TEITI
Tanzania Extractive Industries Transparency Initiative

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

DIAMOND MINE

NATURAL GAS PIPELINE

TANZANIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (TEITI)

THE 11th TEITI REPORT

FOR THE PERIOD JULY 1 2018 TO JUNE 30 2019

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LIST OF ABBREVIATIONS AND ACRONYMS

ASGM	Artisanal and Small Scale Gold Mining
ASM	Artisanal and Small-Scale Mining
BGM	Bulyanhulu Gold Mine
BL	Broker License
BRELA	Business Registrations and Licensing Agency
BZGM	Buzwagi Gold Mine
CAG	Controller and Auditor General
CSOs	Civil Society Organizations
DL	Dealer Licence
EACOP	East Africa Crude Oil Pipeline
EES	Employment Earning Survey
EIA	Environmental Impact Assessment
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
GASCO	Gas Company Tanzania Limited
GDP	Gross Domestic Product
GGM	Geita Gold Mines
GoT	Government of Tanzania
GST	Geological Survey of Tanzania
IA	Independent Administrator
IAASB	International Auditing and Assurance Standards Board
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISAs	International Standards on Auditing
Kg	Kilogram
Km	Kilometres
LAAC	Local Authority Accounts Committee
LCP	Local Content Plan
LGAs	Local Government Authorities
LNG	Liquefied Natural Gas
MC	Mining Commission
MCP	Mining Closure Plan
MDA	Mine Development Agreement
MDAs	Ministerial Departments and Agencies
ML	Mining License
MMCC	National Mine Closure Committee
Mmscf	Million Standard Cubic Feet
MNRT	Ministry of Natural Resources and Tourism
MoFP	Ministry of Finance and Planning
MoM	Ministry of Minerals
MPSA	Model Production Sharing Agreement
MSG	Multi-Stakeholder Group
Mt	Mega tonne

MTEF	Medium Term Expenditure Framework
NAO	National Audit Office
NDC	National Development Corporation
NEEC	National Economic Empowerment Council
NEMC	National Environmental Management Council
NGRF	Natural Gas Revenue Fund
NLGM	New Luika Gold Mine
NMGM	North Mara Gold Mine
NNGI	National Natural Gas Infrastructure
NOC	National Oil Company
NSSF	National Social Security Fund
PAC	Public Accounts Committee
PAP	Projected Affected Persons
PAYE	Pay As You Earn
PEPs	Politically Exposed Persons
PL	Prospecting Licence
PML	Primary Mining Licence
POAC	Parastatal Organisations Accounts Committee
PSAs	Profit Sharing Agreements
PSEs	Public Sector Entities
PSSSF	Public Service Social Security Fund
PURA	Petroleum Upstream Regulatory Authority
SBM	Stamigold Biharamulo Mine
SDL	Skills and Development Levy
SML	Special Mining Licence
SOEs	State-Owned Enterprises
STAMICO	State Mining Corporation
TCIMRL	Tanzania China International Mineral Resources Limited
TEITI	Tanzania Extractive Industries Transparency Initiative
TFS	Tanzania Forest Services
TMAA	Tanzania Minerals Audit Agency
TMTC	Tanzania Mineral Trading Centre
TPDC	Tanzania Petroleum Development Corporation
TRA	Tanzania Revenue Authority
TZS	Tanzanian Shilling
UNEP	United Nations Environmental Programme
USD	United States Dollar
VAT	Value Added Tax
WCF	Workers Compensation Fund

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Glossary

Independent Administrator:	Refers to a qualified firm engaged to reconcile and verify payments made by extractive industry companies and revenue received by the Government.
Materiality:	Payments and revenues are considered material if their omission or misstatement could significantly affect the comprehensiveness of the disclosure.
Mining and Quarry:	Refers to an activity in the extractive sector including the mining of coal and lignite and extraction of peat, crude petroleum, and natural
Project:	A project is defined as operational activities that are governed by an agreement, single licence and form the basis for payment liabilities with a government.
Reporting entity:	Refers to a company and Government Agency that is required to provide information for TEITI reporting as per TEITA Act, 2015.
Service Providing Companies:	Refers to an entity that provides goods and/or services that directly supports, facilitates, or improves the operations of extractive companies

