses
Primary Mining License	33,096	11,903	21,193
Prospecting Licenses	1,138	652	486
Mining Licenses	218	148	70
Special Mining Licenses	15	9	6
Processing Licenses	186	186	-
Refinery Licenses	5	2	3
Smelting Licenses	6	3	3
Broker Licenses	1,985	1,985	-
Dealer Licenses	648	648	-
Total	**37,297**	**15,536**	**21,761**

Source: *Auditors' Analysis from the Financial Statement for the Financial Year 2018/2019*

Table 7.2 describes that more than 58.3 percent of the total registered mining licenses in the financial year 2020/21 were not active, and that more than three-quarters (97.4%) of non-operating licenses were Primary Mining Licenses.

However, large number of non-active licenses could be attributed to lack of close monitoring especially to the Small-Scale mineral right holders since their mining operation are naturally informal and actual operations take place in remote areas. Consequently, this poses a risk that the Mining Commission might have lost a significant amount of revenue payable to the Government from the arrears' revenues based on the annual rents.

Interviews with Officials from the Mining Commission revealed that the current FlexiCadastre system used in issuance of mineral rights was lastly maintained and updated in the year 2014, thus reducing its functionality given an increased number of mineral rights applications that ought to be processed by the system.

On the other hand, the Audit noted inadequate performance of the Mining Commission's Laboratory as a result of insufficient capacity. Through the interviews held with officials from the Mineral Audit and Laboratory Services Section of the Mining Commission, and review of monthly performance reports of the Mining Commission's Laboratory Services Section from August, 2020 to April, 2021, the audit team observed that the laboratory was not adequately capacitated in terms of staff and equipment particularly for laboratory analysis. The details of staffing level are portrayed in **Table 7.3**.

Table 7.3: Staffing Level at the Mining Commission's Laboratory

Professional	Number of Required Staff	Number of Available Staff	Deficit (N)
Engineers	8	5	3
Geologists	1	1	0
Laboratory Technicians	3	0	3
Accountants	2	1	1
Statisticians	2	1	1
Chemists	6	4	2
ICT Officers	1	1	0
Total	**23**	**13**	**10**

Source: *Mining Commission's Lab Monthly Report (April, 2021)*

Table 7.3 illustrates that overall there is deficit for a total of 10 staff to provide for laboratory services. Deficit is more recorded for key laboratory personnel for cadres of staff for Engineers, Laboratory Technicians, and Chemists. The audit team was of the view that deficit in terms of the number of staff in this case is reflected to low capacity as in the provision of the intended laboratory services.

Inadequate management of reconciliation for payable royalty could consequently lead to loss of revenue from the mining sector as royalties could only be computed based on unrealistic and provisional aspects rather than the actual and final aspects.

7.4 Impacts on the Attainment of Sustainable Development Goals

This section presents details on the impacts of the observed challenges in the overall management of the mechanism in revenue collections in the mining sector towards the achievement of Sustainable Development Goals (SDGs). Among the key targets of SDG 17 is the assurance for the strengthened domestic resource mobilization that also includes improvement of domestic capacity for tax and other revenue collection.

Generally, the achievement of the target for SDG 17 has to be ensured through monitoring of the total government revenue as a proportion of GDP by source. Therefore, the following subsection provides details of the observed weaknesses towards achievement of the set SDG 17.

a) ***Inadequate Mechanisms to Ensure Effectiveness of the Model for Revenue Projection***

Despite the cumulative trend of the reported annual revenue collection that surpassed the targets for each of the financial years from 2018/19 to 2020/21, the Audit Team noted that failure to ensure coordination of the available control measures for projection of revenue collection implies that the government would not be in a position to realize the potential contribution of the sector and thereby thorough identification of the available control measures for revenue collections.

b) ***Ineffective Procedures for Mineral Valuation***

Section 5.2.1 of the Five-Year Development Plan (FYDP-II) narrates the conventional means of raising public revenue for public spending. The Plan further points out that the measures to step-up revenue collection to intensify mining inspections included verification of quantities, contents of mineral production, and regular auditing of the mining company transactions along with maximizing the collection of both taxes and royalties from mineral resources.[26]

Revenue collected from the produced minerals is subject to the approaches deployed in pricing but also the accuracy of the measurement made to

[26] National Five-Year Development Plan (2016/17 – 2020/21)

ascertain quantity. The periodic change in mineral property values implies that the price assessment of the mineral resource would differ on a daily, weekly, and even yearly basis.

The audit noted that the available guidelines in conduct of mineral valuation were those for valuation of only one category of minerals, namely, Gemstones and Kimberlitic Diamond while other categories of minerals namely Industrial Minerals, Energy Minerals and Building Materials were noted to be valuated without proper documented guideline and/or procedures.
Therefore, the Audit Team noted that following unpredictable mineral values, persistent practices on conventional procedures cannot be of use without being informed and updated of the real mineral values. Consequently, the government could have lost potential revenue that might have resulted from weaknesses in valuation procedures.

c) Inadequate Monitoring of the Taxable Income to the Mining Companies

Even though tax incentives entail attracting investment, their effectiveness is often doubtful. Insufficient monitoring of the imposed tax incentives implies that the government, through the Mining Commission, will likely not be informed of the end-time validity of the imposed tax incentives. Given this challenge, the government would not be in a position to look at the imposed tax incentives in the mining sector to make informed and well-grounded decisions concerning potential revenue costs.

On the other hand, verification of the reported annual income forms a basis for monitoring the costs for capital investment, operational, and exploration costs; therefore, insufficient monitoring of the reported income poses the risk that the mining companies can attempt to not disclose details that would be useful for the government to realize potential revenue loss. Likewise, tax evasion in this case implies depriving the government of financial resources that could be allocated to other basic public services.

7.5 Specific Audit Conclusion

Notwithstanding the fact that there has been an increasing trend in revenue collection, the overall mechanisms to control and manage the available controls for revenue collection were not sufficiently implemented. In general, the Audit concludes the following:

a) The Mining Commission did not adequately ensure that the identified controls that aimed at maximising revenue collection were well-coordinated and/or exhaustive based on the sources of revenue identified in respective RMOs. This was because, the Mining Commission's annual revenue forecasts were derived from the revenue estimates established by the respective RMOs. These estimates were not exhaustive due to lack of an integrated system that could give reliable and exhaustive inputs during the establishment of revenue estimates;

b) The procedures used in mineral valuation were not effective as they were standardized only to Gemstones and Diamond minerals. However, it was observed that, the Mining Commission did not have enough resources to enable effective valuation of minerals. Furthermore, it was also noted that the Mining Commission did not adequately monitor the quality and quantity of minerals produced due to inadequate allocation of MROs in the minerals producing sites;

c) Overall, scope representation in terms of the number of conducted financial audits and tax reviews for the purpose of verifying taxable income was not adequate for the Mining Commission to be informed of the correct payable tax to the government. Insufficient financial audits and tax reviews were mainly attributed to resource constraints in terms of personnel compared to the number of available Mining Companies; and

d) The management of reconciliations for payable royalties was not satisfactory due to inadequate updating of actual number of operating mining companies, and inadequate performance of the Mining Commission's Laboratory as a result of insufficient capacity. However, the return forms were not utilized to monitor and ensure accuracy in terms of grade and volume of mineral exported and sold by mineral dealers for computation of final royalties.

CHAPTER EIGHT

PROVISION OF THE CRIMINAL JUSTICE TANZANIA

8.1 Introduction

This Chapter presents the audit conducted on the Criminal Justice System in Tanzania. It describes the audit area, government entities involved in the audit, relationship to SDGs and its impact, design, findings, conclusions and recommendations related to the audit.

8.1.1 Background information

The judiciary is required to deliver justice without delay to all irrespective of status, and without undue regard to procedural technicalities. However, today case delay is one of the greatest challenges facing the Judiciary world all over. Delay in justice refers to the time consumed in the disposal of cases, in excess of the time within which a case can be reasonably expected to be decided by the Court. The ability of people to address their legal needs in a fair, cost effective and timely manner cannot be ignored. This audit aimed at analysing causes and consequences of the delayed process in the criminal justice system.

8.1.2 Criminal Justice Sector Linked to Sustainable Development Goals

Being a member of the United Nations, Tanzania is obligated to abide by the Sustainable Development Goals (SDGs). The third target of SDG 16 intended to promote rule of law at the national and international level, and ensuring equal access to justice for all. Therefore, this audit aimed at looking to what extent is the Tanzania's criminal justice system set to ensure that justice is served equally to all and timely, similarly to the SDG objective

Delays in processing legal cases impede individual economic activities. Furthermore, delays in administration of justice create real barriers to economic participation. Therefore, if the justice is delayed it means that conflicts remain unresolved, and people cannot obtain protection and redress on time, contrary to the SDG.

8.1.3 Government Strategies and Efforts in Improving the Criminal Justice Sector

The Second Five Year Development Plan (FYDP II), 2016/17 – 2020/21 has set reforms to facilitate government effectiveness by promoting effective rule of law through assurance of equal access to timely justice for all people. To achieve this, the FYDP II has set measures to be taken, such as to improve the capacity and efficiency of justice providing institutions. This is through investing in human resource development and streamlining processes and procedures, as well as improving the efficiency of adjudication of cases, court infrastructure and strengthening measures for monitoring and evaluation of the judiciary etc.

The plan has been translated and incorporated in the justice system institutions for better and efficient implementation. The Judiciary Strategic Plan of 2015/16- 2019/20, National Prosecutions Services (NPS) Strategic Plan of 2020/2021 to 2024/2025 and Ministry of Constitutional and Legal Affairs Strategic Plan covers a period of Five Years from 2016/17 – 2020/2021 all drafted to support implementation of FYDP II and the SDG at large.

Number of efforts have been taken by the Ministry of Constitution and Legal affairs, National Prosecution Service, the Judiciary and Tanzania Police Force to reduce/combating the existing challenges of delay in criminal justice administration as briefly described here under:

The Ministry of Constitution and Legal Affairs (MoCLA): Worked in assisting the instutionalisation of the Office of DPP (which plays a vital role in the administration of criminal justice) which was previously a Division under the Attorney Generals Chambers. From those efforts, the National Prosecutions Service was established as an independent and autonomous public office through the National Prosecutions Services (Establishment) Order, 2018 (Government Notice No. 49 of 2018 of 13th February, 2018). This was done in order to enhance the performance of the criminal justice delivery. MoCLA also established the Tele-Justice in 2012 which was later on developed into e-justice in 2016 and justice sector information dashboard.

Delegation of Powers of DPP to issue consent: In the past, for the subordinate court to proceed with trial in respect to economic offence, the

Director of Public Prosecution would provide consent by his hand. This brought delay of cases in waiting for the consent, hence causing backlog of cases. After observation of this challenge, through the Government Notice No. 496h 2021, the DPP was delegated with power to issue consent to Regional Prosecution Attorney in charge of the Resident Magistrate or District court where the economic case was charged.

