

TEITI Tanzania
Extractive
Industries
Transparency
Initiative



Taasisi ya Uhamasishaji Uwazi na Uwajibikaji
Katika Rasilimali za Madini, Mafuta na Gesi Asilia.

TEITI OPERATIONAL WORKPLAN FOR FY 2021/22

July 2021

1.0 Background

The Extractive Industries Transparency Initiative (EITI) is the global standard to promote an open and accountable management of oil, gas and mineral resources. Tanzania joined the initiative in February 2009. The country attained a compliant status of the EITI requirements in December 2012, after meeting the transparency standards of the initiative. Since then, Tanzania has published eleven (11) TEITI reports covering the period from 1st July 2008 to 30th June 2019.

To that end, TEITI reports have contributed building public confidence and trust in companies and Government with regards to mining, oil and gas investment operations in the country. The data compiled in the TEITI reports is therefore expected to facilitate public understanding and appreciation of the large scale investments involved in mining, oil and gas industries in the country. Moreover, in facilitating public understanding through the use of the TEITI reports, the data used in their preparation should contribute towards reinforcing the informed debate to citizens and provide impetus for the public demand for transparency and accountability from government and extractive companies exploiting the natural resources. Increased public awareness and knowledge of the TEITI reports data and information will ultimately result into Tanzania obtaining fair share of revenues from the extraction of the county's natural resources.

Following Tanzania's second validation conducted in June 2020, the EITI Board agreed that Tanzania had made meaningful progress with improvements in implementing the EITI Standard 2019. The EITI Board determined that Tanzania will have its third validation in April 2022. Meanwhile, in preparation for the coming validation, Tanzania is expected to carry out corrective actions regarding license allocation (Requirement 2.2), license register (Requirement 2.3), beneficial ownership (Requirement 2.5), state participation (Requirement 2.6), production data (Requirement 3.2), export data (Requirement 3.3), comprehensiveness (Requirement 4.1), subnational payments (Requirement 4.6), data quality (Requirement 4.9), quasi fiscal expenditure (Requirement 6.2). The outcomes of these corrective actions have been acted upon in the 2018/19.

In addition, Contract disclosure is also one of the requirements of the EITI Standard 2019 which is expected to be complied with by the EITI implementing member countries. The contract disclosure is an essential element of the extractive sector good governance. In view of the importance of having an open and transparent process on extractive contracts, the Tanzania Extractive Initiative Transparency Act, No. 23 of 2015 (TEITA Act, 2015) mandates

the TEITI MSG Committee to cause disclosure of Mining, Oil and Gas contracts signed prior to coming into operation of the Act.

Section 2.4 of the EITI standards of 2019 requires the disclosure of any contract entered, granted or amended from January 2021. In implementing this requirement, TEITI has prepared a roadmap for disclosing such contracts. However, sections 4 and 6 of The Natural Wealth and Contracts (Review and Renegotiation of Unconscionable Terms) Act of 2017 also gives powers to the National Assembly to review any arrangements or agreements made by the Government relating to natural wealth and resource.

Further, the TEITA Act, 2015 also requires the implementation of the beneficial ownership disclosure requirement. In the course of implementing this requirement, TEITI will conduct capacity building workshops to various stakeholders including government entities responsible in the implementation of the beneficial ownership disclosure to implement the beneficial ownership disclosures. Thus, TEITI is aware of the existence of significant gaps in terms of knowledge and understanding on mining, oil and gas related activities. Therefore we are of the view that contract and beneficial ownership disclosures are preceded by awareness campaign such as training and workshops to various stakeholders to explain these complex issues in order to adequately be able to manage the expected public expectations.

The twelve years of implementing EITI standards in Tanzania (2009-2021) have brought important benefits to the country. The disclosure of extractive industries payments and revenues through EITI has helped to improve revenue collection and accountability of such public resources. Kilwa District Council in Lindi Region is one vivid example of a local government council which has vividly benefitted from the TEITI reports. The 2009/10 TEITI Report revealed that 0.3 Service Levy paid by PanAfrican Energy Tanzania Limited from Songo Songo field in Kilwa region was wrongly paid to Ilala Municipal Council in Dar es Salaam where the company's main office is located as opposed to paying the levy to Kilwa District Council where the extraction of the gas takes place. Kilwa District Council is 315kilometers away from Ilala Municipal Council in Dar es Salaam where the Company's offices are located. The payment of the service levy of 0.3% of turnover is legally required to be paid to the host district council where the extractive activity is taking place and not where the extractive company's head office is located. Since that revelation, the Kilwa District Council has been receiving around TZS 110 million (USD 61,000) on every quarter of the year (MEM booklet).