EXECUTIVE SUMMARY

Introduction

The 11th TEITI report covers the financial year 2018/19. This report presents the reconciliation of payments made by extractive and service providing companies against revenue received by Government Agencies. The reconciliation exercise involved the companies that met the materiality threshold as approved by the TEITA Committee during the deliberation of the scoping study on 27th April 2021. The EITI Standard 2019 requires State-Owned Enterprises (SOEs) to participate in the reconciliation exercise regardless of the materiality threshold. Therefore, this reconciliation report includes three SOEs, namely, Tanzania Petroleum Development Corporation (TPDC), State Mining Corporation (STAMICO), and National Development Corporation (NDC).

Overview of Extractive Sector

Operations of the Tanzanian extractive sector are guided by a current policy, and regulatory framework. The unprecedented growth of the mining sector is attributed to the Mining policy, 2009, Mining Act, Cap 123, Finance Act, 2017 and Written Laws (Miscellaneous Amendments) Act, 2017. On the other hand, the oil and gas sector owes its growth to the Energy polic, 2003, Petroleum Act, 2015 and the Oil and Gas Revenue Management Act, 2015. In addition, the Natural Wealth and Resources Contracts (Review and Re-negotiation of Unconscionable Terms) Act, 2017 and the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017, have created a conducive environment for the growth of the mining, oil and gas sector.

During the reporting period, the extractive sector has experienced significant development. The key developments in the mining sector include the establishment of 39 mineral markets, 50 buying centres, three precious metals refineries in Dodoma, Geita and Mwanza, increased annual revenue collection from the sector, and the founding of the Twiga Minerals Company Limited and Tembo Minerals Corporation Limited in which the government owns 16 per cent free carried interest, establishment of *the Mirerani designated controlled area which has enhanced revenue collections and reduced mineral smuggling.*

Further, Artisanal and Small Scale Mining (ASM) has experienced exponential growth, and its contribution is conspicuous. The National Action Plan for Artisanal and Small-Scale Gold Mining (ASGM) reported that ASGM employs more than 1.2 million people directly and offers indirect employment to about 7.2 million people. In 2018/19, ASGM produced 4,912.75 Kilogrammes of gold with the value of TZS 468.0 billion. This production level is equivalent to 12% of the total gold production for this year.

On the other hand, developments in the oil and gas sector include signing the contracts for the East African Crude Oil Pipelines (EACOP) and initiating a project to construct natural gas distribution infrastructure in Dar es Salaam and Coast regions. Also, the Government is committed to finalizing negotiations for the Liquefied Natural Gas (LNG) project.

The extractive sector has continued to record positive strides in implementing local content and managing the environmental impacts of extractive activities. Concerning the local content, the extractive sector has employed 5,934 Tanzanians and procured goods and services that amounted to TZS 823.31 billion and TZS 790.4 billion, respectively, from local service providers.

Besides, the Government is implementing several initiatives for managing the environmental impact of extractive activities. These include implementation of the National Action Plan for reducing the use of mercury by ASGM (2020-2025), enforcement of the requirement for undertaking Environmental Impact Assessment (EIA) and environment audit before commencement or financing of an extractive project, signing of environmental rehabilitation bonds, and submission of Mines Closure Plans for approval by the Mining Commission.

Contribution of the Extractive Industry to Gross Domestic Product

As per the National Bureau of Statistics (NBS), the growth of the mining and quarrying sector is evidenced by the increase in GDP contribution. In 2018/19, this sector contributed 5.2% to GDP (equivalent to TZS 7.21 trillion). In 2017 and 2018, the sector's contribution to GDP was 4.8% (equivalent to TZS 5.2 trillion) and 5.1% (equivalent to TZS 6.57 trillion), respectively. The increased contribution signifies the growth of the sector.

The mining and quarrying sector is among the major contributors to the national economy. Despite the decline in 2018/19, the agricultural sector's contribution to GDP still leads other sectors in the economy. As per the reported contribution data to GDP, the mining and quarrying sector is ranked sixth. Comparing to the previous financial year, the mining and quarrying, transportation, and construction sectors' contribution to GDP grew in 2018/19 while the remaining sectors declined as indicated in the table below.