Police Force; Due to inadequate number of prosecutors in the country, in addition to investigation obligations the Tanzania Police Force undertake the prosecution task of suspects. Although, there have been initiatives to ensure that the prosecution role is left to the State Attorneys, yet, due to the limited number of state attorneys, there are courts that the prosecutors from the police force are operating on behalf of State Attorneys to ensure justice is served.

For the Judiciary of Tanzania; a total TZS 8,509,463,204.29 was obtained from the World Bank as an initiative of reducing the backlog of cases in the judicial system. The Judiciary created the case management system called JSDS to enhance expeditious access to justice. Judicial officers use the system in assisting in case registration, administration, and generation of statistics. The Judicature and Application of Laws (Electronic Filing) Rules of 2018 puts a mandatory requirement of all official records of the court to be presented in the electronic case file (ECF).

Furthermore, the Judiciary of Tanzania also created a benchmark (target) which sets a minimum number of cases to be disposed by judges and magistrates over a specified period of time. For the High Court Judges, and Magistrates in the Resident Magistrate Court and District Courts, 220 and 250 cases were to be disposed within 24 months, respectively.

8.2 Audit Objective and Scope

The audit objective was to determine whether the Judiciary and the Ministry of Constitution and Legal Affairs have adequately managed to control the delay in dealing with criminal cases in the justice system.

The Ministry of Constitution and Legal Affairs (MoCLA) was the main audited entity. The Ministry is regarded as the overseer of the justice delivery in the country. It is vested with the responsibility of monitoring, evaluating and coordinating the delivery of justice in the country. The Ministry is also responsible for ensuring effective implementation of policies on legal affairs and the justice system in Tanzania.

The audit focused on the activities undertaken by the Judiciary (except for Primary courts), with the role of determining (adjudicate) criminal cases[27]; the National Prosecution Service (NPS) with the role to prosecute criminal cases; and the Tanzania Police Force which is responsible in conducting a criminal investigation on the reported cases through the Criminal Investigation Department (CID).

The audit covered a period of six financial years starting from 2015/16 to 2020/21. This period was selected to enable the audit to have an insight on-trend and analysis of the management of criminal cases over the years in order to draw the right conclusions on the findings.

The audit collected data from five judicial zones, whereas it visited High courts, Regional Courts, and District Courts; National Prosecution Services (NPS); and the Police Force (DCI-department) within the selected judicial zones.

8.3 Main Audit Findings

This Section presents the main findings on the criminal justice system in Tanzania. The findings discussed were obtained from the Judiciary, the NPS, Police and the Ministry of Constitution and Legal Affairs (MoCLA).

8.3.1 Increased Number of Filed Criminal Session as compared to Disposed Criminal Cases

The spirit behind the 2016/2017 to 2020/2021 Strategic Plan of the Judiciary of Tanzania was to accelerate criminal justice delivery. With this ambition, it was expected that criminal sessions disposal and clearance rate would be relatively equal to 100% and 0% respectively.

The audit found that the Judiciary did not manage to achieve zero clearance rate or 100 percent disposition rate on filed criminal sessions. The filed criminal sessions were not disposed within the Judiciary of Tanzania (JoT)

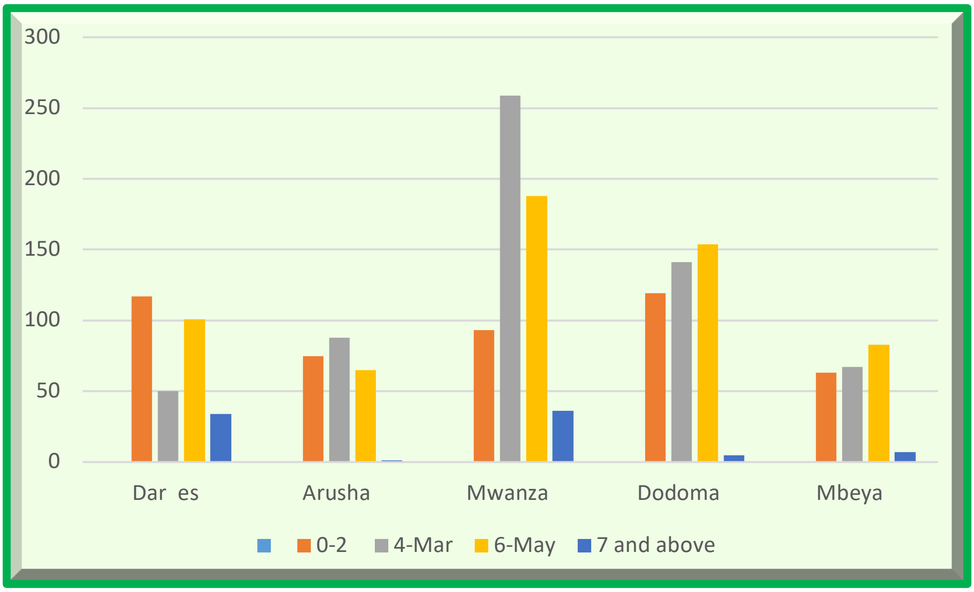
[27] Criminal Sessions at High Court Level

described time target. The undisposed criminal cases filed were all moved into subsequent years, therefore adding to delay and backlog of cases.

The audit found that, non-achievement of 0 clearance rate and 100% disposition rate was factored from procedural requirements of scheduling criminal sessions which included submitting calendar and budget to the Chief Justice for approval.

Based on the analysis, disposition of cases through criminal sessions ranged from two to three meetings. The audit team analysed the sampled cases to observe time taken in disposing criminal sessions as seen under Figure 8.1 presented below:

Figure 8.1: Time Taken for the Completion of Criminal Sessions at the High court



Source: *Electronic Case Management System (JSDS 2.0) and Auditors' Analysis, 2021*

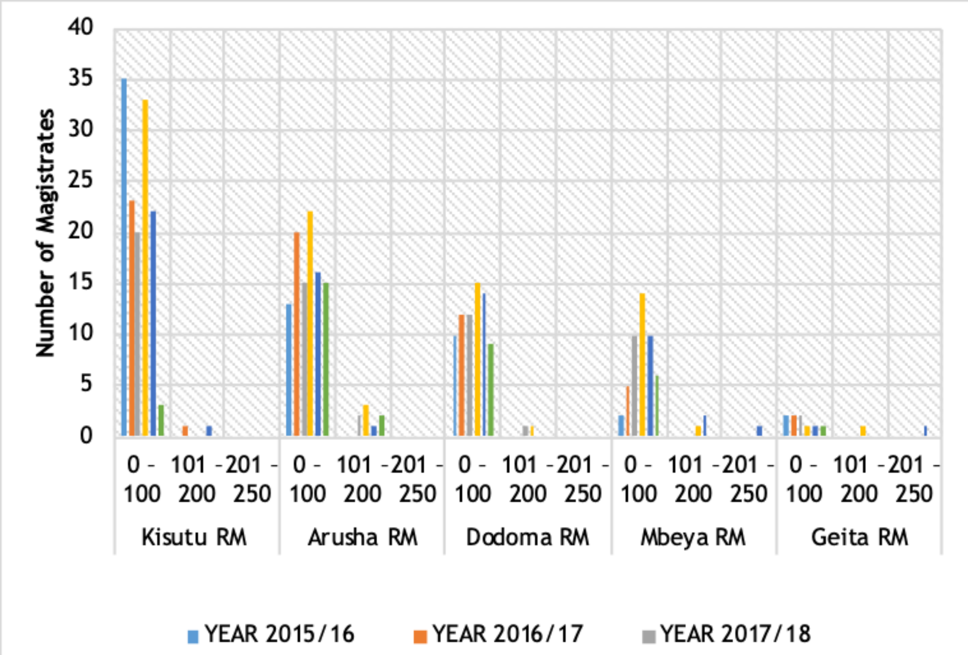
The analysis looked at the High Court criminal sessions in the selected regions for the sampled case files as seen in the Figure 8.1 above. There were cases which took more than seven years to complete. The criminal sessions that had over-stayed would need the Court to resolve them before destabilizing the system, which could lead to accumulation of cases.

8.3.2 Non-compliance to the Performance Indicator of Case Disposal

The Judiciary of Tanzania resolved that every Judge is required to dispose 220 cases in a year and 250 cases to be disposed by Magistrates from the Resident Magistrate Courts and District Courts.

The audit reviewed a list of cases from the Electronic Case Management System (JSDS 2.0) and actual files in each Court. The results showed that there was an average of a single Magistrate per court and two Judges per High Court Registry who managed to attain the set target of disposing 250 and 220 cases for the Magistrates and Judges respectively. The performance of Magistrates is presented in **Figure 8.2** below:

Figure 8.2: Range of Cases Disposition among Magistrates to visited RMs



Source: *JSDS 2.0 and Actual Criminal File and Auditors' Analysis, 2021*

Figure 8.2 above indicates that from all visited five Courts, there was no Magistrate who had reached the Judiciary of Tanzania (JoT) target of disposition of 250 cases. On average, only three Magistrates managed to reach above 100 cases in the visited Resident Magistrate Courts.

Further, the target included matters of different weight, such as disposition of applications, both civil and criminal, and Criminal Preliminary Inquiries (PI). The following are the factors for non-achievement of the set targets:

a) The target set for the Judges and Magistrates did not specifically specify criminal cases from other types of cases;
b) The High Court did not effectively manage the criminal sessions;
c) The Judiciary did not adequately involve key stakeholders in the strategizing for disposal of criminal cases; and
d) Uneven distribution of cases (workload) among Magistrates.

8.3.3 Ineffectiveness of the High Court in Scheduling and Conducting Criminal Sessions

The spirit behind the 2016/2017 to 2020/2021 Strategic Plan of the Judiciary of Tanzania was to accelerate criminal justice delivery. With this ambition, it was expected that Criminal Sessions' Disposition rate would be increased as well.

However, based on the interviews, the officials from the Judiciary of Tanzania and review of the random sampled cases, the audit team found that instituting criminal case in the High Court took up to four years before it was called for the first session, and there was no case disposed of in a single session. It was also observed that, there was no guarantee of the case to be scheduled for session in subsequent meetings, which also added to the delay of justice to be served.

The actual files reviewed showed that cases disposed in single sessions had the following conditions:

a) DPP had no interest, and exercise his mandate under Section 91 of the Criminal Procedure Act by entering nolle prosequi[28];
b) The accused was discharged by the order of the Court;
c) The accused was committed to mental hospital; and
d) The accused entered a plea of guilty.