This experience of Kilwa District Council triggered TEITI to initiate a dialogue with the President's Office – Regional Administration and Local Governments (PORALG) in August 2014 regarding the benefits of making mandatory the disclosure of expenditures of extractive industries local levy receipts and Corporate Social Responsibility (CSR) contributions for 17 district councils which host mining, oil and gas operations in Tanzania. This practice will help to disclose not only the amount of money paid out but which councils have received these payments and at the same time account for the expenditures of such receipts.

This effort will help to inform the public as to what extent service levy receipts are allocated for development expenditures. In addition, the disclosure through EITI Reports has assisted in giving the government leverage to renegotiate service levy threshold. Prior to 2014, the holders of MDA licences were paying a fixed levy of USD 200,000 regardless of the amount of sales turnover. Today all companies with MDA licences are paying the 0.3% of sales turnover Service Levy in accordance with the amended Mining Act of 2010.

2.0 Objective of the workplan

The objective of the 2021/22 operational workplan is to strengthen, enhance and consolidate the achievements so far registered in transparency and accountability in the administration of Tanzania's extractive industries so that the exploitation of these non-renewable and finite resources can stimulate growth and help to reduce poverty. The activities in the Workplan seek to align with both EITI Standard 2019 and the TEITA Act, 2015.

The Workplan objective has five main intended outcomes, namely : 1) Increased Compliance in Disclosure of Payments and Revenues; 2) Capacitating and inclusion of the ASM in the TEITI reporting; 3) Increased Understanding and Awareness of TEITI; 4) Enhanced legal and institutional framework for EITI implementation; and 5) Increased capacity, skills and knowledge of TEITI Secretariat and MSG. Underneath each of the four main outcomes, TEITI has developed activities for attaining the intended outcomes as indicated in **Appendix 1**.

3.0 Budget and Funding

The 2021/22 workplan provides financial needs for the period of 1st July 2021 to 30th June 2022. In this Financial year, indicative commitments from the Government is TZS 443 Million. In July 2020 TEITI received financial support amounting to USD 750,000 from the World Bank for the period of 1st July 2020 to 24th April 2022. The aim of the grant is to assist Tanzania to

achieve compliance with the TEITA Act, 2015, implement fully the 2019 EITI standard and to improve the investment climate for the sector in the country by advancing constructive dialogues and evidence generation on the impacts and benefits of the extractive industries between the Government, citizens and the private sector. The planned activities to be implemented in the World Bank funded project is also included in the 2021/22 workplan.

TEITI receives Government allocations and external financial support through the Ministry of Minerals. Therefore, TEITI is required to comply to Government financial regulations. Expenditures are regularly audited by the internal audit unit of the ministry to inform the Ministry's management on financial compliance. Similarly, TEITI is supported by the procurement unit of the Ministry for all procurement of goods and services.

In addition, expenditures of TEITI are subjected to external audit on an annual basis by the Controller and Auditor General (CAG) of the United Republic of Tanzania pursuant to the government's financial control requirements.

Appendix 1. TEITI Workplan-FY 2021/22

Outcome/KRA	EITI Standard	Activities	Outcome and performance indicators	Time (Calendar Year)	Responsibility	Budget USD	Source
Outcome 1 : Increased Compliance in Disclosure of Payments and Revenues	R2: The EITI requires timely publication of EITI reports	Publication of 12th report					
		i) Complete Scoping Study	The scoping study completed and published	Q3 2021	Consultant/Secretariat/MSG	20,000	WB
		(ii) Train reporting entities in completing reporting templates	The Number of reporting entities participated in the Training workshop	Q3 2021	Consultant/Secretariat/MSG	5,000	WB
		(iii) Collect payments and receipts data to conduct reconciliation		Q3 2021	Consultant/Secretariat/MSG	40,000	WB
		(iv) Circulate draft report amongst stakeholders for ascertaining recommendations related to reporting from the 12th TEITI Report		Q4 2021	Secretariat/MSG		
		(v) Launching of the 12 th TEITI report and publishing of the Report		Q4 2021	Secretariat/MSG	30,000	WB
		(vi) Translation of 12 th reconciliation report into Kiswahili and Brail Language & printing of full report and short versions)		Q4 2021	Secretariat/MSG	5,000	WB
		R2.4: The EITI encouraged contracts disclosure	i) Conduct two (2) consultation meetings with Government entities		Q3 2021	Secretariat/MSG	10,000

