

HAKIRASILIMALI COMPARATIVE POSITION STATEMENT ON EXTRACTIVE SECTOR MINISTERIAL BUDGETS FOR FINANCIAL YEAR 2018/19 AND 2019/20

INTRODUCTION

The Tanzania's extractive sector (oil, minerals and natural gas) is an important sector that is critical in catalyzing the country's economic growth. Available statistics indicate that the sector accounts for almost 5 per cent (2018)¹ of the Gross Domestic Product (GDP) while National Development projections estimates show that by 2025 the extractive sector's contribution to the national economy will have increased about 10 per cent.



Being cognizant of the sector's significance to the country's economy, HakiRasilimali, a platform with a leaning towards enhancing extractive sector transparency and accountability agenda carried out an analysis reflecting the budgets for the Ministry of Minerals and Ministry of Energy in the financial years 2018/19 and 2019/20. The main objective of this analysis is not only to advocate for the effective formulation and reforms on policies and laws which govern the Extractive Industries in Tanzania. But also contribute to the enhancement of the revenues accrued at sub national and national levels

REVIEW OF THE NATIONAL BUDGET FOR YEAR 2018/19

During the Financial Year 2018/19 the Government planned to spend a total Sh. 32.47² billion whereby Sh. 20.468 billion was set aside for Other Charges (OC) / recurrent expenditure and Sh. 12.007 billion for development projects. During the period beginning July 2018 up to January 2019, a total of Sh. 11, 006.5 billion was collected being money from tax revenue and different levies, this being equivalent to 52.7 per cent of the projected domestic revenue of Sh. 20, 890 billion. Furthermore, during this period, the government pledged a total of Sh. 13, 750.6 billion whereby Sh. 10, 962.1 billion would go towards recurrent projects, with Sh. 2, 788.5 billion being set aside for development expenditure. As of January 2019, only 23.2 per cent of the total development budget had been released for various development projects in the country.

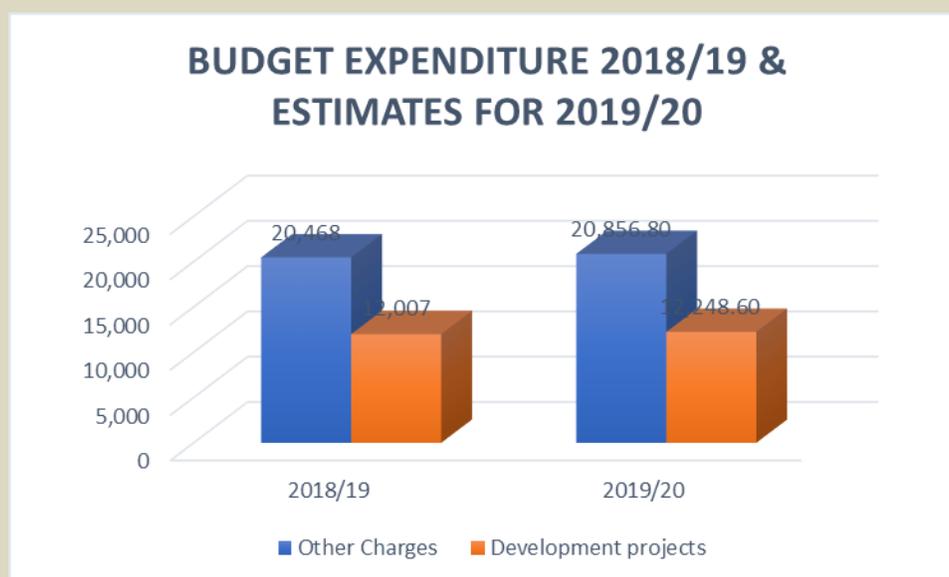
¹ <https://eiti.org/tanzania>

² Ministry of Finance and Planning

THE NATIONAL BUDGET FOR FINANCIAL YEAR 2019/20

Budget estimates for Financial Year 2019/20, the Government intends to spend Sh. 33, 105.4³ billion out of which Sh. 23, 045.3 is expected to be from domestic sources and the rest from external sources. Furthermore, the Government plans to spend Sh. 20, 856.8 billion on recurrent expenditure and Sh. 12,248.6 billion on development expenditure. With regard to development expenditure, Sh9, 737.7 billion will be sourced internally while Sh. 2,510.9 billion will be externally sourced.

All in all, budget estimates for the Financial Year 2019/20 is lower by Sh. 629.4 billion when compared with the Financial Year 2018/19. With regards to development budget, the Government expects to spend Sh12, 248.6 billion while expenditure for the previous Financial Year was Sh. 12, 007.0 billion, this being an increase of Sh.241.6 million.



NATIONAL BUDGET CHALLENGES

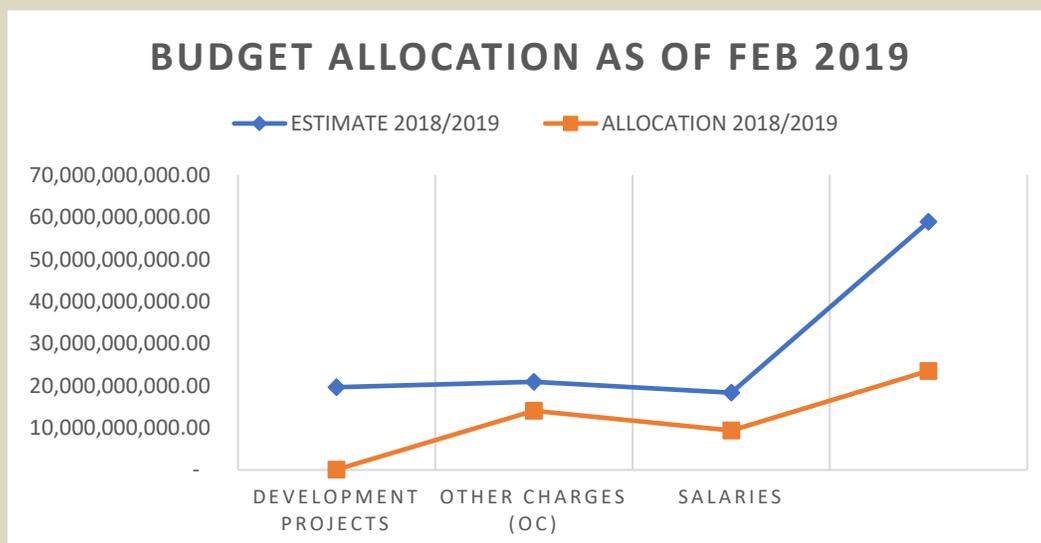
The trend in the implementation of budgets during the past year and years before, has been that the development budget has always been lower than that allocated to the recurrent component. For instance, as of January 2019, three quarters of the budget implementation of the year in question, only Sh. 2, 788.5 billion had been released to cater for various projects, which translates to an equivalent of 23.2 per cent of the Sh. 12, 007 billion that was endorsed by Parliament. The small amount of budget allocated to development is a bottleneck to many projects which are important to the people, and if funds are not released, development projects won't be implemented in total or on time.

³ Ministry of Finance and Planning

BUDGET IMPLIMENTATION FOR THE MINISTRY OF MINERALS IN 2018/2019 AND 2019/20 FINANCIAL YEARS

The 2018/19 budget for the Ministry of Minerals passed by Parliament was Sh. 58.907 billion⁴, whereby Sh. 39,287,517,992, equivalent to 66.7 per cent of the ministerial budget, was for Other Charges while Sh. 19,650,964,000 equivalent to 33.3 per cent of the ministerial budget was for development projects.

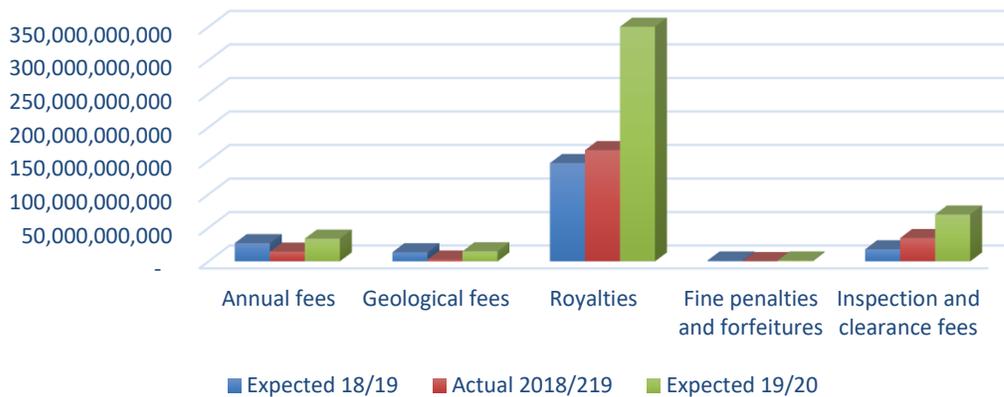
As of February 2019, the ministry had only received Sh. 23,412,070,873.43 for Other Charges, which is equivalent to 59 per cent of the projected OC budget (Sh. 39, 287,517,992), compared to ONLY Sh. 100, 000,000 which was released to cater for development projects, an amount that is equivalent to 0.5% of the development budget.



The Ministry of Minerals then received a subsidy of Sh. 1.0 billion for the construction of minerals offices, an amount that had not been included in the budget. The constrained budget allocated to development impedes the implementation of many of the envisaged plans, or, when they are implemented the outcome is not satisfactory. This outcome won't be of much use to the projects which are aimed at enabling the people, especially the small-scale miners.