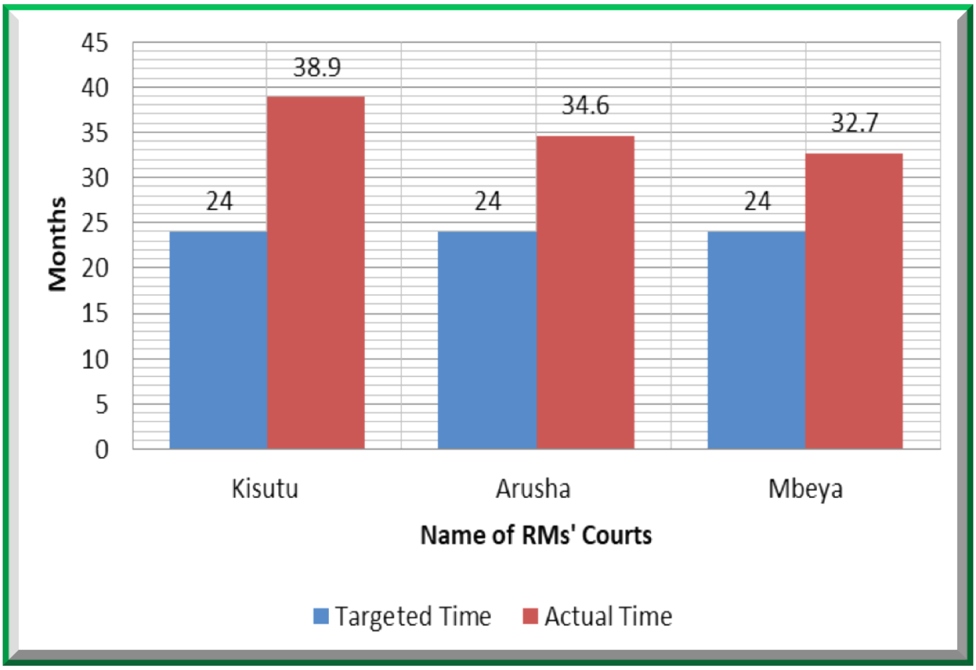
The audit found that 39% of the reviewed criminal cases' files took from 13 up to 24 months to be scheduled into the first session, while 11% of criminal case files took up to 49 months and above. Furthermore, it was found that, the case files were called for sessions on the basis of "first in first out system". However, this method was not adequately implemented.

[28]No interest to prosecute and continue with the case

a) Extended Criminal Sessions

The audit also assessed the performance of criminal sessions which have been assigned to magistrates with extended jurisdiction. The result of the actual time taken to dispose the extended criminal cases is as presented in **Figure 8.3**:

Figure 8.3: Actual Time Taken versus Targeted Time in Disposition of Extended Criminal Cases



Source: *Auditors' Analysis from the Case Files, 2021*

Figure 8.3, Illustrates that no cases which were extended from the High Court were completed on the established planned time. The minimum average time taken to the completion of the extended criminal cases was 32.7 Months in Mbeya. This resulted into the accumulation of the extended criminal sessions at the subordinate courts and overstay of the accused persons in the prison cell.

Further, it was noted that the extended criminal session is additional assignment for which Resident Magistrate Court has to assign to its staff.

8.3.4 Inadequate use of JSDS 2.0

The JSDS 2.0 is the case management developed to assist in case registration, administration, and timely generation of statistics. The aim of its establishment was to assist and enhance efficiency of the judiciary undertakings.

During the audit, the performance implementation of JSDS 2.0 was assessed. The result showed that, the system was not used fully in the daily activities of the operations of the court as required. The review of JSDS 2.0 and case files showed that in all visited Courts, (the High Courts, Residents Magistrate Courts and Districts Courts, the use of the system for documentation was at low level.

This was manifested by the existence of files which were not registered in the system. For example, out of 304 reviewed case files in Mbeya and Dar es Salaam, we found that 49 files were not registered in JSDS 2.0. In Dar es Salaam a total of 32 cases were not registered while in Mbeya the unregistered cases were 17.

Meanwhile, the monitoring of the Court performance was supposed to be made through this system. Hence, lack of registration of information from 49 case files would lead into production of wrong reports and the status of the caseload.

Based on review of progress report and interviews held with JoT officials, several causes were linked to the insufficient usage of the system. Among the primary causes was the competence deficiency among the court clerks and other court officials in the use of the system. Another factor for the insufficient usage of the system was networks' challenges. The enquiries from JSDS 2.0 users revealed that slow internet connection also contributed to ineffective use of JSDS 2.0 system.

8.3.5 Inadequate Number of Human Resource Available

The NPS was the only public prosecuting entity that controls and prosecutes criminal cases in the country. However, its staffing level was not reflecting government effort to minimize the presence of delayed investigation process and reduce the problem of delayed Justice Delivery. Currently, the NPS has 661 staff instead of the analysed demand of 5,890 staff which is equivalent to a deficiency of 89% of the State attorneys.

Based on the workload analysis carried out compare the number of Prosecutors and the number of cases that can be handled by a prosecutor in the visited courts, it was revealed that the available staff, although not sufficient, was not allocated based on the number of work-load in Courts. **Table 8.1** indicates the allocation of prosecutors per filed cases.

Table 8.1: Available number of Prosecutors in Visited Courts

Court	Average No. of Criminal Cases per Year [1]	Available No. of Prosecutor [2]	Average No. of Criminal Cases per Year per Prosecutor	Required No. of Prosecutors	Deficiency in Percent (%)
Mwanza H/Court	881	3	294	13	77
Mbeya H/Court	578	2	289	12	33
Mbeya RM/Court	480	4	120		
Mbeya D/Court	286	2	143		
Sengerema D/Court	319	2	160	6	67
Babati D/Court	435	4	109	6	33
Kisutu RM/Court	641	12	53	4	33
Ilala D/Court	919	13	71	3	23
Geita RM/Court	530	2	265	3	33
Dar es Salaam H/ Court	955	11	87	0	0
Arusha H/Court		7	0	0	0
Arusha RM/Court	649	2	325	0	0
Dodoma H/Court	612	10	61	0	0
Dodoma RM/Court	394	4	99	0	0
Dodoma D/Court	430	6	72	0	0

Source: *Auditors' Analysis based on Approved Established Post, 2021*

Table 8.1 shows a significant huge workload in each level of the Court. The analysis also shows the number of criminal cases handled per year per Prosecutor. Although, NPS has not established the required standards (of number of cases per prosecutor), in some of the High Court and Resident Magistrate's Courts, the workload was relatively high. For example, the High Court in Mbeya Region, one Prosecutor was supposed to handle an average of 289 criminal cases per year, while at the Resident Magistrate's Court in Arusha, one Prosecutor was required to handle about 325 criminal cases per year. These averages show that prosecution has a huge work load, and still the efforts to minimise the prolonged investigation process and reduce the problem of delayed justice delivery need to be intensified.

8.3.6 Inadequate Training Management and Capacity Building among Prosecutors

The National Prosecution Services (NPS) through the Case Management Division, is responsible for mapping out the existing gaps during the preparation of the training needs assessment. The Division is required to ensure that trainings and other skills development programs are implemented.

The audit revealed that from 2018 to 2021, NPS did not conduct training needs assessment. There was no database or record showing the skills gap at NPS, which would help in planning, budgeting, and setting training priorities in each financial year. NPS's officials indicated that in the past, trainings were conducted arbitrary, and the subject were based on the requirements/instructions of the financiers on what to be administered in the training program.

In the analysis of the reasons for the observed challenge, it was found that lack of training needs analysis was partly because the analysis of needs for training and conducting of trainings was not a top priority in the Case Management Division. The division was inclined to other technical and administrative functions. As a result, it has been difficult to assess the sustainability of NPS regarding the capacity of its staff.

However, upon further inquiry on capacity building to the state attorneys, it was found that there was still inadequate number of prosecutors, which caused huge workload to the prosecutors and limited training/capacity building offered to the state attorneys.

8.3.7 Inadequate Compliance to Investigation Timelines

According to the Police Force and Auxiliary Service (Police General Order), 2021, a criminal investigation should be completed within one year for capital offenses and six months for other offenses.

However, Criminal Investigation Officials that were interviewed stated that the set timelines were not realistic and their implementation was difficult and rarely achieved.

Observed reasons for the failure to achieve the set timeline was that its development did not base on a detailed study with an assessment of time taken for each activity in the investigation process, and complexity of case as briefly described below:

(i) Delays in obtaining results from Experts' Examination

The audit noted that the Police Force used other entities such as the Government Chemist Laboratory Authority, Mobile Network Companies, TRA, Financial Institutions (Banks) etc., to support examination of the evidence collected. This process normally took long time before the results were availed to the investigators by other entities. An extreme case was observed in Mbeya region where by samples taken to the Government Chemist took more than 366 days without results being issued to the police force. The over centralization of the Government Chemist Authority also was found to be the cause of delay. This was because testing of samples was done at the only laboratory of the Government Chemist only, located in Dar es Salaam. This challenge had been difficult to address the fact that the Directorate of Criminal investigation could not compel or influence these external entities (experts) to release results earlier.

(ii) Delays Associated with Geographical Location of Crime

Among the reasons for the delay in the investigation was the geographical location of the crime scenes to the Police Station. This was mostly due to the remoteness of areas where some crimes occur. This caused delay in collecting the information from the witness, taking samples for further process of the investigation, hence contributing to the failure to abide by the investigation timelines, and generally led to delay of the case.

8.3.8 Inadequate Management of Resources to Support the Investigation Activities

According to the Investigation General Directive regarding Case Planning Procedures of the investigation, the following should be considered during the planning for the investigation the availability of personnel to determine the type of investigation strategy to be used, e.g., surveillance; and the amount of time that can be dedicated to a particular investigation should be estimated.

a) *Shortage of Investigation Officers*

From the audit, it was found that there was a shortfall in the allocation of human resources among the Police Officers in the regions. The allocation of personnel was expected to base on the workload, crime rate, population etc. However, it was revealed that there was insufficient number of investigation officers in the police force, as among the factors that contributed to the delay of investigation activities. **Table 8.2** shows the allocation of the police investigators in the regions against the rate of crime.

Table 8.2: Investigators and Crime Rate[29]

Regions	Number of crimes per investigator (Standard)	Number of crimes per Investigator (Current situation)	%difference
Dar-es-Salaam	47	79	41
Dodoma	31	52	40
Mbeya	30	50	40
Mwanza	17	29	41
Arusha	26	44	41

Source: *Auditors' Analysis and Police Established Approved Posts 2021*

Table 8.2 shows the analysis between numbers of criminal investigators in the regions against the required numbers. It further shows that the required number of investigators was lower by 40% hence leading to those available to handle excess number of cases than the ones they can handle per annum. This, in turn, caused delay on the investigation of cases by the investigators.

The analysis further showed that Dar es Salaam had higher number of investigators due to high crime rate than the other regions. Moreover, Dar Es Salaam had more workload, in which one criminal investigator dealt with an average of 79 crimes each year. While, Mwanza had shown to have low workload in which one crime investigator dealt with an average of 29 crimes each year.