		ii) Conduct two (2) consultation meetings with extractive companies		Q4 2021	Secretariat/MSG	10,000	GoT
	EITI Data Mainstreaming	i) To conduct feasibility study for systematic disclosure platform		Q3 2021	Secretariat/MSG/Consultant/Mining commission/TRA	50,000	WB
		ii) Supply and installation of systematic disclosure platform		Q1 2022	Secretariat/MSG/Consultant	130,000	WB
	R2.5: The EITI requires disclosure of beneficial ownership (Understanding who owns and benefits from mining, oil and gas licenses)	(i) Carry out capacity building of Government agencies responsible for providing technical support and data on beneficial ownership.		Q4 2021	TEITI Secretariat/AG/BRELA	30,000	WB
		ii) To create awareness on disclosure of Beneficial ownership information to the extractive companies		Q4 2021	TEITI Secretariat/Extractive Companies	20,000	GOT
	R.6.4 : Social and economic and environmental impacts and outcomes	To carry out scoping study to assess environmental, social and gender impacts for EITI reporting according to 2019 standard	Scoping study report	Q3 2021	Secretariat/MSG	70,000	WB
Out come 2 ; Capacitating and inclusion of the ASM in	R. 6.3 Inclusion of Small scale Mining data in EITI	Carry out a scoping study to mainstream Small Scale Mining data into EITI reporting	the TEITI report includes disclosure of payments made to the	Q3 2021	Secretariat/MSG/MoM	70,000	WB

the TEITI reporting;	Reporting		government by artisanal and small-scale miners				
Outcome 3: Increased Understanding and Awareness of TEITI	R.7 : Ensure that government and company disclosures are comprehensible, actively promoted, publicly accessible and contributes to public debate.	(i) Conduct three (3) Awareness raising workshop on disclosure of revenue receipts and CSR contribution at district level	Percentage of people who are aware of annual payments and receipts from extractive industries through different communication media.	Q3 2021 Q1 2022	Secretariat/MSG	20,000	GoT
		(ii) Participate in two (2) National and two (2) International exhibitions and show events		Q3 2021	Secretariat/MSG	30,000	GoT
		iii) Workshop on lessons learned from validation and to define a workplan for the implementation of unmet validation corrective actions;	Number of unmet Requirements implemented.	Q3 2021	Secretariat/MSG	50,000	WB
	R4.1: The EITI requires to disclose Subnational transfers, expenditure receipts and CSR Contributions	(i) Build capacity of MSG, Parliamentarians and media on extractive sector contract interpretation and the use of EITI data		Q4 2021	Secretariat/MSG	100,000	WB

		ii) Conduct roundtable events between the private sector and government on best practices for local beneficiation in the extractive sector		Q3 2022	Secretariat/MSG	100,000	WB
Outcome 4: Enhanced legal and institutional framework for EITI implementation		Ensure that TEITI organisation structure is in place and functional			MoM/ACG/MSG	40,000	GoT
Outcome 5: Increased capacity, skills and knowledge of TEITI Secretariat and Multi-Stakeholder Group		Training to support the capacity of the TEITI secretariat on Mining, oil and gas contract negotiation		Q3 2021	Secretariat /consultant	40,000	WB
		Office operating costs					
		a) costs for facilitating TEITI Multi stakeholder meetings		Q3 2021, Q4 2021, Q1 2022, Q2 2022	Secretariat/MSG	100,000	GoT and WB
		b) Administrative expenditures for the above assignments			Secretariat/MSG	100,000	GoT and WB
		Total costs				1,070,000	