SN	Sector	2017/18 Contribution (TZS Million)	2017/18 Contribution (%)	2018/19 Contribution (TZS Million)	2018/19 Contribution (%)
1.	Agriculture	35,962,728	27.9	37,136,790	26.5
2.	Construction Services	16,944,950	13.1	19,944,486	14.3
3.	Business Services	11,793,201	9.1	12,264,410	8.8
4.	Manufacturing	10,418,776	13.1	11,872,086	8.5
5.	Transportation	8,381,276	6.5	9,621,651	6.9
6.	Mining and Quarrying	6,573,059	5.1	7,219,118	5.2
7.	Insurance and Financial Services	4,947,301	3.8	4,927,613	3.5
8.	Communication services	1,948,180	1.5	2,052,241	1.5

SN	Sector	2017/18 Contribution (TZS Million)	2017/18 Contribution (%)	2018/19 Contribution (TZS Million)	2018/19 Contribution (%)
9.	Accommodation and Food Services	1,653,792	1.3	1,770,670	1.3
10.	Water and Sanitation Services	566,562	0.4	628,187	0.4
11.	Electricity Supply	348,527	0.3	374,002	0.3

Contribution of the Extractive Industry to Employment

According to NBS, as of today, the mining and quarrying sector provides direct employment to 332,468 people. The mining and quarrying sector is among the top contributors of direct employment among all economic sectors in the country as indicated in the table below.

Sector	Direct Employment
Agriculture	4,798,259
Health	987,161
Mining and quarrying	332,468
Communication	192,069
Construction	104,844
Industry and Trade	86,246
Natural Resources and Tourism	61,296
Livestock	36,238
Fishing	35,473
Transportation	24,611
Education, Science and Technology	21,501
Information, Culture, Arts and Sports	1,018

Production and Export of Minerals

As per the Mining Commission (MC), the production of minerals in the financial year 2018/19 recorded a value of TZS 4.7 trillion. The production value for this financial year indicates an increase by 27% when compared to the financial year 2017/18 where the production value was TZS 3.7 trillion. The production of gold (from both large, small, and medium scale operations) represents 71.9% of the total value of minerals produced when considering the value of each mineral type separately. The detailed information is provided in the table below.

SN	Type of Mineral	Unit of Measure	Weight	Average Price	Value (TZS)
1.	Bricks (Mud)	Tonnes	228,375.16	13,120.80	2,996,463,906.66
2.	Bricks (Stones)	Tonnes	27,104.86	25,562.74	3,249,149,145.39
3.	Gold (Large & Medium Scale)	Kg	37,136.13	92,751,036.78	3,444,414,815,215.74
4.	Silver	Kg	12,764.99	1,123,175.16	14,337,314,856.22
5.	Gold (Small Scale)	Kg	4,912.75	95,238,621.60	468,030,731,422.55
6.	Diamond (Large Scale & Dealers)	Cts	415,005.66	503,939.17	209,137,605,802.77
7.	Tanzanite (Rough)	Kg	1,964.75	14,021,297.05	27,548,410,922.34
8.	Tanzanite (Reject)	Kg	22,547.07	59,312.96	1,337,333,247.26
9.	Tanzanite (Cut & Polished)	Cts	96,482.23	101,192.22	9,763,251,293.65
10.	Limestone	Tonnes	5,509,696.52	17,667.95	97,345,017,072.29
11.	Lime	Tonnes	267,027.56	52,708.93	14,074,735,727.20
12.	Salt	Tonnes	143,292.87	100,695.74	14,428,980,824.82
13.	Clay	Tonnes	599,492.30	13,028.12	7,810,259,765.28