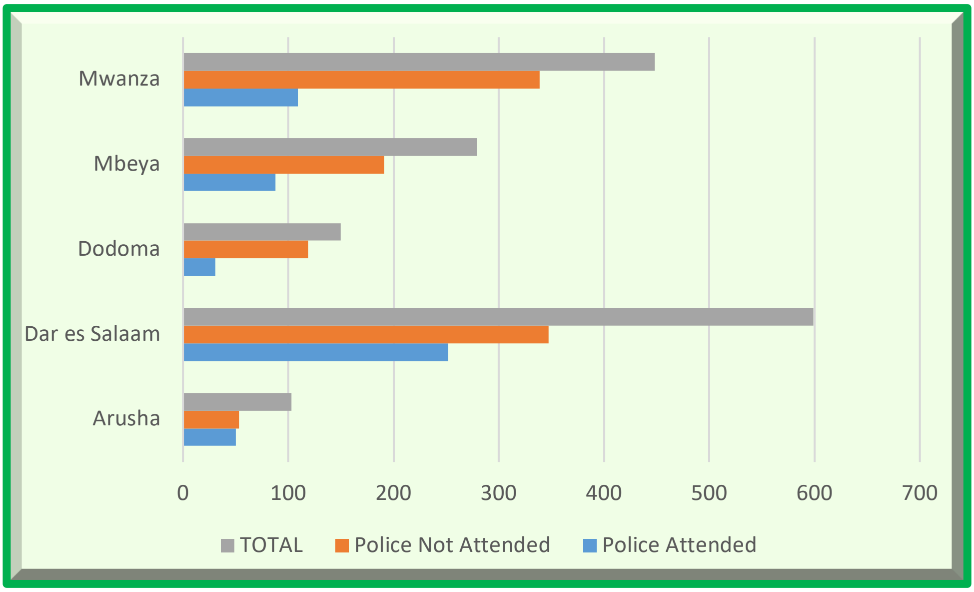
b) *Inadequate Capacity Building to Investigators*

The Criminal Investigators were supposed to proactively be acquainted with the advancement of the technologies to effectively investigate all criminal cases accordingly regardless of their technological complexity.

[29]Analysis was made from the 5 sampled regional police offices

The audit found that in the last five years, criminal investigators did not adequately attend advanced and specialized trainings to intensify their investigation capacity, after obtaining the first subsequent investigation training. **Figure 8.4** shows trend of attendance of basic training courses.

Figure 8.4: Attendance Subsequent Investigation Training Program between 2018/2019-2020/21



***Source**: Directorate of Criminal Investigation, 2021*

From the analysis of **Figure 8.5** shows the number of criminal investigators who have not attended further investigation Training programs was higher than those who had attended. Dodoma and Mwanza regions had a relatively higher number of untrained police investigators than other regions.

Each visited region showed that Criminal Investigation Department has not conducted a training needs assessment to establish the knowledge gap. Absence of documented skills gap assessment had, to a large extent, affected the Department in planning, budgeting, and setting training priorities each year.

As a result, it has been difficult to assess the sustainability of the Criminal Investigation Department concerning the performance of the capacity of its staff base. Eventually, the Department may incur more cost or take longer investigation time than expected to acquire external services of criminal cases with emerging crimes.

8.3.9 Absence of Monitoring and Evaluation Activity

According to the MoCLA's Strategic Plan 2016-2021, the Ministry was supposed to coordinate and monitor constitutional affairs, oversee the dispensation of justice, promote and protect human rights. The audit expected the Constitution and Justice Monitoring Department of MoCLA to conduct regular monitoring, to the Judiciary of Tanzania and the National Prosecutions Service. The audit acknowledged several visits to Prisons and remands made by officials from MoCLA that the Ministry considered them as part of Monitoring. Nonetheless, the audit did not consider such visits as monitoring because they did not have a plan, reporting of feedback and recommendations to be tracked.

The reasons for deficiency of the Ministry to conduct Monitoring and Evaluation function

a) Un-defined Monitoring and Evaluation Key Performance Indicators

The audit found that the Ministry of Constitution and Legal Affair prepared the implementation reports for different conducted activities. However, upon review of the performance reports the audit noted that, the report lacked the content or assessment that showed how the established Key Performance Indicators were attained, or if the established targets were reached and what were the challenges and opportunities faced.

b) Absence of Monitoring Plan

The monitoring plan was expected to show when and what was to be monitored, methods for measurements, monitoring, analysis, and evaluation. The Ministry prepared plans for its project or programs. Nonetheless, there was no specific plan for Monitoring and Evaluation of the justice administration activities. Because of the absence of monitoring plan, there was no assurance that progress and performance would be followed on regular basis to allow for real-time, or an evidence-based decision-making.

c) *Non-prioritization of the Monitoring Function*

The Audit observed that there has been no prioritization of the monitoring function to justice administration. The review of Division of Constitution and Justice Monitoring (DCJM) action plan of 2019-2021 indicated that even though funds were allocated to the division, however, the funds have been used in conducting other activities i.e., conducting stakeholders' meetings and conduct visits to criminal justice agencies. On the other hand, for the last five years the Ministry's budget has not been fully implemented. The review of the budget of disbursed amounts in all years covered by this Audit scope; revealed that the disbursement varied from 51% to 87% as indicated in **Table 8.3**.

Table 8.3: Disbursed amount for Monitoring the Justice Delivery System Department

Financial Year	Approved Estimates (TZS) in Millions	Actual Released (TZS) in Millions	Percentage (%)
2016/17	155.19	80.50	52
2017/18	166.48	146.15	88
2018/19	190.49	111.64	59
2019/20	181.33	130.93	72
2020/21	231.69	-	-

***Source**: The Ministry of Constitutional and Legal Affairs*

Table 8.3 shows the percentage of funds disbursed for performing the function of Monitoring of the justice system by the Ministry. The highest released amount was in 2017/18 where by 88% of the approved estimate was released. However, the M&E was not conducted in that financial year. Consequently, the Ministry could not effectively track, analyse, and report on the progress and situation of the justice system in the country.

8.4 Impacts on the Attainment of SDGs

This section presents details on the impacts of the observed challenges on overall criminal justice System in Tanzania towards achievement of Sustainable Development Goals (SDGs). Among the key targets of SDG 16 aimed at promoting peaceful and inclusive societies for sustainable development, providing access to justice for all, and building effective, accountable and inclusive institutions at all levels.

This audit has identified weaknesses in the criminal justice system which causes delay in the administration of justice. This has both social and economic impact to the individual and the nation at large. Delayed cases, injustices and violation of an individual right to fair and speedy trial are contrary to SDG 16.

However, if the identified challenges in the report calls for number of interventions to rescue the existing situation, to ensure that justice is timely accessible to a greater proportion of the population. If not well addressed, it will impact the attainment of SDG 16 which intends to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

8.5 Specific Audit Conclusion

The audit concluded that there is inadequately unified attention devoted to test and deal the potential drawbacks of supplying a quicker but yet qualitatively fair justice. All key justice stakeholders in Tanzania were found struggling to solve this challenge. This is an indication that, root causes of the problems have not been effectively addressed. This audit has shown that, to large extent, the administration of justice in the country is inadequately coordinated. The key stakeholders in the justice sector including the Judiciary, Police, Prosecution, and the rest have no common commitment and investment in ensuring adequate control on delay of cases in the delivery of justice.

CHAPTER NINE

MANAGEMENT OF CONSERVATION AND PROTECTION OF WETLAND ECOSYSTEMS

9.1 Introduction

This chapter presents a summary of the Performance Audit Report on the Management of Conservation and Protection of Wetland Ecosystems. The chapter presents, importance of the conservation and protection of wetland ecosystems, responsible entities and strategies and efforts of government in the management of conservation and protection of wetland ecosystems. Audit findings including its impact on SDG, conclusion, recommendations are also presented.

9.1.1 Background Information

Wetland ecosystems include a distinct ecosystem that is flooded by water, either permanently (for years or decades) or seasonally (for weeks or months). Wetlands are considered among the most biologically diverse of all ecosystems, serving as home to a wide range of plant and animal species.

Wetlands ecosystems are importance since they improve water supply and quality; provide habitat for thousands of species of aquatic, terrestrial plants and animals; maintain ecosystem productivity; reduce coastal storm damage; provide recreational opportunities; flood protection, shoreline erosion control, natural products and aesthetics. The audit looked at sustainability of conservation of wetlands in relation to supply of water to rivers and dams.

9.1.2 Relation of the Management of Conservation and Protection of Wetland Ecosystems with the SDGs

The management of conservation and protection of wetland ecosystems addressing 3 out of 17 SDGs as described in **Figure 9.1:**

Figure 9.1: SDGs Linked to Conservation and Protection of Wetland Systems

***Source**: Auditors' Analysis of SDGs*

SDG 6 – Clean Water and Sanitation: Conservation and protection of wetland ecosystem directly support Target No. 6.6 which emphasizes on protection and restoration of water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.

SDG 15 – Life on Land: Management of conservation and protection of wetland ecosystems directly support achievement of Target No. 15.1 that targets to ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and dry lands, in line with obligations under international agreements, by 2020.

It also facilitates the achievement of Target No. 15.5 that requires an urgent and significant action to be taken to reduce the degradation of natural habitats, halt the loss of biodiversity, by 2020, protect and prevent the extinction of threatened species. The above three SDGs that linked to management of conservation and protection of wetlands ecosystems.

9.1.3 Government Strategies and Efforts on the Management of Conservation and Protection of Wetland Ecosystems

According to Second Five Year Development Plan of 2016/17 to 2020/21(FYDP II), part 4.2.6, page 58 (Natural Resources Management, Environment and Climate change), the government targeted that by 2020, a share of GDP accrued from sustainable utilization of forest, water and marine resources of 10%, proportion of energy derived from renewable green energy to be 50% and increased natural forest cover by 130,000 Ha. Other strategy was to 100 Million trees planted country wide; 60% reduction in charcoal consumption in urban areas; and increasing the proportion of districts with climate change and disaster risk reduction strategies to 60%.

To achieve the above strategies, the government has set key interventions focusing on strengthening natural resource management, preventing environmental degradation and climate change related interventions. These key targets and their respective interventions are among the key issues addressed in the performance audit on the management of conservation and protection of wetland ecosystems.