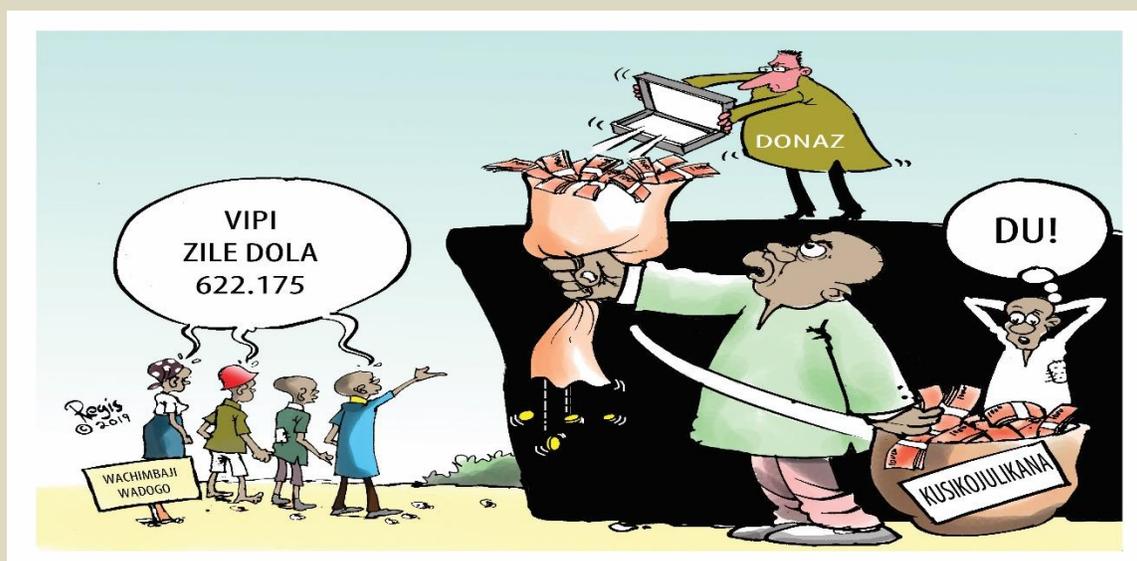
⁴ Ministry of Minerals

Non Taxes collected in 2018/19 Vs expected collection in 2019/20



General Observation:

The report by the Controller and Auditor General (CAG) covering the period ending June 2018, which was officially unveiled in March 2019, shows that as of June 30, 2018, there was a balance of US\$ 622,175 and Sh.130,331,274.45 in the Tanzania Investment Bank (TIB), which was a balance of US\$3,000,000 in subsidy that had been issued by the World Bank to the then Ministry of Energy and Minerals (2015/16) for developing mineral resources in the country, and the funds were meant to be released as subsidy to small-scale miners so as to give them a boost. However, there weren't any explanations from the ministry regarding the said funds, which would have been helpful to small-scale miners.



BUDGET ANALYSIS OF THE AGENCIES UNDER THE MINISTRY OF MINERALS

1. The Mining Commission

The Mining Commission has been established under the Mining Act 2000, as reviewed in 2017. The power to establish the Commission and its mandate are contained in Section 21 and Section 22, under which, among other functions, it will supervise, coordinate, plan, control and implement all matters related to minerals and advise the Government on all issues concerning the mining sector in the country. Furthermore, the Commission is an organ with full authority to sue or to be sued when necessary.

In the Financial Year 2018/19, the Mining Commission was allocated a budget of Sh. 12,539,457,500, out of which Sh. 8,569,281,500 was assigned to OC whereas Sh. 3,970,176,000 was meant for the Commission employees' salaries. As of December 2018, the Commission had received Sh. 8.2 billion, which is equivalent to 94% of the half a year's budget allocation.

According to the Financial Year 2019/20 Budget estimates, the Mining Commission expects to spend Sh. 21,404,963,891 for the recurrent expenditure. This includes Sh. 13,396,281,500 allocated to OC and Sh. 8,008,682,391 for Commission employees' salaries⁵.

The big challenge facing the Mining Commission is the limited understanding of the Mining Act among stakeholders, a situation which impedes its efforts to collect various levies as per the Mining Act. We would like to recommend the Mining Commission to put in place effective strategies aiming at providing capacity to the people on matters pertaining to the Mining Law, through mediums such as television, radio and social media, etc. This would enable more Tanzanians to be enlightened on the Mining Act and the functions of the Commission⁶.

2. Tanzania Extractive Industries Transparency Initiative (TEITI):

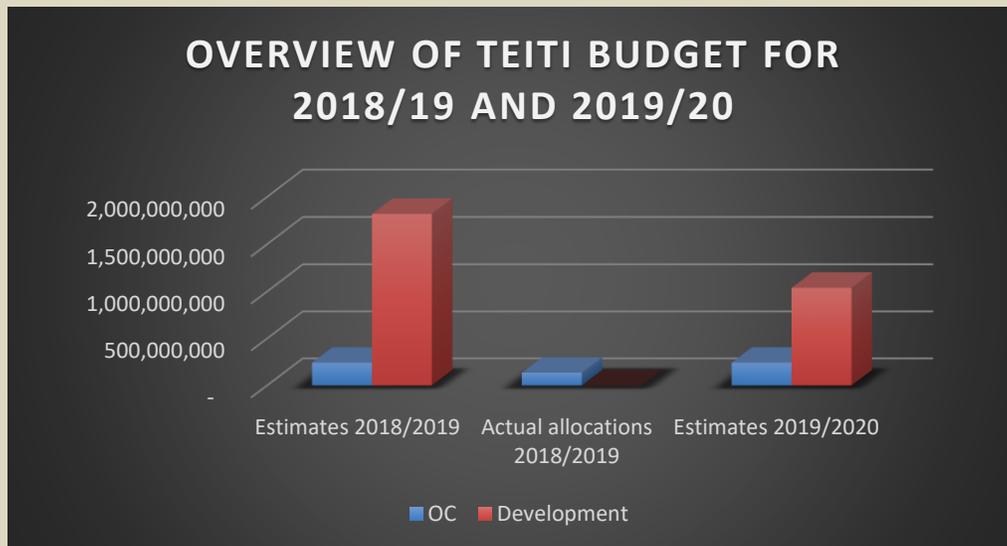
TEITI has been established under the Transparency and Accountability Act 2015 for the purpose of enhancing openness and accountability in the exploitation of extractive resources (mineral, oil and natural gas resources). The initiative is being coordinated under the Ministry of Minerals.

Ever since it was established, the initiative has had to contend with numerous challenges, including inadequate sources of funds for the implementation of its functions. In a review of its implementation report during the Financial Year 2018/19, TEITI indicated that it failed to carry out many of its planned activities due to scarcity of financial resources. A total of Sh. **1, 629,379,543** was passed by Parliament through the Ministry of Minerals whereby, other charges expenditure

⁵ Ministry of Minerals / Mining Commission reports and budget books

⁶ The Parliamentary Committee on Energy and Minerals: Ministry of Minerals implementation Report for the financial year 2017/18

allocated was **sh. 243,415,543** while development expenditure was **Sh. 1, 385,964,000**. However, the review shows, as of February 2019, no development money had been released to TEITI⁷.



In 2018/19, the report gives inadequate explanation to;

- 1) How some project were implemented given that, the institution never received any development funding.
- 2) The 9th and 10th TEITI reconciliation reports for Financial Years 2016/17 and 2017/18 have not been unveiled to date, though it is being suggested that moves are underway to get a consultant to prepare the required report. Thus, there is a need for TEITI to give a feedback on steps that have been taken to ensure the said reports are availed on time so that Tanzania would not get a bad notification, as failure to comply with EITI.
- 3) There are no explanations in the report regarding what steps have been taken to establish beneficial owner register as underscored by the then Minister for Minerals, Ms Angellah Kairuki in Dodoma, when she was launching the third TEITI committee on 25 October 2018. The register is of utmost importance in enhancing transparency in the extractive sector. It also puts in check the loss of resources and tax revenues from minerals, oil and natural gas. TEITI must provide feedback to the public with regard to what stage has been reached in effort to establish the Beneficial Ownership register.
- 4) TEITI report indicates that among its achievements in the Financial Year 2018/19 was the widened scope of transparency in the utilization of levies collected from extractive companies. However, there are no detailed reports showing which LGA have benefitted, and the rate of improvements therein and how that compares with the performance of the previous year.

⁷ Ministry of Minerals Budget books 2018/19

Recommendations:

First and foremost, we would Applaud Government's good intention behind the establishment of TEITI, an initiative that is bound to increase transparency and accountability in the mining, oil and



gas sectors in Tanzania. At the same time, we have great confidence in the Government and other development stakeholders' aim to make TEITI a stronger entity. It is our belief that the challenges that have arisen have provided for all concerned stakeholders to re-organize for the purpose of attaining the set goals. For that reason, we would like to recommend on the following:

- a) The Government should make amend of the Tanzania Extractive Industries Transparency and Accountability Act 2015 to enable TEITI to operate as an independent agency with its own, broad structure and execute its oversight role more effectively and timely.
- b) Apart from making use of television and radio, TEITI should also use alternative ways to inform stakeholders and the general public in general of its functions and activities, by using social media and community radio that have a wide reach and are and close to many ordinary people.
- c) The Government, through the Ministry of Minerals, should expedite the process of availing people with information and ensure transparency with regards to contracts on mining, oil and natural gas projects. This will be in concord with the fact that the main objective of establishing TEITI is to facilitate growth of the extractive sector and enhance transparency and accountability.
- d) TEITI should issue a report on the progress of the special audit on the Sh30.5 billion as discrepancy in the reconciled report noted in 8th TEITI report by a consultant.
- e) TEITI should expedite the recruitment of its staff with the necessary expertise to fulfill the various tasks for the secretarit. The Ministry of Minerals must ensure funds are also made available for TEITI for it to carry out its mandate effectively.

3. State Mining Corporation (STAMICO)

STAMICO is one of the parastatals that is under the Ministry of Minerals, it is fully owned by the Government and was established in 1972 under the Public Corporations Act 1969. In 2015 the Corporation was restructured under the Public Corporations Act (Revision of the establishment of the Public Corporations) 2015. STAMICO owns various mining companies including Stamigold, Buhemba Gold and the Kiwira Coal Mine and gears to make them profit making entities.

In its estimates for the Financial Year 2018/19, the Ministry of Minerals requested a total of Sh. 13.6 billion for development expenditure, out of which some Sh. 9 billion was set aside for spending on the Kiwira Coal and Buhemba Gold mining projects. Some Sh. 4 billion was allocated to OC / recurrent expenditure. These estimates notwithstanding, as of February 2019, STAMICO had received only Sh. 2.7 billion which went to employees' salaries and OC. This is to say, only 32.6 per cent of money allocated to STAMICO was released.