As an action to implement the above strategies, the government has done efforts to manage/improve the management of conservation and protection of wetland ecosystems as elaborated hereunder:

a) *Formulation of Tanzania Wildlife Management Authority (TAWA)*[30]: The government formulated TAWA (derived from the wildlife division of the Ministry of Natural Resources and Tourism) for the purpose of strengthening conservation ecosystems in Game Controlled Areas (GCA) and allocated Offices in geographical zones of Tanzania Mainland for the purpose of carrying out conservation and protection activities to wetlands ecosystems. For example, allocation of office in the Northern part of Tanzania Mainland (Longido) for controlling Mto wa Mbu, Longido and Lake Natron ecosystem including Loliondo area;

b) *Upgrading of Game Controlled Areas into Game Reserve*: The government as one of the strategies to effectively manage/improve

[30]TAWA was formulated and is mandated to implement the Wildlife Conservation Act No. 5 of 2009

the wetland conservation and protection of ecosystems, it upgraded the areas that were formerly Game Controlled Areas (GCA). For example, upgrading of the Isawima Wildlife Management Association (WMA) into Game Reserve called Igombe Game Reserve in Kaliua District (Tabora region). The government removed the villagers who encroached the Malagarasi-Muyovozi Ramsar Site after upgrading the area. This was also evidenced by the Auditor during the verification visit on 12th November, 2021;

Similarly, the government upgraded the Luganzo Game Controlled Area to Luganzo Tongwe Game Reserve with the aim of strengthening protection to human encroachment, whereby by in doing so, the conservation of wetland ecosystems was increased. The upgrading of areas such as GCA into higher levels of conservation, such as Game Reserves, has increased protection of wetlands that are found within the protected areas;

c) *Formulation of Guideline for Sustainable Management of Wetlands*: In 2014, the government through the Vice President's Office (VPO) formulated the guideline with the aim of providing for sustainable management of wetlands that would contribute to: (i) improving livelihoods while maintain ecosystem functions; (ii) Facilitate and provide a framework for sustainable management of wetlands; and (iii) Maintain essential ecological and hydrological functions; and

d) *Banning Village Development around the Wetland Areas:* The government banned villages that were encroached by people to prevent encroachment of wetlands. This was done at Mkuyuni ward in Kaliua District Council, whereby, villagers who encroached the wetland areas to establish settlements, keeping livestock and agricultural activities were ordered to vacate the areas.

9.2 Audit Objective and Scope

The objective of the audit was to determine whether the VPO, PO-RALG and MNRT have effectively implemented measures for conserving and protecting wetland ecosystems.

The main audited entities were the Vice President's Office-Division of Environment, the Ministry of Natural Resources and Tourism (MNRT) and President's Office-Regional Administration and Local Government (PO-RALG). This is because the VPO-Division of Environment through NEMC is the over-all overseers of environmental management matters in the country (including the restoration, protection, and management of wetlands). Meanwhile, PO-RALG is the one responsible for monitoring the performance of LGAs in the management of wetlands.

The activities assessed in the audit were measures for conservation, restoration, and protection of wetland ecosystems. The audit covered three years, starting from the financial year 2018/19 to 2020/21. This period was selected to track the level and trends of performance toward protecting wetlands from being degraded. The period also assisted in realizing the trends of improvements as a result of the enactment of the wetlands guidelines that became into force in 2019.

9.3 Main Audit Findings

The audit noted weaknesses related to conservation and protection of wetland ecosystems as presented below:

9.3.1 Ineffective Protection of Wetland Ecosystems

According to Section 56(2) of the Environmental Management Act No. 20 of 2004, VPO, PO-RALG and MNRT were expected to protect wetlands ecosystems. Despite this requirement, the audit noted ineffectiveness in the protection of wetland ecosystems. This ineffectiveness was indicated by inadequate control of human activities in wetland areas.

The audit found that there were uncontrolled human activities such as commercial farming, teaks plantations, animal grazing and development of urban settlements[31], leading to significant reduction of coverage of wetland in the country. **Table 9.1** presents variation of wetland coverage size for 20 years starting from year 2000 to 2021:

[31]Degradation of Kilombero Valley Ramsar Wetlands in Tanzania.

Table 9.1: Variation of Wetland Coverage

Name of the Wetland	Calendar Year		Percent of Variation of Increase or Decrease
	2000	2021	
Rufiji-Mafia-Kilwa Ramsar Site	5,970	5,970	0
Malagarasi-Muyovozi Ramsar Site	35,200	35,200	0
Lake Natron Ramsar Site	2,250	2,435	8
Usangu (Ihefu)	1,215	1,084	11
Kilombero Valley Ramsar Site	7,950	2,193	72

Source: *Auditors' Analysis of Data Collected from the Visited Wetlands, (2021)*

From **Table 9.1** above, it can be seen that three out of five visited wetlands, indicated a reduction of coverage size ranging from 11 to 72%. Kilombero Valley Flood Plain Ramsar Site (KVRS), indicated the highest reduction of 72% in 20 years.

The wetland coverage size of two out of five wetlands, namely Rufiji-Mafia-Kilwa Ramsar Site and Malagarasi-Muyovozi Ramsar Site remained constant from 2000 to 2021. This indicated that there were no changes in the areas of coverage of wetland, and the level of degradation in such wetlands was relatively small. It further showed that Western and Eastern Usangu wetland ecosystem increased from 820 to 1,084 km^2 in 2021 due to the efforts of the Government, such as on the eviction of pastoralists.

Based on the physical verification conducted to the visited areas, such as Kilombero Valley Flood Plain Ramsar Site and Usangu (Ihefu) in Mbarali district, and the review of reports on Resilient Natural Resource Management for Tourism and Growth Project (REGROW) from Rufiji Basin Water Board (RBWB) of April 2021, revealed that the reduction of coverage in size of the wetland was due to human activities such as settlements, farming, and livestock grazing.

It was also noted that, the reduction in wetland coverage in the country is likely to have an impact on decrease in volume of water which would affect hydropower production. For example, Usangu (Ihefu) flows water to Ruaha Mkuu River (Great Ruaha River) which in turn flows water to Mtera dam for hydropower generation, while Kilombero Valley Flood Plain Ramsar Site flows water to Rufiji basin.

9.3.2 Inadequate Management and Controls of Wetlands Degradation

The audit assessed the state of wetlands degradation covering eight wetlands in the visited eleven 11 LGAs and found out that, to a large extent, wetlands in the country are severely degraded. This is because, the audit team saw established human settlements, agriculture activities, livestock keeping. Such activities were observed in Kilombero Valley Flood Plain during the verification visit in August, 2021. These activities compelled land clearance from wetlands, leading to decrease of species such as animals, fish and birds.

Similar situation causing wetlands degradation was evidenced in the Annual Progress Reports of TAWA (Urambo) of the Financial Year 2019/20 to 2020/21, whereby there were encroachment of people engaged in rice farming, maize, and livestock. The consequence resulting from the activities led to the decrease in the depth of water and destruction of the ecosystem for wildlife such as Nzohe, Crocodiles, Rhinoceros, and disappearance of species of birds such as shoe bill and Wattle Cranes, which attract tourism.

There was also dumping of solid waste from the settlements in Ramsar Sites leading environmental pollution. This resulted into loss of clean water, leading to the death of some organisms.

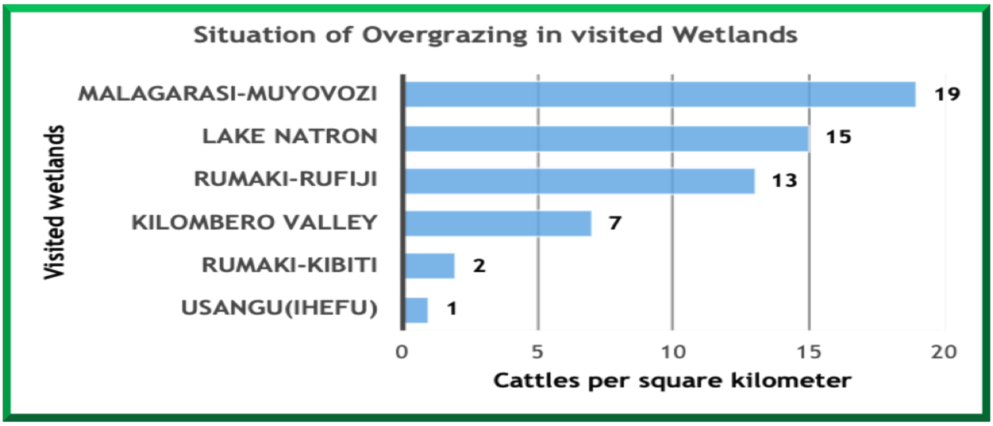
The Audit Team found that, MNRT through TFS and TAWA did not adequately manage and control degradation of the wetlands in 8 out of 11 visited LGAs.

The driving pressure of wetlands degradation is linked to increased human activities in the ecosystems. Largely, intensive agriculture, settlements and livestock grazing were the major causes of wetland degradation in all visited LGAs.
Details of effects for each of the driving factors for the degradation of wetlands are elaborated hereunder:-

a) Increased Overgrazing in Visited Wetlands

The audit found that there was disequilibrium between the size of the wetlands and animals. This was observed in all eight visited wetlands, where it was found that cattle per square kilometer were above 1 Cattle per hectare per year which was the standard. **Figure 9.2** shows the extent of overgrazing as measured on cattle per square kilometer.

Figure 9.2: Extent of Overgrazing in visited Wetlands



***Source**: Auditors' Analysis of Data Collected from Visited Wetlands, (2021)*

Based on **Figure 9.2**, it is shown that, the number of cattle per unit area ranged from 1 to 19. The highest cattle per unit area was at Malagarasi-Muyovozi Ramsar Site while the lowest number of cattle per unit area was at RUMAKI (Kibiti) Ramsar Site. There was an observation of high potential risk on the wetlands if the population and overgrazing practices would be left uncontrolled.

The followings were identified as reasons for overgrazing:-

Absence of Set Targets and Strategies for reducing the number of cattle to suit the grazing land: Based on the analysis of data collected from the visited wetlands, it was found that, LGAs, TAWA and TFS lacked strategies for reducing the size of livestock to match the size of the grazing land. No targets were set by TAWA (Urambo) to conduct census against the inventory of resource in Ramsar Sites.

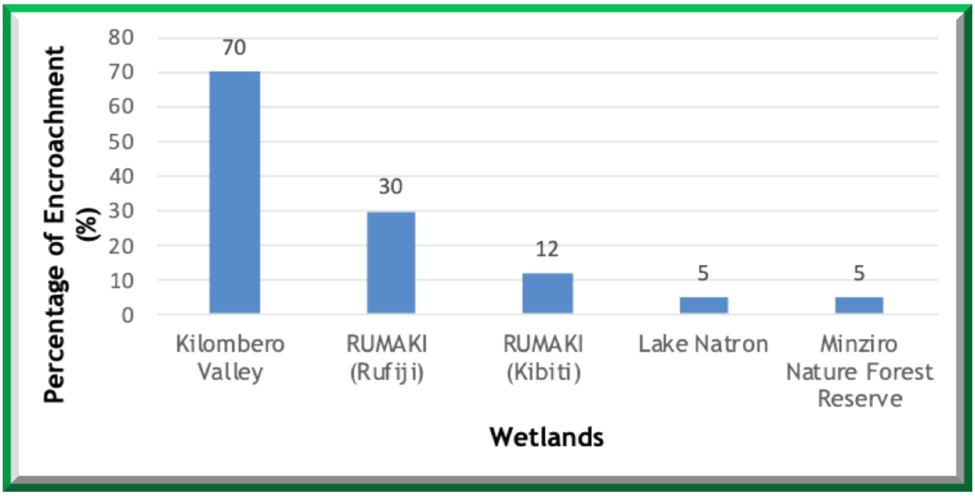
Inadequate Coordination among responsible Government Entities in Protecting Wetlands: The audit found that the Vice President's Office (VPO) has not established adequate coordination mechanisms among the government entities to conserve the ecosystems of the wetlands. This has contributed to un-lawful establishment of settlements which, in turn, become registered as formal villages. An example of this is Ng'ombo village in Kilombero District which was established before 1975 and was registered on 27th September, 1993 under registration number MG/KIJ/46[32].