Challenges facing STAMICO



According to CAG's report for 2019, StamiGold, a subsidiary company of STAMICO, has been operating at a loss for the past three years. This is due to huge debts, low investment and failure of the company to engage in production. At the same time, for instance; for several months now StamiGold has been running its operations by using petrol oil for an estimation of 450 liters a month. This is due to lack of electricity to run its operations.

Furthermore, Section 9 of the Review of the Mining Act 2010, through the Reviewed Act No 7 of 2017, the law requires that the State should hold at least 16 per cent shares in every mining company, although the Company Law and regulations are silent on what the State authority will be responsible for such shareholding.

Recommendations:

We acknowledge the efforts made by the Government through the Ministry of Minerals in revamping the corporation. We believe there is genuine intention to make STAMICO a strong and

profit-making entity. In this regard, therefore, the significance of Stamico in the development of Tanzania's mineral resources is critical and we would like to recommend on the following among others:

- a) The Government should inject substantial capital investment in STAMICO as well as issuing it with subsidies and bonding it against its debts so it can boost its financial base and manage its production costs.
- b) STAMICO should undergo a massive structural change which would transform it to a holding company, capable of acquiring shares in other mining companies while it increases its capacity to boost its capital base by entering into strategic investment partnerships and if possible, acquire loans and invite individual stakeholders who are keen on investing in the company's' priorities.
- c) It is our belief that if STAMICO will be restructured and become a holding company, it will be able to increase its capital base fast. Furthermore, it will make it easy for the CAG to audit extractive related companies and satisfy himself of the conduct of such firms that currently, the CAG cannot audit them under the prevailing laws.
- d) We also recommend that STAMICO be restructured in a way that it can acquire the mandate to coordinate, on behalf of the Government, the 16 per cent shares owned by the State.
- e) STAMICO should diversify its operations and undertake research and investments in a wider variety of minerals such as graphite and coal instead of just sticking to few products such as gold.

B: ANALYSIS OF THE MINISTRY OF ENERGY BUDGET FOR FINANCIAL YEAR 2019/20

During the Financial Year 2018/20, the Ministry of Energy had planned to collect and spend a total of Sh. 1. 692 Trillion⁸ Out of which Sh. 1. 665 Trillion Was set aside for development expenditure while Sh. 27.1 billion was set for OC. As of December 2018, sh.275.40 billion had been released to cater for development, with Sh. 12.1 billion being released to cater for other expenditure⁹.

For the Financial Year 2019/20, the ministry is planning to spend Sh.2.142 trillion which, Sh. 2.116 trillion has been slated for development projects whereas Sh. 26.339 billion has been allocated to other charges. Most Funds for development projects are expected to be accrued from domestic sources whereby the Government expects to raise Sh. 1.956 trillion locally while the remaining Sh. 1.60 billion to be raised from external sources.

⁸ Ministry of Energy reports and budget books

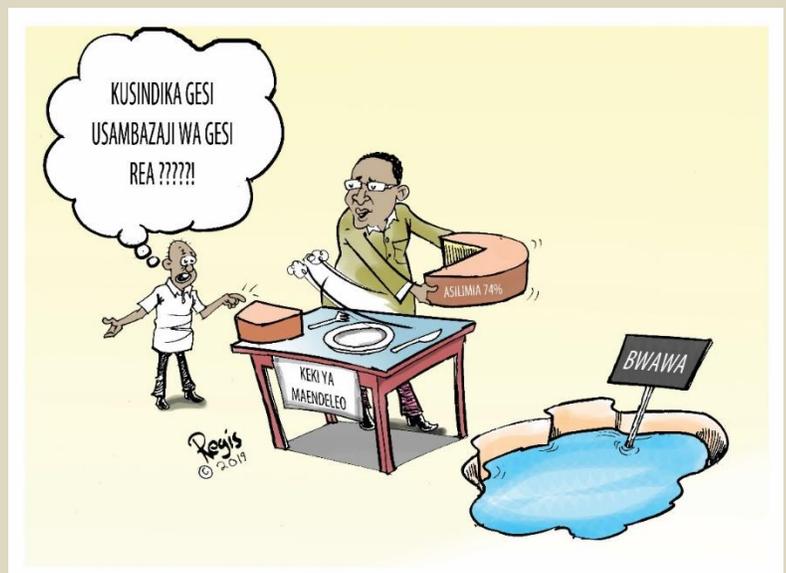
⁹ Report: The Parliamentary Committee on Energy and Minerals

According to the ministry’s statistics, estimated revenue collection in the Financial Year 2019/20 stands at Sh. 6.12 billion, being an increase of 55.5 per cent compared to what was expected to be collected in the Financial Year 2018/19. However, a report by the Ministry does not show how much revenue has been collected during the previous year. We would like to recommend that details be made available to assist further scrutiny if there were any collection made during the Financial Year 2018/19.

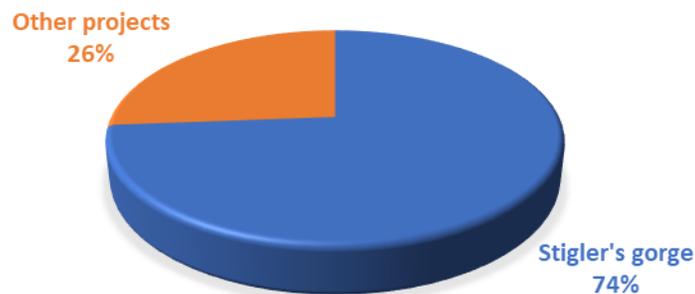


Budget estimates for this financial year have increased by about 26 per cent, and this is a result of a huge amount of money being channeled to the Rufiji Project which is expected to produce 2, 2115 Megawatts whereby the cost of the project has increased from Sh.7 billion which was set in 2018/19 to Sh. 1.443 trillion, which is a 106.2 per cent increase.

This is to say, the budget this year shows that more than half of the Ministry of Energy’s budget almost 74 per cent to be precise—has been directed to the Rufiji Project, which is a development undertaking. This is a good practice by the ministry being exemplary by allocating a proportionately larger amount of its budget to the development projects / expenditure for two consecutive years. Furthermore, we applaud the Government for its move to invest in a project that aims at eliminating electricity challenges in the country.



BUDGET ALLOCATION FOR THE DEVELOPMENT PROJECTS - MINISTRY OF ENERGY FOR YEAR



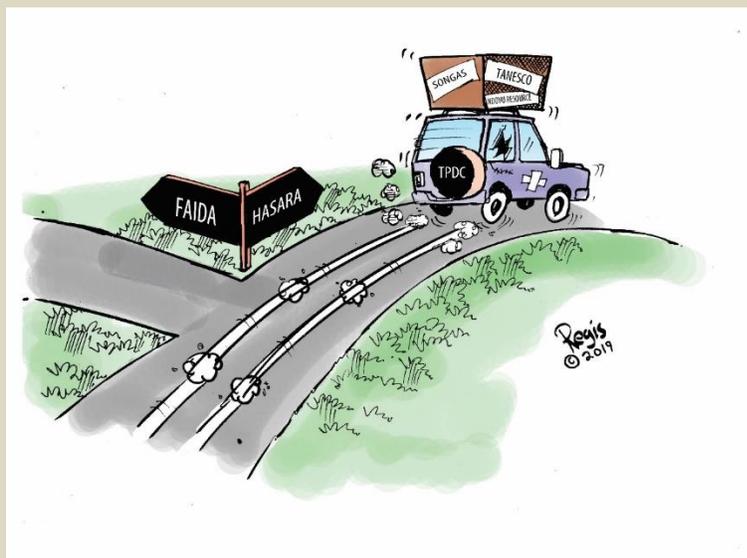
Recommendations:

Even though we acknowledge the Government's laudable efforts to push for the implementation of the Stigler's Gorge, we would like to recommend that the Ministry to strongly consider allocating funds towards projects that are already at various stages of implementation, especially those of natural gas, so that they don't lag behind other projects; delaying them is likely to negatively affect the progress of projects in other sectors.

AGENCIES UNDER MINISTRY OF ENERGY

Tanzania Petroleum Development Corporation (TPDC)

The Petroleum Act of 2015 gives mandate to the TPDC to undertake and supervise the activities of exploration, development and distribution of oil and natural gas in the country. Besides its importance and mandate, the TPDC remains impeded by various challenges including:



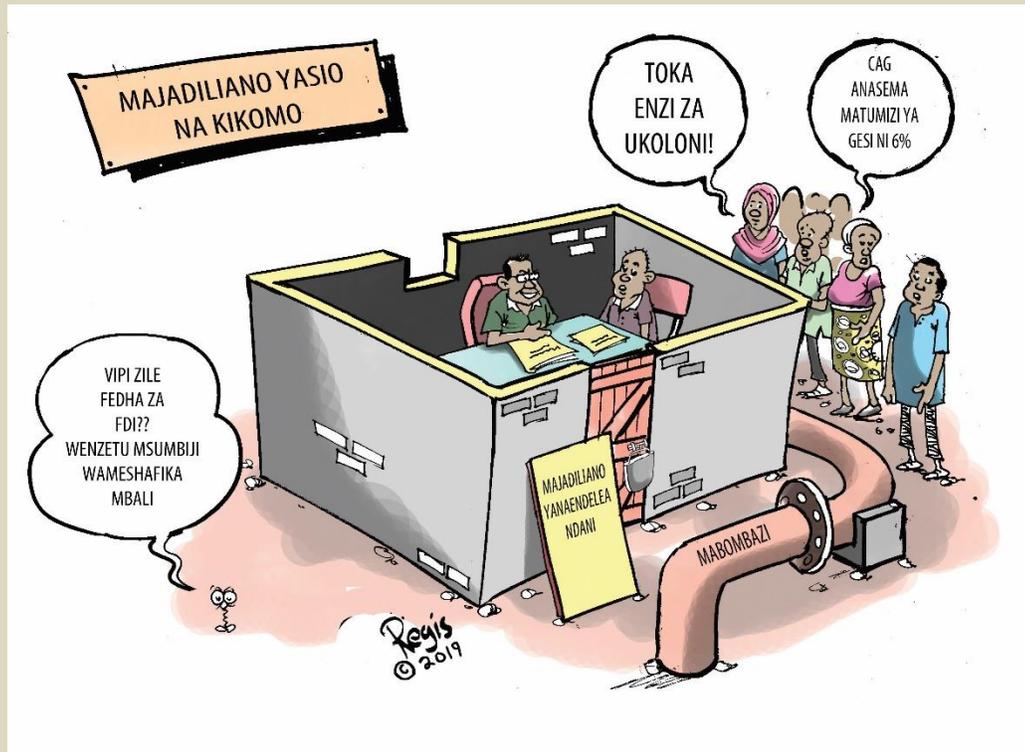
INDEBTEDNESS & INEFFICIENT DEBT COLLECTION:

The CAG report reveals that up to the year ending June 30, 2018, TPDC had accumulated losses amounting to Sh. 64.543 billion while it had whopping debts standing at Sh. 3.544 trillion making it one of the country's corporations with the most damning financial crises. On the other hand, a report by the Parliamentary Committee on Energy and Minerals shows that as of December 2018, TPDC was owed by, among others,

TANESCO, Songas Ndovu Resource Ltd and Kilimanjaro Oil Ltd, a total of Sh. 527.096 billion, a situation that made some big companies threaten to stop selling to it natural gas over failures to meet its debt obligation on time.

BUDGET CONSTRAINTS AND TPDC'S LOW LEVEL OF INVESTMENT: TPDC gets stuck in its efforts to implement goals that it sets out to accomplish. In 2016, for instance, the corporation prepared the NGUMP 2016—Natural Gas Utilization Master Plan—a plan that has laid out in detail the process of countrywide distribution of natural gas. However, implementation of the plan has not taken off in earnest to date due to lack of funds.

ENDLESS NEGOTIATIONS: For a long period now, there has been a series of endless discussions between the Government and extractive investors especially in relation to the gas projects. This is adversely affecting some of the strategic plans involving natural gas, which are actually in various stages of implementation. One such projects thus affected is the LNG—liquefied natural gas plant. Furthermore, having such fruitless discussions leads to delays of investments through FDIs—that is, foreign direct investments—which, as we all know, are catalytic to numerous development projects in the country. Increase in FDIs inflows would help the Government to direct more of its resources to sectors that are constrained by inadequate budgetary funding especially in strategic human development areas.



IMPLEMENTATION NATURAL GAS PROJECTS IN 2018/19 – 2019/20

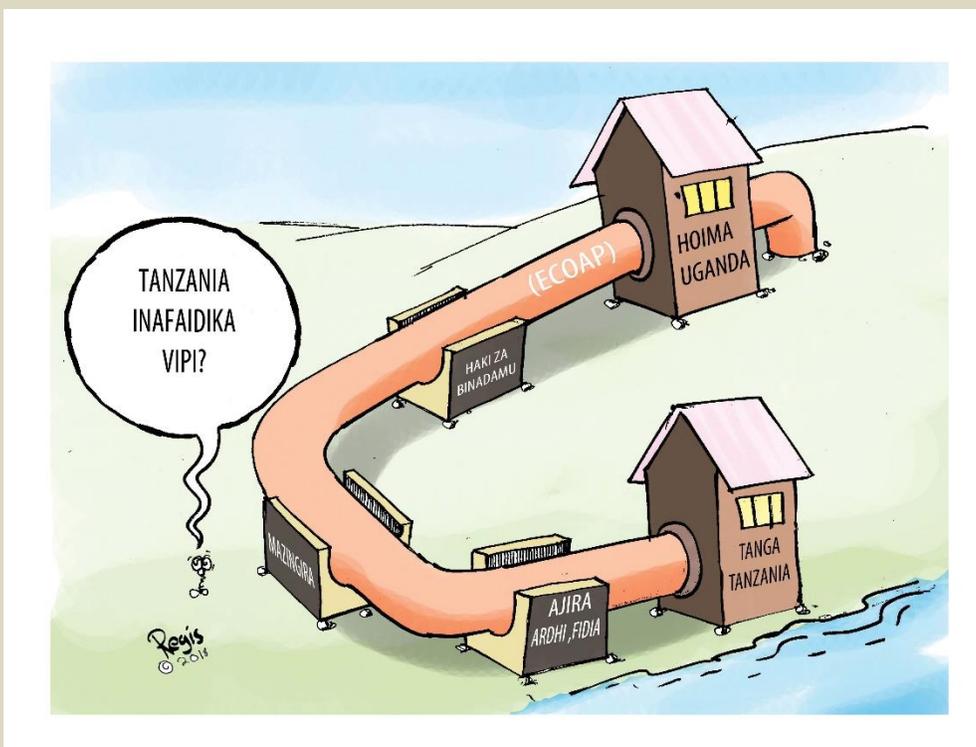
Implementation of Natural gas projects set for Financial Year 2019/20 whereby a budget of 6.5 billion has been set aside to cater compensations, economic research all aiming at enabling a Government team in its discussions with investors. This project was proposed as it is for the Financial Year 2018/19 and allocated a budget of Sh6.5 billion.

- **Liquefied Natural Gas (LNG):** This project has been under discussions for two years now and there haven't been sufficient reports on terms of agreement reached or progress made in the discussions between the Government and investors. We recommend that the Government to release funding timely, and it should also give explanations on the budget that is set yearly and the level of success in its implementation.
- **Gas distribution and infrastructure:** This project aims at constructing an infrastructure for natural gas supply to Dar es Salaam City. A budget of Sh. 1.1 billion for this project has been set during the Financial Year 2019/20. It is noteworthy that, for this same project, a budget of Sh. 2.0 billion was allocated during the Financial Year 2018/19, but to date, no reports have been released explaining on the said natural gas supply plan.
- **Supply of Natural Gas from Dar es Salaam to Uganda:** This project entails the construction of a pipeline to transport natural gas to Uganda from Dar es Salaam, which will be laid side by side with the East African Crude Oil Pipeline (EACOP). A budget of Sh. 800 million has been allocated for this project in the Financial Year 2019/20. However, it is noteworthy

that a budget of Sh. 1.5 billion was allocated during the Financial Year 2018/19 for undertaking a feasibility study for this project.

- **The East African Crude Oil Pipeline –EACOP:** This project involves a continuation of the construction of crude oil pipeline from Uganda to Tanzania whereby in the financial year 2019/20 a budget of Sh. 7.0 billion has been allocated for the purpose of concluding contractual discussions

between the partner states, (Uganda and Tanzania), and companies that are investing in this project (Total SA and Tullow Plc). However, in the Financial Year 2018/19 Budget, Sh. 54 billion was allocated for similar activities to the current fiscal year.



Despite the commendable Government efforts in this project, enhancing transparency and accountability—and we note these discussions are taking a new angle—we recommend that the Government to be transparent and disclose the extent of the consensus which has been reached between the two countries and the other parties as of now. And what is expected from any new developments. Furthermore, the amount of compensation to be paid should be known, and what each partner state’s contribution would be in the funding of the project.

GENERAL OBSERVATIONS FROM THE ANALYSIS

A. POLICY DIRECTION

HakiRasilimali would like to congratulate the Government and its agencies for the on-going reforms in the sector which aim at making sure there is sense in resource nationalism and the that the country is reaping maximum benefits from its resources. On another note, we have witnessed

Government leaders issuing directives that aim at correcting numerous shortcomings and expediting the implementation of what is obtained in the Mining Act of 2010 (as reviewed in 2017). At the same time, we acknowledge Government's step to meet with artisanal miners for the purpose of understanding their grievances, challenges and views in regards to the mining sector.



For this reason, we have seen a number of changes such as getting rid of the 18 per cent valued added tax (VAT) and the 5 per cent withholding tax that artisanal miners were charged. We further give a thumbs-up to the establishment of minerals markets in the mining regions, as well as the government's statement that it will repossess the ownership of the Kiwira Coal Mines and that it will settle the TANCOAL Company's debts.

However, we see the need to re-emphasize and recommend the need for the Government to review some of its laws in the mining sector development i.e TEITA Act, 2015, 2017 Natural Wealth and Resource; The Permanent Sovereignty Act 2017 with other related laws, which some of the clauses seem to face implementation challenges. We further propose that there should be more push to enable financially, technically and managerially the implementation of the various laws and in order to facilitate effective control of Tanzania's mineral resources for the benefit of all our people.

In that case, therefore, as CSO expect to see the new decisions and policy direction in the mining, oil and natural gas, lead to establishment of structures and sustainable institutions that provide for broader people's participation, transparency and accountability.

D. ACCESS TO INFORMATION AND AUDTING OF EXTRACTIVE COMPANIES

A report by the CAG has revealed challenges that his office had to contend with i.e accessing information on finances and contracts from extractive companies and extractive corporations.

These challenges made it impossible for the CAG's office to carry out audits in these organisations as mandated by the Law¹⁰.



The CAG has limited access to auditing extractive companies, contrary to Article 143 of the URT and section 5 and 15 of my Public Audit Act in 2008, on access to information. These provisions of the law are underpinned by section 26 of the Mining Amendment Act of 2010 and its subsequent amendments, and section 93 of the 2017 Oil Act, provisions that prohibit the information of extractive to third parties except only with the consent of the owners of the mine or the license or the right to extraction. Article 18 (k) of the protocol for the exchange of information on the implementation of 2013 (MPSA 2013) allows the government through its empowered representatives to obtain contract information. The CAG Office around February 2019 had requested information from the Ministry of Energy and TPDC. This process had taken about two

¹⁰ The CAG office has a limited scope in auditing the extractive industry companies, contrary to Article 143 of the Constitution of Tanzania and sections 5 and 15 of the Public Audit Act 2008, with respect to accessing information and persons.

months, thus failure for CAG to conduct the audit records of the company on allowable and receivable costs and revenue earned in the 2016/17 report¹¹¹².

Thus, in order to stimulate increase in transparency and accountability in the sector, there is a need for a review of mining, oil and natural gas legislation to give direct authority for the CAG be able to obtain information that will support his audit process for the interest of the country.