Overgrazing causes land degradation and saltation on lakes and rivers such as Lake Sagara, Lake Nyamagoma and Malagarasi River as well as other water bodies.

b) Inadequate Patrol of Wetlands Areas

In eight visited wetland ecosystems, the audit found that each wetland was encroached into various degrees. Largely, the encroachments were caused by inadequate controls such as patrols by the responsible entities, including the LGAs, TAWA, and TFS. Given the nature of wetland being open access, co-management strategies are required to ensure that the wetlands are conserved. **Figure 9.3** shows the status of encroachment to each wetland.

Figure 9.3: Level of Encroachment in the visited Wetlands



***Source**: Auditors' Analysis of Data Collected from Visited Wetlands, (2021)*

Figure 9.3 shows percentage encroachment among the wetland ecosystems. Given the percentage of Kilombero Valley Ramsar Site wetland which is 70%, it was an indication for not providing valuable ecosystem services for the provision of (food, freshwater, wood and fiber, and fuel); Regulating (climate change regulation, flood regulation, disease regulation, and water purification); Cultural (Aesthetic, Spiritual, Educational,

[32]A Report of Mlimba District Executive Director

Recreational); and Supporting (Nutrient cycling, soil formation, primary production).

Causes of Encroachment

Not Upgrading the Wetland Area/ Reserved Areas: Analysis of the collected data revealed that, TAWA did not manage to upgrade the area to game reserve, and this resulted into human settlements, livestock grazing, and agriculture.

Also, the audit found that TFS Kibiti did not establish staff needs assessment as the available staff were not enough compared to the size of the wetland. , and this resulted into paddy farming and illegal harvesting of mangrove; illegal rice farming; and clearing land to expand farm activities.

The interviews with officials from TAWA (Urambo), review of Annual Progress Reports (2017/18 to 2020/21) and the audit further noted that, TAWA (Urambo) had no strategies of upgrading Malagarasi-Muyovozi Ramsar Site to a wetland reserve in order to strengthen restrictions and to have wetland management regulations. They did not conduct patrols which resulted into emergence of human activities as farming, livestock keeping, utilization of woodland resource, illegal hunting, and illegal fishing e.g. use of poisonous substances and climate change.

Based on the interview with TFS officials, it was found that Minziro Wetland, Lake Victoria wetland and Ugalla River swamp had no strategies to establish details on percentage of encroachment.

The analysis of data collected from visited areas revealed disparities on the extent of encroachment in each wetland. Based on interviews with officials from LGAs and TAWA, it was noted that there was no coordination between the two entitites leading to a lack of common solutions. For example, Ngorongoro District Council reported that 5% of the wetland was encroached while TAWA reported on the same that it was 65%. Even though TAWA's coverage was bigger than the LGAs, the data on the reduction of wetland was supposed to be integrated.

Ineffective Conducted Awareness Programme by TAWA on 2018/19 to 2020/21: Based on reviewed of TAWA Progress Report, the audit found that the awareness program conducted by TAWA were not effective. This was because the encroachment was increasing regardless of the awareness programs conducted. This was an indication that TAWA could not enforce regulations to defaulters.

Absence of Set Targets for Reduction of Encroachment for some of the Wetlands: Through the review of TAWA Reports on encroachment, it was found that TAWA set a reduction target for encroachment for the designated wetland reserve. Other wetlands such as Ugalla River Swamp, Kilombero Valley Flood Plain Ramsar Site and Lake Natron Ramsar Site which were not reserved land were not part of the strategy. The risk is that once the unprotected wetlands are all encroached, the encroachers will move into protected areas.

Apart from TAWA, the audit found that TFS and LGAs did not a reduction target strategy on wetlands.

These loopholes were caused by TAWA and other environmental agencies who lacked coordination and were not able to use guiding regulations and enforcement. As a result, there were uncontrolled settlements, increased livestock and farmers. Meanwhile, the pressure to invade wetland was attributed to climate change.

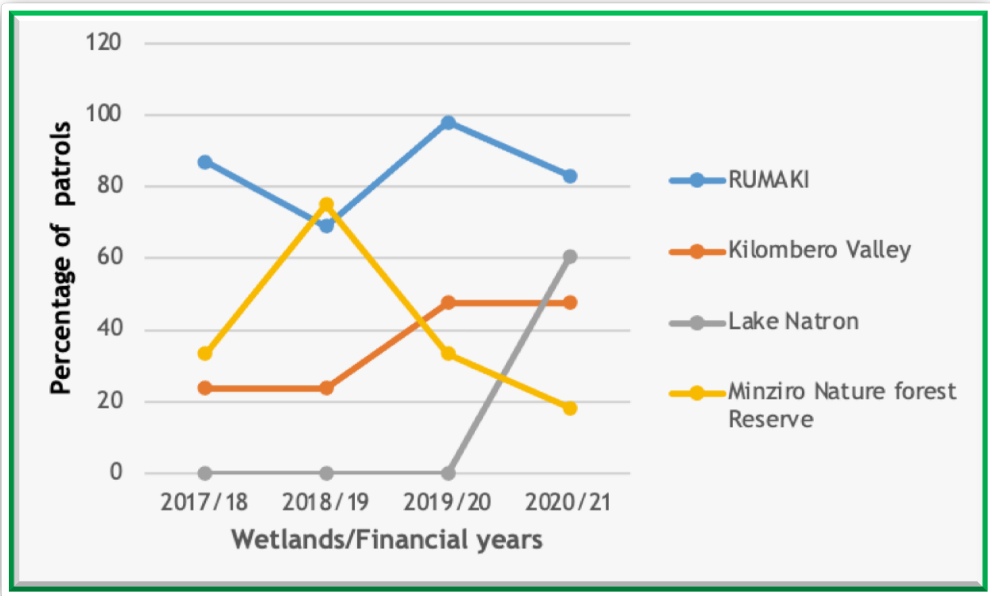
Inadequate Control of Encroachment due to the Effect of Global Warming: Review of Report on Challenges in the Course of managing Ramsar Site of TAWA Urambo (2021) revealed Global Warming as the reason for encroachment. For example, long drought resulted into shortage of water and caused high temperature which forced people to encroach the reserved areas for survival. According to Ramsar Convention, people were allowed to utilize wetlands reasonably. However, the extent of utilization of wetlands differs from one person to another, resulting into miss-use.

The evidence of effects of these deficiencies has been identified in all visited areas. According to interviews with officials of visited Local Government Authorities, it was informed that encroachment accounts for land degradation that contributes to soil erosion and siltation on lakes and rivers. Additionally, encroachment of wetlands causes deforestation. For instance, when the Audit Team visited Malagarasi-Muyovozi Ramsar Site, a vast area of land was cleared leading to deforestation.

c) Inadequate Patrols Conducted for Inspections of Wetlands

The audit found that TAWA and TFS did not conduct adequate patrols in wetland areas. The analysis of patrols conducted in the selected Wetlands revealed that Kilombero Valley Ramsar Site, Rufiji-Mafia-Kilwa (RUMAKI) Ramsar Site, Lake Natron Ramsar Site, and Minziro Nature Forest Reserve achievement in percentage of planned patrols ranged from 0 to 98%. This is as shown in **Figure 9.4** below:

Figure 9.4: Achievement of Patrols Inspection in Wetlands from 2017/18 to 2020/21



***Source**: Auditors' Analysis of Data Collected from Visited Wetlands, (2021)*

Figure 9.4 shows that, the percentage of patrols conducted ranged from 0 to 98%. The highest performance was noted in Rufiji-Mafia-Ramsar Site (RUMAKI) which is under TFS Kibiti whereby the percentage of conducted inspections ranged from 69 to 98%. A slight decrease was identified in the financial year 2017/18 due to shortage of patrol vehicles, and inadequate budget for patrols. However, in the financial year 2018/19 to 2019/20, there was an increase in achievement from 69 to 98%, as a result of successful and timely disbursement of fund.

TAWA Longido who are responsible for management of Lake Natron (under Mto wa Mbu, Lake Natron, and Longido ecosystems) in the financial years 2017/18 to 2019/20, neither planned nor executed patrols. The reason for not planning and conducting patrols was lack of budget for conducting patrols, and gave priority to mass awareness.

For the patrols in the wetlands managed by TAWA, the performance of achievement ranged from 23.8% to 47.6%, as noted in Kilombero Valley Ramsar Site, and 0% to 60.4% for Lake Natron Ramsar Site Wetlands. The achievement was affected by limited number of staff (rangers), budget and vehicles.

(v) Inadequate Control of Pollution within the Wetland Ecosystems

The audit revealed that TAWA, TFS and LGAs did not adequately control pollution in the wetland ecosystems. This was evidenced by the presence of solid waste pollution in the visited wetlands, as presented below:

Presence of Solid Waste Pollution in the Visited Wetlands

The audit noted that three out of eight wetland visited experienced solid waste pollution that ranged from 25% to 80%. The extent of pollution in the visited wetland is as presented in **Table 9.2**:

Table 9.2: Percentage of Solid Waste Pollution in the Sampled Wetland Ecosystems

Name of the Wetland	Percent of Solid Waste Pollution (%)	Reasons
Lake Natron Ramsar Site	NIL	presence of TAWA camps that conducts close monitoring and patrols to the Lake
Kilombero Valley Ramsar Site (KVRS)	80	Presence of development of urban area (towns) namely Ifakara, Mlimba and Lupilo
RUMAKI (Kibiti)	Data Not Available	Data Not Available
RUMAKI (Rufiji)	25	Presence of Settlement close to the wetland
Ugalla River Swamp	Data Not Available	Data Not Available
Malagarasi-Muyovozi Ramsar Site	Data Not Available	Data Not Available

Name of the Wetland	Percent of Solid Waste Pollution (%)	Reasons
Minziro Nature Forest Reserve	50	Data Not Available
Usangu (Ihefu)	Data Not Available	Data Not Available

Source: *Auditors' Analysis of Data Collected from Visited Areas, 2021*

Table 9.2 shows that, the percentage of solid waste pollution ranged from 3% to 80%, whereby Lake Natron Ramsar Site had zero percent while Kilombero Valley Ramsar Site (KVRS) has 80%. The reason for Lake Natron Ramsar Site to have no pollution was the presence of TAWA camps that conduct close monitoring and patrols to the lake, while the reason for KVRS to have the highest solid waste pollution was due to the development of urban area (towns) namely; Ifakara, Mlimba and Lupilo.