E. ENABLING LOCAL CONTENT

Going through the Mining Act 2010 and its regulations, the mining companies in Tanzania are supposed to prepare and present plans specifying how they intend to incorporate local people in the value chain for purpose of enabling them. Among other things, the enabling plans should clearly show how companies owned by local people will be given priority in getting tenders to supply goods and services available in the country. Furthermore, there must be more employment opportunities for Tanzanians, and this should go hand in hand with providing them with necessary training. This push is well intended and deserves credit because it aims at making it possible for the citizens to benefit from their country's mining economy.

The challenges observed during the analysis include but not limited to lack of meticulousness and competitiveness in companies owned by local investors, when it comes to seizing opportunities. There is also lack of linkages in the value chain associating mining and other economic sectors such as agriculture, fisheries and education, coupled with our people's low appreciation of the available opportunities.

It is recommended that the Government should come up with structures and implementable strategies to prepare its citizens in ways that build their capacity to effectively take part in the opportunities that are available in the extractive. This can be done by for instance being able to work together with stakeholders from various institutions including civil society organisations.

¹¹ CAG report 2016/17

¹² FROM TRANSPARENCY TO IMPROVED REVENUE COLLECTION AND MANAGEMENT IN THE EXTRACTIVE SECTOR IN TANZANIA (HakiRasilimali working Paper, 2019)

F. CORPORATE SOCIAL RESPONSIBILITY (CSR)



With regard to CSR practices, section 102 Of the Mining Act 2010 (as reviewed in 2017) underscores the responsibility of companies to be involved in provision of services to communities surrounding them, where extraction activities take place. The Law also provides that each year, these companies must plan for CSR programs shall be presented to the relevant local government authorities for discussions and endorsement ahead of its implementation.

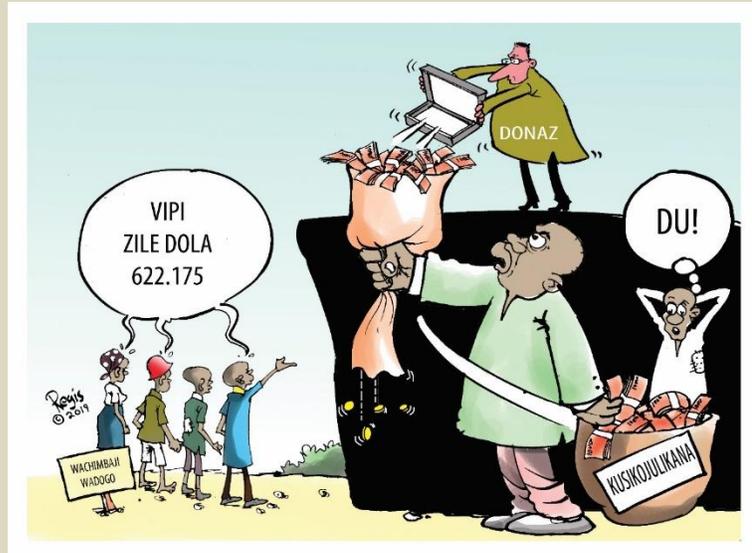
This is a good thing with good intentions enabling people to enjoy social services that their community needs¹³.

However, the main challenge here is that there are some companies that do not comply as required by the Law. At times there are clashes arising from misunderstandings between some companies and the local authorities whereby, some companies believe it is them who should determine what to do in this regard while some local authority leaders believe it is them who should present their requirement to the relevant company and demand release of the funds to them that were meant for CSR implementation. Furthermore, since there is no cap in terms a percentage of what a company should provide in relation to its social responsibility, it has been possible for communities to get much less than what they should. In this case, therefore, we propose that comprehensive regulations and guidelines on how corporate social responsibility should be undertaken be established at national level and spell out responsibilities and duties of various stakeholders including companies and the local authorities.

¹³ Mganda V (2016): Challenges on Corporate Social Responsibilities in the Mining sector in Tanzania; The case study of Bulyanhulu and Geita Gold Mining. Business Education Journal Volume 1 issue No. 2.

G. SMALL-SCALE MINING

Enhancing the capacity of small-scale miners in one of the key areas given priority in the Mining Act 2010 (as reviewed in 2017). Small-scale mining sub sector has created employment for many communities and enabled the country to earn revenue accruing from taxes and levies related to mining activities. According to data sourced from the Ministry of Minerals, between July 2018 and February, 2019, a total of 4,497 licenses were issued to small-scale miners by the Mining Commission. The move by the



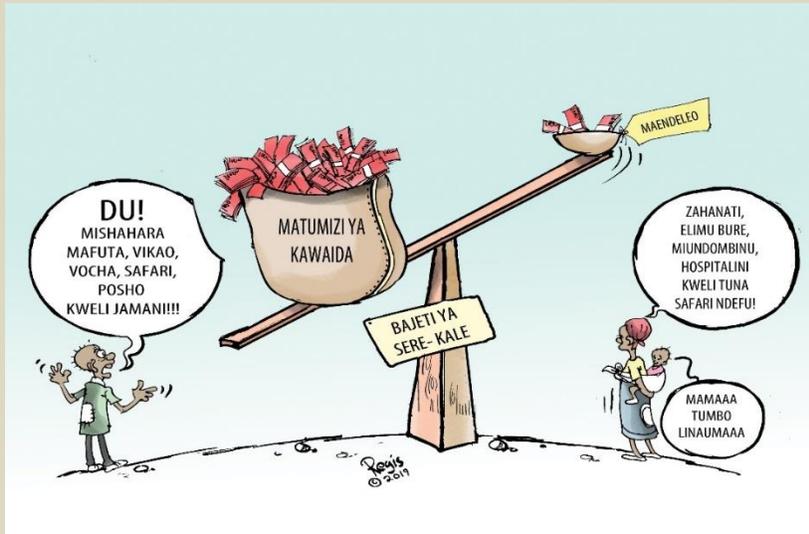
Government through the Ministry of Mining to start issuing subsidies to small-scale miners as well as getting rid of VAT and withholding tax for small-scale miners is a most laudable thing, for it aims at enabling artisanal miners. Together with these efforts, the Government has had to deal with issues of small-scale miners having to contend with working with substandard equipment, inadequate and unreliable markets, undersized mining zones, conflicts and lack of capital.

It will therefore be necessary for the government, through the Ministry, Mining Commission and STAMICO to provide assistance to small-scale miners by issuing them credit mining equipment, providing them with expertise and access to technology needed for profitable mining operations. This would also entail facilitating them with access to relevant knowledge, research findings and capital, which could entail establishing eg. Mining banks or being their guarantor so they can access bank loans with low interest rates.

GENERAL OBSERVATIONS AND RECOMMENDATIONS

Given the significance of the extractive sector in Tanzania and trend of budget process between the year 2018/19 and 2019/20, we would like to give our overall recommendations on the following:

1: NATIONAL BUDGET ALLOCATION & DISTRIBUTION



There should be a way of ensuring there is an equitable sharing of resources so as to allow all sectors to flourish. For instance, the 2019/20 budget estimates for the Energy and Construction sectors swallow up over 50 per cent of the National Budget. This can lead to situation whereby other sectors miss adequate resources to implement their development projects. Furthermore, much as we

acknowledge the importance of these two (2) sectors that has taken up the lion's share of the budget, we would like to advocate that the implementation of the projects in question be carried out in phases to allow for a more equitable funding for the benefit other projects.

2: ENVIRONMENTAL PROTECTION

The Ministry of Energy and the Government to find ways in which the TPDC ambitious program (NGUMP) will expedite the use of natural gas in people's homes and reduce the requirement of charcoal and firewood and production of more fossils.



Secondly; being aware that there are some mining projects that are about to be close or are facing pending closure such as the Bulyanhulu Goldmine, we recommend the Government to allocate ample budget for the purpose of commissioning an environmental assessment and findings should be made public so as to enlighten people, especially those who live close to such projects, to take necessary measures to protect their health and lives.

Other institutions, such as CSOs, as well as academic institutions, should undertake parallel researches with the aim of support Government's efforts in dealing with decommissioning of the extractive projects.

Bearing in mind the trends of climate change, and the Government's efforts to revive and invest in the area of coal mining, we would appreciate if the Government would review the laws that govern and provides for combustion of climate change and its impacts.

3: GAS DISTRIBUTION

In areas that gas is already being harnessed, namely Mnazi Bay and Songo Songo, the Government should facilitate the selling of gas at such areas to meet a variety of people's needs. Available data shows that gas being used annually is between 4.18 and 6 per cent of the pipeline's capacity. This is a massive loss to the country, given that the gas pipeline project was built on a loan whose payment is already underway¹⁴.

The Government should give priority investing in strategic natural gas "zones" which are under TPDC and by expediting discussions with investors so as to reach a consensus. Delayed investment decisions might provide an opportunity to competing nations which are also rich in natural gas resource, like Mozambique.

TPDC must put more efforts in its search for reliable markets for the natural gas that is ready for distribution. During the Financial Year 2018/19, almost 10 factories were already connected or in negotiation for gas connections. For this financial year the expectation is to connect 2,000 homes/houses to the natural gas infrastructure. However, these targets are not enough, given the many industries that the country has. Our recommendation is that the Government should invest more in this area and enable TPDC to attain more ambitious targets.

4: NATIONAL LOCAL CONTENT AND CORPORATE SOCIAL RESPONSIBILITY PLAN / POLICY

In order for the country to benefit from its resources, the Government needs to prepare a national plan or national policy that will provide guidelines for companies on how to harness Local content standards but also providing guidelines to link the extractive sector with other sectors along the value chain. This will increase a multiplier effect and the agenda of resource nationalism might be easily realized through this National local content plan / Policy

CSR is well articulate in the law, therefore both companies and Local Government Authorities need to focus more on putting efforts to realize community priorities rather than working to fulfil national plans as expressed by the Government, party manifestos, or leader's directives.

5: GENDER AND EXTRACTIVES:

Looking through the Ministerial plans (Energy and Minerals) for financial year 2018/19 and 2019/20, limited or no information is provided on how most the development projects will have impacts specially on women and marginalized groups to benefit from the extractive sector. Experientially, women and girls are exposed to greater risks associated with extractive operations while they receive little or no benefit. Their representation and Participation particularly in the value chain is very scanty compared to men. Men appear to be the sole recipients of the benefits.