Presence of Wastewater Pollution in the Visited Wetlands

The audit found that four out of eight wetlands visited experienced more wastewater pollution than the allowable level, as summarized in **Table 9.3**:

Table 9.3: Percentage of Wastewater Pollution in the Sampled Wetland Ecosystems

Name of the Wetland	Percent of Wastewater Pollution (%)	Reasons
Lake Natron Ramsar Site	3	Presence of TAWA's Camp
Kilombero Valley Ramsar Site (KVRS)	15	Development of Urban Towns Ifakara, Mlimba and Lupilo and presence of small industries for rice milling
RUMAKI (Kibiti)	Data not Available	Data Not Available
RUMAKI (Rufiji)	30	Establishment of settlements close to wetland from which wastewater is closely discharged to wetland
Ugalla River Swamp	Data Not Available	Data Not Available
Malagarasi-Muyovozi Ramsar Site	Data not Available	Data Not Available

Name of the Wetland	Percent of Wastewater Pollution (%)	Reasons
Minziro Nature Forest Reserve	30	Presence of Buhembele village inside the Minziro Forest Reserve and other villages surrounding the reserve area
Usangu (Ihefu)	NIL	The wetland is far from people's surroundings

Source: *Auditors' Analysis of Data Collected from Visited Areas, 2022*

Analysis from **Table 9.3** shows that, there was no wastewater pollution at Usangu wetland (Ihefu), and the highest wastewater pollution of 30% was noted at RUMAKI (Rufiji) Ramsar Site. The reason for Usangu wetland (Ihefu) to have no wastewater pollution was because, the wetland is far from people's surroundings. However, there were no strategies to obtain the exact percentage of pollution caused by solid waste.

The reason for RUMAKI (Rufiji) Ramsar Site to have the highest pollution was the settlements close to wetland from which wastewater was closely discharging into the wetlands. However, the audit found that there are no strategies to improve drainage and sewerage systems.

The analysis of collected data also showed the presence of pollution due to Industrial effluents which ranged from 3% to 30% with high pollution at Kilombero Valley Ramsar Site (KVRS). The reason for KVRS to have high industrial effluents compared to other areas was due to the presence of small industries for rice milling.

9.3.3 LGAs did not conduct Inventories for Status of Wetland in the Area under their Jurisdiction

The audit team found that, although all LGAs were documenting various incidences occurring in the wetlands, none of them addressed the status and trends of wetlands within their respective areas.
Therefore, the LGAs did not know exactly the status of reduction in wetland coverage and the extent of wetland degradation in their respective areas. The data whether the wetlands were degrading, reducing in size or that of existence of biodiversity within the areas could not be readily established. However, based on interviews with officials of the visited LGAs, it was

established that the responsible personnel did not develop environmental database or environmental information management system that included the information of the status of wetlands at the time of this audit. Therefore, no LGA had a concrete plan on how to manage wetlands in their areas. The applied management was more reactive based only on managing the incidences as they evolved. The reactive approach has limited LGAs to budget for activities related to management of wetlands.

9.3.4 Inadequate Implementation of National Wetlands Management Strategy by LGAs

The audit found that, 6 out of 11 visited LGAs did not include National Wetlands Management Strategies in their Annual Work Plans, 2 out of 11 visited LGAs each in the duration of four years included issues of National Wetlands Management Strategies in their Annual Work Plans for only one year, while 3 out of 11 LGAs included issues of National Wetlands Management Strategies in their Annual Work Plans in all four financial years.

The National Wetlands Strategy was created with the aim of reserving and providing for sustainable management of wetlands that would contribute, improve livelihoods while maintaining ecosystem functions, facilitate and provide a framework for sustainable management of wetlands, and maintain essential ecological and hydrological functions.

However, the audit found that there was inadequate implementation of the strategies by the LGAs such as implementation of the policy on wetlands; provision of wetlands extension services and leading other agencies in wetlands policy implementation; formulating, approving and enforcing wetland by laws; providing technical support and conservation education (CEPA) to villages and councilors; preparation of physical inventory and implement development plans to protect wetlands[33].

Among all surveyed LGAs, only Longido and Ngorongoro DCs had minimally addressed issues of National Wetlands Management Strategy in their plans and budget.

Thus, due to non-incorporation of National Wetland Strategy to the LGA plans, it was difficult for VPO to assess whether wetlands management

[33]The National Wetlands Management Strategy and Annual Work Plans of LGAs

programs in National Wetlands Management Strategies were being effectively implemented all over the country.

9.3.5 Inadequate Coordination between MNRT and PO-RALG

It was expected that, MNRT as one of the key sectors ministries to submit the completed report to VPO on regular basis. However, based on the interview with MNRT official, submission of reports to VPO was based on VPO's request, other than a mandatory legal requirement. Although EMA states that, the sector ministries are to furnish report to VPO, this was not done. For effective management of wetlands, VPO and MNRT would have signed a Memorandum of Understanding (MoU) for Ramsar report.

Lack of coordination between MNRT and PO-RALG resulted into disintegration of effort to deal with management of wetland in the country. Some of cost would have been avoided because of the duplication of similar actions.

Similarly, the audit noted ineffective coordination between NEMC and LGAs. It was found that, weak coordination between NEMC and LGAs was one of the factors that contributed to inadequate conservation and protection of wetland ecosystems. The reasons were that there was no established system for sharing of statistical data on restoration, protection, and management of wetlands among these entities. It was further revealed that, NEMC as a national environmental enforcement agency was not well informed. Lack of information affected NEMC in planning and identifying the risk areas for inspection and urgent actions.

Despite the fact that it is the requirement of the EMA No. 20 of 2004 for LGAs to report to NEMC on any environmental activity, there were no reports submitted to NEMC for the whole period under review. Lack of sharing of information among them limited NEMCs' ability to know the challenges facing LGAs on management of wetlands.

9.3.6 VPO does not adequately monitor the Status of Management of Wetlands in the Country

There was lack of plans for monitoring the status of management of wetlands in the country. VPO neither systematically planned nor implemented activities for monitoring the status of wetlands management countrywide. The monitoring was more based on ad hoc when information was needed. Lack of planning for monitoring of the status of wetlands was because VPO did not properly arrange its resources to ensure this activity was aligned in its priority activities. Lack of planning for monitoring is therefore, likely to affect monitoring activities and financing and may have an impact on decision making on negative wetlands undertakings such as wetland encroachment, pollution, and livestock grazing.

9.3.7 VPO has no current (updated) Information on the Status of Wetlands in the Country

VPO has not identified and documented the degraded wetlands as required by Section 15 (d) of Environmental Management Act No. 20 of 2004. This was the case because VPO did not have an established mechanism to govern the receipt of regular reports from other stakeholders. Further, VPO did not put a strong/effective strategies and commitment to ensure close monitoring of the national status of wetland, to establish a national database or dashboard that gives status of performance of different indicators.

This was caused by lack of plan for monitoring the status of management of wetlands and lack of effective coordination with MNRT and PO-RALG. Lack of having information management system (database) has resulted into failure of accessing the status of wetlands in the country.

9.3.8 PO-RALG did not monitor and evaluate the Performance of LGAs in the Management of Wetlands

The audit revealed that PO-RALG did not monitor and evaluate the performance of LGAs in the management of wetlands despite being required by the organization structure of PO-RALG (As approved by the President on 12th February, 2015). There was no reporting on monitoring of the LGAs conducted by PO-RALG for the five years covered in this audit.

It was shown that, the reason for PO-RALG for not conducting monitoring and evaluation on the performance of LGAs was partly contributed by the absence of coordinated monitoring plan, tools and framework to effectively coordinate VPO and PO-RALG in making follow-up on the implementation of

Sustainable Wetlands Management Programs (SWMP) in the LGAs. Also, the audit found that, PO-RALG did not set plans for monitoring and evaluation the performance of LGAs in the management of wetlands.

Non-monitoring and evaluation of performance of LGAs regarding the conservation of wetland ecosystems has resulted into PO-RALG to lack necessary information of the status of wetland countrywide and their associated challenges to properly take timely and appropriate corrective actions.

9.4 Impacts on the Attainment of SDGs

The audit findings presented in Section 9.3 above, indicate that various efforts have been made by the VPO, PO-RALG and MNRT towards promoting economic transformation towards attaining Goals 6, and 15 of the SDGs. Goal No. 6 targets to ensure availability and sustainable management of water and sanitation for all and to protect; while Goal No.15 targets to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Among the efforts included upgrading areas such as game-controlled areas into game reserve and banning of villages established in the wetlands.

However, the findings also highlights weaknesses that are affecting attainment of the two Goals, as presented below: -

d) ***Absence of Effective Strategies for Preventing and Controlling of Encroachment of Wetlands***

The findings have shown that VPO, PO-RALG and MNRT lacked effective strategies for controlling encroachment of wetlands, leading to reduction of wetland coverage areas, pollution, overgrazing and degradation. Absence of these strategies directly affected the attainment of target number 15.5 which requires to take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity by 2020, and also which requires actions for protecting and preventing the extinction of threatened species.

This has impacted on the attainment of goal number 15 which requires to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Also, target 15.1 which requires to ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements, is also not adequately attained by 2020.

e) ***Inadequate Implementation of National Wetland Management Strategies***

The findings clearly indicate that the audited entities i.e. VPO, PO-RALG and MNRT ineffectively implemented the National Wetland Management Strategies for conservation, restoration and protection of wetland ecosystems, and consequently there has been degradation of wetland ecosystems. Additionally, the audited entities did not conduct adequate awareness campaigns including setting budgets to facilitate effective implementation of measures for controlling degradations of wetlands in the areas of their jurisdiction.

This weakness is affecting achievement of Targets 15.1, 15.3 and 15.5 of SDG 15, which emphasizes the conservation, restoration of wetlands in line with obligations under international agreements.

As a result, the sustainability of the capacity of the wetlands to supply water to rivers and dams for hydro-power plants for example Mtera dam, etc is at high risks.

f) ***Inadequate Monitoring of Wetland Ecosystems by PO-RALG, VPO and MNRT***

The findings also indicate inadequate monitoring of wetland ecosystems by PO-RALG, VPO and MNRT. This directly affects the achievement of SDG 6 focusing on ensuring availability and sustainable management of water and sanitation. In particular, Target Number 6.3 and 6.6 require improving water quality by reducing pollutions in the wetlands and to protect and restore wetlands respectively. Based on the pollution that had been observed in the visited wetlands, it clearly shows that monitoring was not adequately done, and thus PO-RALG, MNRT and VPO were not aware on the status of the wetland ecosystem in the country.