¹⁴ CAG report on Government accounts 2017/18-Public entities

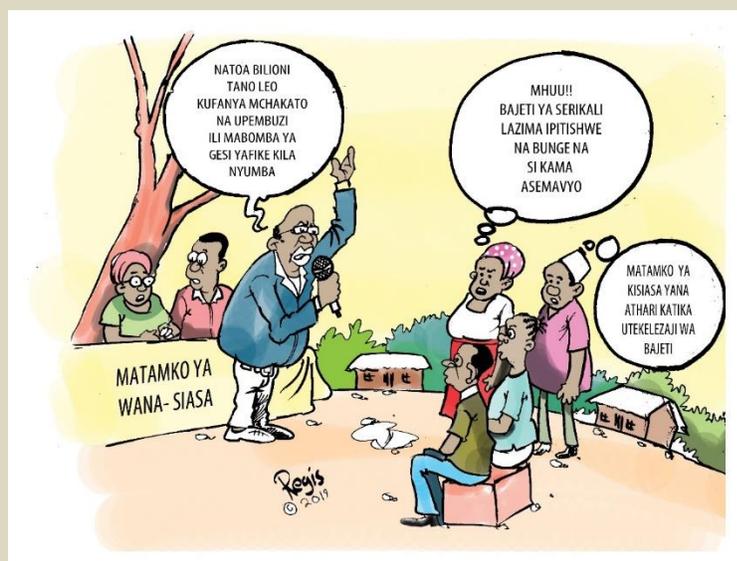
The benefits to men are realised through employment and property compensation while the costs, such as family or social disruption and environmental degradation, are shouldered by women.

It is recommended that the Government through its line ministries and agencies consider opening up more spaces to enable / facilitate women participation and consultation in the sector. Laws and regulations should also be harmonized but also the extractive laws should be reviews in order to provide for women participation, access and consultation throughout the value chain.

6: INSTITUTIONAL FRAMWORK AND STRUCTURE

There is a need to review the structure of the Ministry of Minerals and make necessary changes, especially where there are departments whose functions are duplicated in one form or another. In this context, we have noted that the Mining Commission as established under the reviewed Mineral Act 2010 takes over responsibilities that have hitherto been under the jurisdiction of the Mineral department (within the Ministry structure). Continuing to have these two creates confusion and doing the same jobs is in fact waste of resources (that would have been allocated to strengthen institutions eg. TEITI).

7: POLITICAL STATEMENTS AND BUDGET IMPLEMENTATION



In accordance with the rule of law, procedures and regulations of the country, all budgets allocations and expenditures must be endorsed by the Parliament on behalf of the people¹⁵. However, observations from media, presentations and arguments in the Parliament and directives from leaders, there have been numerous political statements that are bound to have implications in the implementation of the budget passed by Parliament. In order to have a budget that is workable, National

leaders should avoid such political statements that introduce costs that were not budgeted for. That is the only way resources and peoples taxes will be well spent on the basis of spelt out priorities and not otherwise.

In that regard, therefore, Government officials must adhere to the country's laws, procedures and regulations in the management and implementation of the Budget as planned.

¹⁵ The Constitution of the United Republic of Tanzania (1977); 136 (1a & b)

Going against the reality of the Budget and issuing unchecked political utterances do not only lead to losses; they also erode people's confidence in their leaders and the Government as a whole¹⁶.

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Annex: Matrix of issues identified and recommendations from the analysis to further scrutiny, research and analysis.

¹⁶ The Constitution of the United Republic of Tanzania (1977) section 8 (a)(b)(c)

Annex 1: Matrix of issues identity that need further scrutiny, research and analysis (working document)

ISSUE	CONCERN / CHALLENGE	Solution
Ufinyu wa bajeti	Fedha za maendeleo hazitoki au zikitoka zinakua kidogo sana na zinachelewa kutoka.	1) Kubadilisha vipaumbele 2) Kuboresha ukusanyaji wa mapato mfano, Wizara ya Nishati haionyeshi taarifa ya ukusanyaji wa maduhuli kwa 2018/19.
Ukosefu wa fedha za maendeleo	Mfano: Hadi kufikia februari, 2019, inaonekana hakukua na fedha yoyote iliyotolewa kwa ajili ya maendeleo kwenda TEITI. Ukosefu huu wa fedha unaleta changamoto katika kukuza uwazi na uwajibikaji.	1: Serikali waweke kipaumbele kuitengea TEITI Fedha za kutosha ili kukuza uwazi na uwajibikaji kwenye sekta ya madini mafuta na gesi.
TEITI (Mpango wa kukuza Uwazi na Uwajibikaji Nchini) 1) Taarifa ya 9 na 10 ya TEITI 2) Rejista ya Wamiliki halali (Beneficial Ownership) sio shareholders kama serikali inavyowaita	1) Taarifa kuu ya TEITI ya utekelezaji kwa mwaka 2016/17 na 2017/18 hazijatolewa hadi leo, ingawa, kuna maelezo ya kuanza kwa utaratibu wa kumtafuta mtaalamu mshauri wa kuandaa taarifa husika. Ingekuwa vyema kwa TEITI kutoa mrejesho wa hatua zilizofanyika katika kutekeleza jukumu la utolewaji wa taarifa tajwa. 2) Kuanzishwa kwa rejista ya taarifa kwa Umma kuhusu wamiliki halali katika kampuni za madini, mafuta na gesi asilia ni moja kati ya shughuli iliyopaswa kutekelezwa, ila hakuna maelezo yoyote katika taarifa kuhusu hatua za utekelezaji wa uanzishwaji wa rejista hiyo kama ilivyosisitizwa na aliyekuwa Waziri wa Madini, Mh. Angella Kairuki tarehe 25/10/2018, jijini Dodoma wakati akizindua	1) Serikali ifanye marekebisho ya Sheria ya Uwazi na Uwajibikaji katika rasilimali za madini, mafuta na gesi asilia ya Mwaka 2015 ili kuiwezesha TEITI kuwa Taasisi iliyo huru na yenye muundo na mfumo mpana unaoiwezesha kuwa na mamlaka katika kukusanya rasilimali fedha na kutekeleza majukumu yake kikamilifu na kwa wakati. 2) Kupitia Maagizo ya Mh. Waziri Mkuu na aliekua Waziri wa

<p>3) Uwazi kwenye matumizi ya mapato ya Halmashauri</p> <p>4) Mratibu wa TEITI kutoajiriwa hadi leo</p> <p>5) SPECIAL AUDIT kuhusu discrepancy ya shilling 30.5 billion iliyogunduliwa kwenye report ya 8 ya TEITI</p>	<p>kamati ya tatu ya TEITI. Rejista ina umuhimu mkubwa katika kuboresha uwazi katika sekta hii na pia itasaidia kuzuia upotevu wa rasilimali na mapato yatokanayo na rasilimali madini, mafuta na gesi asilia. TEITI haina budi kutoa mrejesho kwa Umma kuhusu hatua iliyofikiwa ya uanzishwaji wa rejista.</p> <p>3) Taarifa ya TEITI imeonesha miongoni mwa mafanikio kwa mwaka 2018/19 ilikuwa ni kuongezeka kwa uwazi wa matumizi ya mapato ya halmashauri yanayotokana na TOZO kutoka kampuni za uchimbaji madini, mafuta na gesi asilia. Ingawa hakuna maelezo ya kutosha kuonesha ni halmashauri zipi na iwapo ongezeko hilo ni kwa kiasi gani ukilinganisha na mwaka wa fedha uliopita.</p> <p>4) Ni Zaidi ya mwaka sasa toka watu wafanyiwe usaili kwenye nafasi ya MRATIBU WA TEITI cha kushangaza hadi leo hii, Mratibu huyo hayaajiriwa.</p> <p>5) Inavyofahamika ni kwamba CAG tayari alishaanza kuchambua report inayohusu SH. 30.5 Bilioni iliyojitokeza kwenye report ya 8 ya teiti, Changamoto kubwa inayomkabili ni kwa baadhi ya makampuni kama North Mara kutowashilisha taarifa zao kwa CAG. Na tunatambua report hiyo ya special audit inatakiwa iwe imeshafika bungeni kabla ya waziri hajasoma bajeti ya wizara yake.</p>	<p>Madini Angella Kairuki, serikali itoe taarifa ya maendeleo ya mchakato wa kuanzishwa kwa Rejista.</p> <p>3) Serikali kupitia wizara kutoa taarifa zenye maelezo ya kutosha ili kusaidia watumiaji wa taarifa kuelewa kwa kina ni Halmashauri gani ambazo zinatajwa hapo juu ili iwe funzo kwenye halmashauri zingine ambazo hazifikia lengo.</p> <p>4) Serikali itoe taarifa ni lini Mchakato wa kuamujiri mratatibu wa TEITI utakamilika.</p> <p>5) Serikali kupitia Wizara na TEITI ichukue hatua kuhakikisha taarifa zinazohitajika na CAG zinafika kwa wakati. Na ni kwa Nini North Mara hadi leo hawajapeleka taarifa zao?</p>
<p>Taarifa ya CAG juu ya baki ya fedha iliyotolewa na World Bank kwa ajili kutolewa ruzuku kwa</p>	<p>Hakuna taarifa kutoka wizarani juu ya fedha hizo. Hili linaibua maswali mengi kama fedha ziliwafikia wachimbaji wadogo, na fedha hizo zilikuwa ni kiasi gani. Lakini pia swali lingine ni kuwa kama zilitolewa ni wachimbaji gani walipata.</p>	<p>Wizara itoe taarifa sahihi na kwa wakati juu ya fedha hizo.</p>

wachimbaji wadogo wadogo.		
TUME YA MADINI		
Makusanyo ya maduhuli	<p>1: Wizara ya Madini kureport kukusanya maduhuri sawasawa na makusanyo yanayoripotiwa kukusanywa na Tume. Swali ni je ni kipi kimekusanywa na Wizara ya Madini au Tume ya Madini.</p> <p>2: Vivyo hivyo wizara ya Nishati kwenye report zao haionyeshi kiasi cha maduhuli kilichokusanywa kwa mwaka wa fedha 2018/19 lakini bado inaomba fedha kwa ongezeko la aslimia 55%.</p>	Wizara ya Nishati itoe taarifa xa utekelezaji wa Bajeti na makusanyo ya maduhuli kwa mwaka wa fedha 2018/19.
Muundo wa idara na taasisi nyingine	<ol style="list-style-type: none"> 1. Tume haifahamiki vizuri kwa wadau na kupelekea kuleta mkanganyiko hasa kwa wachimbaji wadogo. 2. Kuna uwezekano kukawa na mgongano wa kimamlaka kati ya Tume ya madini na Idara ya Madini iliyo chini ya wizara. 3. Kumekuwa na uelewa tofauti ndani ya wizara juu ya majukumu ya Tume ya Madini na Idara ya madini 	<ol style="list-style-type: none"> 1) Majukumu na wajibu wa Tume ya Madini na Idara ya Madini yaainishwe washi 2) Kuna haja ya kuwa na mabadiliko ya Sheria na muundo wa ndani juu ya majukumu ya Tume ya Madini na Idara ya Madini

<p>STAMICO</p>	<p>STAMICO ni shirika la madini la Taifa ambalo linamilikiwa na serikali kupitia Msajili wa Hazina kwa hisa za asilimia 100% . Wakati huo huo STAMICO ina kampuni tanzu ya STAMIGOLD ambapo STAMICO inamiliki hisa kwa asilimia 99% na Serikali kupitia kwa Msajiri wa Hazina inamiliki hisa kwa asilimia 1%.</p> <ol style="list-style-type: none"> 1) Kwa mujibu wa ripoti ya Mdhibiti na Mkaguzi Mkuu wa Serikali yam waka 2017/18 STAMIGOLD imekuwa ikijiendesha kwa hasara na kushuhudia uzalishaji wa dhahabu kushuka kwa 58% kwa kipindi cha mwaka 2015 -2018 2) Mgodini wa STAMIGOLD umekosa huduma ya umeme wa TANESCO kwa muda wa miezi kadhaa na kupelekea kutumia umeme wa jeneretor ambao unaigharimu kiasi cha shilingi million 900 mpaka billion 1 kwa mwezi kuendesha shughuli zake. Hali Hii inachangia STAMIGOLD kuendelea kufanya uzalishaji usio na faida. 3) STAMICO ilipewa kandarasi ya kokoto kwenye mradi wa SGR baada ya wabunge kupendekeza hivyo ili kuachana na mpango uliokuwa unatumika ambapo kokoto zilikuwa zinaingizwa nchini kutoka Uturuki. Hata hivyo STAMICO ilikosa fedha ya kufanya kazi hiyo, kiasi ambacho kinakadiriwa kuwa dola za kimarekani 400,000. 	<ol style="list-style-type: none"> 1) Serikali kupitia Msajili wa Hazina iangalie uwezekano wa kuwa na mpango wa kufanya uwekezaji wa mtaji kwa STAMICO iliweze kujiendesha kwa faida na kuweza kuziinua kampuni Tanzu zak.
<p>STAMICO NA HALI YA WAFANYAKAZI</p>	<p>STAMICO na makampuni yake tanzu yamekuwa yanategemea a ruzuku toka seriaklini kwa ajili ya kujiendesha. Hali hii imepelekea makampuni hayo kujiendesha kwa hasara kubwa na kupelekea wabunge kushauri STAMICO kuvunjwa au</p>	<p>Serikali iachane na mpango wa kuboresha STAMICO na badala yake Serikali ilenge kuboresha makampuni tanzu ya STAMICO ili makampuni</p>

	<p>isiruhusiwe kusimamia makampuni yake tanzu ili kuokoa hasara kwa Taifa.</p> <p>Mfano mdogo ni STAMIGOLD BIHARAMULO MINING LTD. Hii ni Kampuni inayomilikiwa na STAMICO. Hadi Mwezi February 2019 ilikuwa imeajiri wafanyakazi 350 na wengine wapatao 230 walikuwa wameajiriwa na kampuni ya kandarasi iitwayo JUNIOR CONSTRUCTION. Kutokana na mwenendo mbaya wa uzalishaji mgodini, wahanga wakubwa wa matatizo ya uzalishaji ni wafanyakazi. Wafanyakazi wanalalamika kulishwa chakula cha aina moja yaani wali na maharage kila siku. Mishahara haitoki kwa wakati, wanapewa mikataba ya mwezi mmoja hadi miezi mitatu ambapo ni kinyume cha sheria ya Ajira na Mahusiano kazini Na.6/2004.</p> <p>Kutokana na kusuasua kwa ulipaji wa mishahara, pia michango ya pensheni haipelekwi kwenye mifuko ya hifadhi ya jamii. Hadi kufikia Mwezi February 2019, licha ya wafanyakazi kukatwa 10% kwa ajili ya kuchangia mifuko ya hifadhi ya jamii, Mwajiri alikuwa amelimbikiza michango ya miezi 22. Wafanyakazi walioachishwa kazi wanapata shida sana wanapokwenda kufuatilia mafao yao kwani huambiwa kuwa mwajiri wao hajapeleka michango hivyo hawawezi kufungua madai.</p> <p>Mapema mwezi Machi, wafanyakazi sita hawakuongezewa mkataba, walipouliza michango yao wakaambiwa haijaenda kwa miaka miwili na nusu, wakakataa kuondoka mgodini,</p>	<p>hayo yenyewe yaweze kuwa na uwezo wa kujiendesha badala ya kutegemea ruzuku kutoka serikali.</p>
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	waliondolewa na polisi na kuwekwa ndani siku mbili na baadae walitolewa kwa dhamana. Hali ni mbaya sana.	
Sera ya Mahusiano ya Kimataifa iliyojikita katika diplomasia ya kiuchumi	Sera ya mahusiano ya nje ya Tanzania imejikita katika diplomasia ya kiuchumi. Hali ya uwekezaji katika sekta ya uziduaji ambayo ndio inaleta uwekezaji wa moja kwa moja wan je (FDI) haiakisi sera hii ya mahusiano ya nje. Kuna haja ya kujua ni FDI ngapi zimefanyika na ngapi zimesimamisha uwekezaji wao katika kipindi cha mwaka 2015-2019 kutokana na mabadiliko ya sharia zetu yaliyofanywa mwaka 2017. Mfano mzuri ni sharia ilivyoweka ni kwa namna gani wawekezaji wanaweza kufikia usuluhishi wa taasisi za kimataifa za usuluhishi.	Serikali ipitie upya sheria hasa kipengele kinachomkataza mwekezaji kufikia taasisi za kimataifa za usuluhishi.
Majadiliano yasioisha kwenye miradi ya gesi na mafuta	Kwa taarifa tulizonazo, kampuni ya Equinor hadi sasa imegundua gesi yenye ujazo wa takribani 20TCF. Wamekuwa tayari kujenga LNGP tangu mwaka 2014, lakini majadiliano baina yake na serikali hayajafika mwisho. Katika harakati za kujihakikishia usalama wa kibiashara, pamoja na mambo mengine, tumeshuhudia wakibadili jina kutoka STATOIL na kuwa EQUINOR, haya hayawezi kuwa mabadiliko ya bahati mbaya bali ya kimkakati. Lakini tumeshuhudia pia kwamba, mwaka huo huo, kampuni hii imefanya “bid” kupewa mradi wa umeme wa nguvu za Jua huko Singida. Kutokana na uzoefu wao katika masuala haya ya nishati kuna uwezekano mkubwa sana wa kupata tenda ya kujenga mradi wa nguvu za jua. Hii inaweza kupelekea Equinor kujikita zaidi kwenye uwekezaji wa umeme wa nguvu za jua na kuachana na mradi wa gesi.	1) Serikali iweke wazi sababu za ucheleweshaji wa utekelezaji wa mradi wa gesi

<p>Vipaumbele vya Taifa</p>	<ol style="list-style-type: none"> 1. Kuna haja ya kufahamu kama Wizara ya Nishati ina mkakati ulio wazi wa utekelezaji wa miradi mbalimbali kulingana na vipaumbele vya kitaifa. 2. Kuna utekelezaji wa miradi mikubwa ya nishati unaofanyika kwa sasa nchini, ikiwa ni miradi ya gesi pamoja na mradi wa bonde la mto Rufiji. Je wizara ya Nishati ina uwezo kiasi gani wa kusimamia miradi hii mikubwa? 3. Serikali inatumia fedha za kibiashara (commercial funds) kutoka mabanki ya ndani kama CRDB kutekelenza miradi yake kama Mradi wa Bonde la Mto Rufiji. 	<ol style="list-style-type: none"> 1) Wizara ya Nishati iandae Mapango Mkakati wa utekelezaji wa miradi ya nishati 2) Wizara ya Nishati ianische bayana vipaumbele vya taifa katika utekelezaji wa miradi ya nishati nchini
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<p>EACOP</p>	<ol style="list-style-type: none"> 1. Nani anaproduce umeme kuipatia TANESCO kwa ajili ya kusambaza ya umeme kwenye bomba la Mafuta? 2. Serikali pia inaomba ongezeko la profit kutoka bomba la mafuta kuzidi hata profit wanayotakiwa Kupata wazalishaji mafuta yanakotokea? 3. Hadi leo Host Government Agreement inasuasua 4. Uzoefu wa compensation kwenye migodi ya madini imekua ni Changamoto, je itakuaje tofauti kwenye Miradi ya bomba? 	
<p>Mdhibiti na Mkaguzi Mkuu wa Hesabu za Serikali (CAG) kutokuwa na nguvu za</p>	<ol style="list-style-type: none"> 1. Mdhibiti na Mkaguzi Mkuu wa Hesabu za Serikali ana nafasi ndogo sana ya kufanya ukaguzi kwenye makampuni ya uzidujaji, kinyume cha Ibara ya 143 ya Katiba ya Jamuhuri ya Muungano wa Tanzania 	<p>Serikali ifanye upya mapitio ya sheria hizi kumuwezesha CAG kupata taarifa za makampuni ya madini na mafuta ukizingatia Ushahidi tosha ulioonyeshwa</p>