9.5 Audit Conclusion

Despite the fact that the Government of Tanzania has undertaken some interventions to prohibit human activities in wetlands, the efforts so far are ineffective. The rate of encroachment and wetland degradation is appalling and if left unattended it could lead to increased loss of important wetland areas in the country. There is a lack of combined efforts to ensure our national wetland heritage is restored, through putting more strategies to re-assess and monitor the extent of wetland encroachment, population growth, coverage reduction, and pollution.

Based on SDG 15 which aims at protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss, and targets number 15.1, 15.3 and 15.5, more efforts are needed to adequately achieve this goal. Based on the facts presented in the findings, the audit concludes that the Vice President's Office (VPO), President's Office-Regional Administration and Local Government (PO-RALG) and the Ministry of Natural Resources and Tourism (MNRT) have not devised mechanisms to ensure effective protection of wetlands in Tanzania. As a result, most of the visited LGAs neither implemented the National Strategy for Wetland Management nor prepared plans for managing wetlands.

Furthermore, VPO, being the institution, which is supposed to spearhead the environmental management in the country, did not effectively collaborate with PO-RALG, MNRT, LGAs in coordinating the management of wetlands in the country.

CHAPTER TEN

CONCLUSIONS AND RECOMMENDATIONS

10.1 Introduction

This chapter presents conclusions drawn from the review and analysis of the findings from twelve performance audit reports conducted by the office of the Controller and Auditor General in 2021/22. It also provides for the recommendations which are directed to the respective audited entities.

10.2 Overall Conclusion

The audit recognizes the audited entities' efforts in improving efficiency in order to achieve the FYDP II objectives by 93.8%, which aimed at nurturing industrialization for economic transformation and human development. The FYDP also envisages the Sustainable Development Goals (SDGs) in implementing the FYDP II in areas of development and maintenance of infrastructure, management of loans and revenue, improving business environment as well as enhancing tourism and conservation of wetlands.

However, the audits conducted in the above areas conclude that despite the efforts deployed by the audited entities in ensuring that FYDP II and SDGs objectives and goals are met, there are still challenges, which impede the likelihood of attaining the desired objectives.

There are weaknesses in managing development and maintenance of infrastructure, loans and financing schemes, revenues, tourism, business and trade. The audited entities do not adequately plan, execute, supervise and monitor their operations in their respective sectors. These weaknesses require immediate interventions to ensure that the government objectives towards attaining of economic transformation and human development in line with the respective SDGs are met. The details are further elaborated in individual performance audit reports.

10.3 Specific Conclusions

Specific conclusions for this report are as elaborated hereunder:

10.3.1 Development and Maintenance of Infrastructure

The audits concluded that government entities dealing with development and maintenance of infrastructure[34] do not adequately ensure full implementation of the country's development projects.

The MoFP has not managed to ensure projects are completed within the planned time, cost and required quality standards. Such delays in the completion of projects violated the financing agreements and led to the increase of project costs through payment of interest charges and commitment fees.

Also, TANROADS and MoWT do not adequately maintain the existing roads. The same situation was also noted at Tanzania Prisons Services whereby the prisons infrastructures were not adequately maintained. The quality of the existing roads and prisons infrastructures is not adequately monitored leading to dilapidation and wearing out of the infrastructures. The audit concludes that the audited entities do not adequately ensure maintenance projects commence on time by establishing mechanism for obtaining Government Notice (GN) for VAT exemption prior to their commencement.

10.3.2 Management of Government Loans and Other Financing Schemes

The systems for managing loan financing schemes in the country are not adequately functioning in a way that will ensure that the objectives of initiating the programs are met. The government loan fund and financing schemes have challenges that are affecting their working capitals and financing capacity of the disbursed funds. Additionally, the students' financing scheme faces increasing demand for students' loans and availability of fair and accurate system for allocation of loans in an effective manner. The parent Ministries responsible for overseeing the financing schemes are not delivering their functions as required. This oversight gap

[34]Ministry of Finance and Planning (MoFP), Ministry of Works and Transport (MoWT), Ministry of Home Affairs (MoHA), TANROADS and Tanzania Prisons Services (TPS)

has led to mismanagement of funds and draining the initially invested capital for the financing schemes.

10.3.3 Management, Development and Promotion of National Museums, Cultural Heritage Sites and Tourism

MNRT and the National Museum of Tanzania have inadequately managed the National Museums and Cultural Heritage Sites to ensure long-term survival and enhancement of Tanzania's cultural heritage sector.

There is inadequate development of Museums and Heritage Sites as well as underperformance of the Museums and Heritage Sites. Only 14% of Heritage Sites in the country operated with availability of qualified human resources and were open for public access for promotion of tourism cultural heritage.

Also, the MNRT through Tourism Division and Tanzania Tourist Board (TTB) have not adequately facilitated development and promotion of tourism sector in order to optimize its contribution to the country's economy. However, MRT and TTB focused mostly on wildlife and mountains climbing, while minimal efforts were invested in promoting other tourist products like cruise ship, and beaches.

10.3.4 Business Registrations and Controls of Measures

Despite the intention to enhancing greater transparency and accountability to enable fostering formalization of businesses, the objective is yet to be achieved. BRELA's automation of business processes is inefficiently done resulting into various noted inefficiencies in delivering its core services of Business Registrations and Licensing. In this regard, better environment for the business aimed at encouraging companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle will not be achieved.

Moreover, MIIT, WMA and TBS inadequately implemented control activities on legal, scientific, and industrial metrology. WMA and TBS did not adequately verify correctness of standards and measuring instruments. The Ministry on its part did not adequately monitor the implementation activities of WMA and TBS to protect consumers on issues related to measurements.

10.3.5 Management of Mechanisms for Revenue Collection and Mining Sector

The overall mechanisms to manage control measures for revenue collection are not sufficiently implemented because procedures for the mechanism used to forecast annual revenue collection are not exhaustive. Furthermore, the procedures used in valuation of minerals are not effective because, they are standardized only to Gemstones and Diamond minerals.

Likewise, there are no mechanisms in place to assess the period validity of the granted tax incentives to the Mining Companies. Also, there is limited number of the conducted financial audits and tax reviews geared for verification of the exploration costs, capital investment costs as well as allowable expenditures essentially in determining the annual taxable income from the available Mining Companies.

10.3.6 Provision of the Criminal Justice in Tanzania

The audit concluded that there is inadequate unified attention devoted to test and deal with drawbacks of supplying a quicker and qualitatively fair justice as all key justice stakeholders were struggling to solve this challenge. This is an indication that, the root causes of delay of justice delivery and backlog of cases have not been effectively addressed. Largely, the administration of justice in the country is inadequately coordinated. Key stakeholders in the justice sector, which include the Judiciary, Police, Prosecution, and the rest have no common commitment and investment in ensuring adequate controls on delay of cases in the justice system delivery.

10.3.7 Management of Conservation and Protection of Wetland Ecosystems

The rate of encroachment and wetland degradation is appalling and, if left unattended, could lead to increased loss of important wetland areas in the country. There is a lack of combined effort to ensure that our national wetland heritage is restored, through putting more strategies to re-assess and monitor the extent of wetland encroachment, population growth, coverage reduction, and pollution. This is because, the Vice President's Office (VPO), President's Office-Regional Administration and Local Government (PO-RALG), and the Ministry of Natural Resources and Tourism (MNRT) have not devised mechanisms to ensure effective protection of wetlands in Tanzania. Furthermore, VPO, being the institution, which is supposed to spearhead the environmental management in the country, did not effectively collaborate with PO-RALG, MNRT, LGAs in coordinating the management of wetlands.

10.4 Recommendations

This section presents the recommendations rose from the analysis of challenges discussed in chapter three to nine. In order to address the noted weaknesses in the attainment of Human development and Economic transformation, audited entities are called to implement the CAGs recommendations, as recommended here under.

In order to ensure the development and maintenance of infrastructure are efficiently and effectively managed, the Ministry of Finance, Ministry of Works and Transport, Ministry of Home Affairs, TANROADS and Tanzania Prisons Services should:

1. Ensure that development and maintenance of infrastructure is well planned, designed, executed and monitored for the purpose of reducing cost overruns, time and improving quality of the development projects, maintenance and prisons infrastructure.

In order ensure effective management of government loans and other financing schemes, the Ministry of Finance and Planning should:

2. Strengthen mechanism for monitoring and supervising activities of all Government Financing Programmes (GFPs) to ensure adequate planning and operations are devised to achieve the predetermined objectives.

In order to ensure that effective management, development and promotion of national museums, cultural heritage sites and tourism. The Ministry of Natural Resources and Tourism should:

3. Institute a proper road map towards transformation on the management of Cultural Heritage Sites that involves MNRT to

transfer operation activities to a defined responsible entity for Cultural Heritage Sites; and

4. Develop comprehensive interventions to facilitate effective implementation of strategies and plans for development, promotion and marketing of tourist products in the country. The interventions should allow engagement of all key stakeholders in the identification of both potential tourist products and investment opportunities, development, promotion and marketing of tourist products available in all Regions of the country; Also, to ensure that, TTB has adequate capacity in terms of financial, tools and human resources sufficient to effectively implement its mandated roles.

The National Museum of Tanzania should:

5. Initiate plans to augment, conserve and preserve museum collections relating to Tanzania's cultural-histories and heritage in general. And have in place monitoring system on all Museums and Cultural Heritage Sites in the country.

The Tanzania Tourist Board should:

6. Enhance its mechanisms for promoting and marketing Tourist Products. This should include but not limited to use of advanced promotion and marketing technology, development of memorandum of understanding with key stakeholders, stakeholder's coordination and resource mobilization; and Enhance its strategies for the identification of potential markets for the tourist products at the national, regional and international level.

In order to improve business registration and controls of measurements, the Ministry of Investment, Industry and Trade through BRELA, WMA and TBS should:

7. Ensure that business registration and control of Measurements are effectively managed to ensure adequate and timely delivery of services to customers.

In ensuring effective management of revenue collections in mining sector, the Mining Commission of Tanzania should:

8. Establish mechanism that will ensure effective coordination of the available control measures in revenue collections and identify controls over all earmarked producing mineral resource areas targeting to maximize royalties, fees and other charges - revenue collection in the mining sector.

In order to ensure criminal justice system is well managed, the Ministry of Constitution and Legal Affairs should:

9. Establish an effective coordination to ensure attainment of objective between the justice sectors, with the common goal of promotion of rule of law and ensuring equal and timely access to justice for all as stated under SDG 16. Also have effective system to measure, monitor progress and ensure that enabling policies and legislations are adopted to support the implementation of the goal.

In order to ensure that conservation and protection of wetland ecosystems are effectively manages, the Vice President's Office, Ministry of Natural Resources and Tourism, and National Environment Management Council should:

10. Device a mechanism to develop a formal mechanism on implementing the National Strategy for Sustainable Wetlands Management to ensure effective conservation and protection of wetlands ecosystems.