<p>kukagua hesabu za makampuni ya uziduaji</p>	<p>na kifungu cha 5 na 15 cha Sheria ya Ukaguzi wa Hesabu za Umma yam waka 2008, juu ya upatikanaji wa taarifa na watu. Vifungu hivi vya sheria vinaingiliwa na kifungu cha 26 cha Sheria ya Madini ya Mwaka 2010 na mabadiliko yake yam waka, na kifungu cha 93 cha Sheria ya Mafuta ya mwaka 2017, vifungu ambavyo vinakataza taarifa a makampuni ya madini na mafuta kutolewa kwa mtu wa tatu isipokuwa tu kwa ridhaa ya wamiliki wa mgodi au wa leseni au haki ya uchimbaji. Ibara ya 18 (k) ya makubaliano ya mfano ya kubadilishana taarifa za utekelezaji (the model production sharing agreement of 2013 (MPSA 2013) yanaruhusu serikali kupitia kwa wawakilishi wake waliopewa nguvu kupata taarifa za mikataba. Ofisi ya CAG iliomba taarifa kutoka Wizara ya Nishati na Kampuni ya Taifa ya Mafuta (TPDC) na kuchukua takribani miezi miwili, mnamo mwisho wa mwezi Februari na kuchangia kushindwa kwa CAG kufanya ukaguzi wa rekodi za kampuni kwenye allowable and receivable costs na mapato yaliyopatikana ili kuweka kwenye ripoti yam waka 2016/17.</p> <p>2. Kwa nini sheria hizi mbili zinamuona CAG kama mtu wa tatu (third party) wakati ofisi ya CAG ni ofisi ya umma. Lengo/nia hasa ya sheria hizi ilikuwa nini kufanya hivyo?</p>	<p>kutokana na kilichotokea kati ya TPDC na makampuni ya uwekezaji ya China.</p>
<p>Uwezesaji wazawa (Local Content)</p>	<p>Kuna haja ya kuwa na Sera ya Taifa ya Uwezesaji Wazawa ili kutoa mwongozo wa kufuatwa na kuwa</p>	<p>Serikali itunge Sera ya Taifa ya Uwezesaji wa Wazawa.</p>

	sera mtambuka kwa sekta zote katika mnyororo wa thamani.	
Uwajibikaji wa makampuni kwa jamii (corporate social responsibility)	<ol style="list-style-type: none"> 1. Kukosekana kwa ushirikishwaji wa wawakikishi wa wananchi katika kupanga mipango ya maendeleo yanayotegea michango hii ya CSR. Wakuu wa Mikoa wanaonekana kufanya maamuzi badala ya vikao rasmi vilivyowekwa kisheria. 2. Jambo la pili ni mning'inio (hangover) ya utaratibu wa zamani, ambapo makampuni yalizoea kufanya kazi na host communities moja kwa moja. Kwasababu maamuzi mengi yanapofanyika hayawashirikishi wanufaika (wananchi) wanajikuta wakilalamika wakiamini kuwa kampuni inawadhulumu. 	Maamuzi ya matumizi ya pesa hizi yaamuliwe na vikao rasmi bila kuingiliwa na wanasiasa. Lakini pia elimu juu ya mabadiliko ya sheria na uratibu wa CSR itolewe kwa wanufaika.
Mazingira	Kwa mujibu wa taarifa mgodi wa Buzwagi unakaribia kufungwa. Je kuna fedha kiasi gani zilizotengwa kama rehabilitation fund kwa ajili ya kurudisha mazingira katika hali yake ya awali na lini fedha hizo zitatumwa katika halmashauri husika. Hili pia linakwenda kwa mgodi wa Bulyanhulu ambao umefungwa kwa muda wakati majadiliano yakiwa yanaendelea.	Taarifa za fedha za rehabilitation fund kwa mgodi wa Buzwagi na Bulyanhulu ziwekwe bayana kuzisaidia halmashauri husika zianze kutengeneza mikakati ya utekelezaji wake.
Mwenendo wa kisheria kwenye sector	(i) Article 22 (a) of the MPSA 2013 requires ownership of all fixed assets that were owned by the Contractor in petroleum operations to be transferred to the government (TPDC) at the expiration or termination of the agreement or when full costs of acquiring the assets have been recovered by the Contractor out of cost oil/gas. This also applies when more than 50% of the cost of a physical asset has been recovered and	The government to use Section 4 of the Natural Wealth and Resources Contracts (Review and Renegotiation of Unconscionable Terms) Act of 2017 to amend all MDAs to implement the MPSA 2013 requirements, and to form special task committee to investigate all

	<p>where TPDC has paid unrecovered portion of the asset. In this case, TPDC can elect to have the asset title transferred. The CAG report noted that MDAs do not provide for transfer of the mining assets. For example, Harvest Tanzania Ltd, on 3rd March 2018 issued a notice to conduct public auction to liquidate Acacia mining assets, inventory and plant at Buzwagi and in November 2013, STAMICO acquired Tulawaka Gold Mine and exploration licenses from Barrick Gold at a price of USD 4.5 million. These two deals were contrary to the MPSA 2013.</p>	<p>transactions that contradict the MPSA 2013.</p>
<p>TPDC na</p> <ol style="list-style-type: none"> 1. Utoaji wa fedha za maendeleo na leseni za kutafuta mafuta 2. Acquiring of the 3D seismic data for deep sea blocks 4/1B and 4/1C 	<ol style="list-style-type: none"> 1. Katika sekta ya mafuta na gesi asilia kitalu cha 4/1B na 4/1C vitengwa kwa ajili TPDC mnamo mwezi Mei 2016, ambapo ilipeleka mapendekezo ya mpango kazi na makadirio ya chini ya utafutaji mafuta kwa kipindi cha miaka 4, kwa kiasi cha chini cha dola za kimarekani milioni 50 kwa kila kitalu kwa kila kipindi cha miaka miwili (na kufanya jumla ya dola za kimarekani milioni 200). Kwa mujibu wa CAG hakuna leseni ya utafutaji mafuta imetolewa kwa TPDC kwa ajili ya kufanya shughuli hiyo. Lakini pia HAKUNA pesa zilizotolewa kwa ajili ya utekelezaji. Hii inachlevesha Serikali kupata faida ya upatikanaji wa mafuta na kuvutia wawekezaji. 2. TPDC haijapata data za ki-seismic za 3D kwa ajili ya kina kirefu baharini kwa vitalu 4/1B na 4/1C ili 	<p>TPDC na Wizara kuandaa na kutia saina makubaliano ya hiyari (MOU) ambayo yataongoza shuhuji za utafutaji mafuta, utoaji wa wakati wa leseni za utafutaji mafuta na kuweka mikakati ya upatikanajifedha kwa ajili ya mradi.</p>

	<p>kuwavutia wadau kwa ajili ya utafutaji mafuta, kwa sababu ya mabadiliko ya kiteknolojia ambayo yanataka kuborehsa seismic data za 2D. katika fedha kiasi cha shilingi bilioni 4.5 zilizotengwa kwa ajili ya zoezi hilo, ni shilingi milioni 24.8 tu ndizo zilizotolewa na serikali (sawa na aslimia 0.6%). Kupata data za ki seismic za 3D ni muhimu kwa ajili ya kuwezesha utafutaji mafuta na kuvutia wadau wa utafutaji mafuta.</p>	
<p>Mchakato wa tenda kwa sekta ya uziduaji na upotevu wa shilingi mikioni 443</p>	<p>Mchakato wa tenda wa mwezi Oktoba mwaka 2013 kwa ajili ya utafutaji mafuta na gesi kwenye kina kirefu na vitalu vya extraction na kimoja cha Kaskazini mwa Ziwa Tanganyika, wakati wa mzunguko wa nne wa utoaji wa leseni za mwambao, na kwa mujibu wa makubaliano ya mfano ya kubadilishana taarifa za utekelezaji ya mwaka 2013 (MPSA 2013) ulihusisha zabuni kutoka kwa makampuni mawili ya China National Offshore Oil Corporation na Ras Al Khaimah Gas LLC, ambazo haz ikufanikiwa. CAG aliona kwamba wawekezaji hawakuwa wanaamini masharti ya MPSA ya mwaka 2013, ambapo Serikali ilipoteza shilingi milioni 443 kwa mchakato wa zabuni ambao haukufanikiwa. Zaidi ya hayo, hakuna tangazo lingine la zabuni.</p>	<p>TPDC iishauri Serikali kupitia upya masharti yaliyo chini ya MPSA ya mwaka 2013 na kutoa upya tangazo la zabuni.</p>
<p>Hisa za TPDC</p>	<p>Kifungu cha 44(5) cha Sheria ya Mafuta ya mwaka 2015 inaitaka TPDC kushikilia kwa kiasi cha chini hisa za ushiriki kwa asilimia 25 ya haki zilizotolewa za mafuta. Hata hivyo, TPDC inashikilia ASILIMIA 20% tu chini ya Mnazi</p>	<p>Serikali itumie Kifungu cha 4(1) cha Sheria ya Natural Wealth and Resources Contracts (Review and Renegotiation of Unconscionable Terms) Act 2017 kuchukua</p>

	Bay na ASILIMIA 0% chini ya Songosongo na viwanja vya gesi vya Kiliwani Kaskazini.	na kushikilia kiasi cha chini cha hisa za ushiriki kwa leseni zote za maendeleo.
Mkopo wa huduma (Service Loan) uliotolewa na EXIM BANK na TPDC	TPDC na TANESCO ziliingia kwenye makubaliano ya mauzo ya gesi (GSA) mnamo mwezi Septemba mwaka 2015 ambapo TANESCO ingekuwa inanunua gesi asilia kutoka TPDC kwa ajili ya uzalishaji wa umeme (kwa mitambo ya umeme ya Kinyerezi, Ubungo II and Symbion). Kwa kiasi chote cha invoice cha kiasi cha shilingi billion 567.5 (kati ya Septemba 2015 na Desemba 2017), TANESCO ililipa kiasi cha shilingi bilioni 318.9 tu (asilimia 56%), na kubakiza shilingi bilioni 248.6 hazijalipwa, na kudhoofisha uwezo wa TPDC wa kulipa mkopo uliotolewa na EXIM Banka ya China kutengeneza bomba la gesi la Mtwara-Dar es Salaam, na kuhatarisha kuhamishia haki za TPDC chini ya GSA kwenda EXIM Bank ya China.	