SN	Type of Mineral	Unit of Measure	Weight	Average Price	Value (TZS)
14.	Sand	Tonnes	6,883,525.05	11,875.20	81,743,219,179.26
15.	Gypsum	Tonnes	278,157.98	40,109.97	11,156,907,540.56
16.	Tin (Cassiterite)	Kg	17,300.84	15,400.48	266,441,233.58
17.	Aggregates	Tonnes	4,953,176.04	28,311.49	140,231,794,996.78
18.	Graphite	Tonnes	11,127.94	1,109,385.01	12,345,169,518.46
19.	Ruby	Kg	52,443.71	10,087.94	529,049,131.50
20.	Kaolin	Tonnes	128,459.22	25,955.54	3,334,228,520.22
21.	Coal	Tonnes	799,628.41	128,712.45	102,922,127,876.61
22.	Feldspar	Tonnes	54,483.25	56,720.60	3,090,322,751.10
23.	Dolomite	Tonnes	19,172.63	21,243.83	407,300,036.46
24.	Other Gemstones	Kg	1,125,994.36	23,649.79	26,629,527,118.20
25.	Sapphire	Kg	5,353.26	157,636.04	843,866,842.88
26.	Green Garnet	Kg	67,367.78	2,473.21	166,614,910.29
27.	Murrum	Tonnes	843,347.27	10,853.01	9,152,857,947.99
28.	Pozzolana	Tonnes	234,656.82	21,194.24	4,973,372,855.91
29.	Marble	Tonnes	19,755.27	75,792.00	1,497,291,536.21
30.	Magnesite	Tonnes	8,421.30	24,156.13	203,426,000.00
31.	Stones	Tonnes	1,482,812.66	12,347.97	18,309,719,418.96
32.	Copper Ore	Tonnes	28,565.39	29,807.69	851,468,251.43
33.	Iron	Tonnes	8,313.69	63,387.18	526,981,385.03
34.	Building Materials	Tonnes	1,213,540.12	11,357.37	13,782,623,757.10
35.	CO2	Kg	10,486,469.39	1,644.08	17,240,638,124.66
36.	Other Minerals	Tonnes	717,242.28	23,597.80	16,925,336,303.35
37.	Granite Blocks	Tonnes	17,829.69	324,832.07	5,791,656,256.43
	TOTAL				**4,787,396,010,695.15**

In the financial year 2018/19, the country recorded mineral export value of TZS 4.7 trillion. The export of minerals has increased by 27% compared to the previous financial year which recorded a value of TZS 3.7 trillion. Like in the production of minerals, the export value of gold dominated other minerals by 92.4% as indicated in the table below.

SN	Type of Mineral	Unit of Measure	Export Quantity	Export Value (USD)	Export Value (TZS)
1.	Diamond (Rough)	000 Carats	416,750	89,335,000	204,463,694,550.00
2.	Gold	000 Gram	42,108	1,904,092,000	4,357,952,483,160.00
3.	Gemstones (Rough)	000 Gram	761,814	27,314,000	62,514,371,220.00
4.	Salt	Tonnes	99,510	5,576,000	12,761,958,480.00
5.	Gypsum	Tonnes	2,916	317,000	725,527,410.00
6.	Graphite	Tonnes	9,271	4,420,000	10,116,186,600.00
7.	Silver	000 Gram	12,550	6,537,000	14,961,428,010.00
8.	Industrial Minerals	Tonnes	336,844	23,994,000	54,915,787,620.00
	TOTAL			**2,061,586,000**	**4,718,413,725,780.00**

Production and Export of Oil and Gas

According to TPDC, Tanzania has not discovered oil and therefore there are neither production nor export data for oil. However, the exploration activities for oil are ongoing across different parts of the country. On the other side, there have been vibrant upstream activities related to production of natural gas. As of now, the production of natural gas is mainly conducted at two gas fields, namely: Mnazi Bay in Mtwara region and Songosongo in Lindi region. In 2018/19, the total production of natural gas in the two gas fields was 61,419.49 Mmscf as indicated below.

Company	Gas Field/Project	Production Quantity (Mmscf)
Maurel & Prom Coy. Limited	Mnazi Bay	27,970.09
Pan African Energy Tanzania Limited	Songosongo	33,449.40
TOTAL		**61,419.49**

As per TPDC data, Tanzania has not started to export natural gas. All produced natural gas is consumed within the country.

Award and Transfer of Mineral, Oil and Gas Rights

In the financial year 2018/19, the Mining Commission (MC) received 9,441 licence applications. After the evaluation of submitted applications, the MC issued 5,099 various mineral rights as indicated in the table below. In this reporting year, all mineral rights were issued through *the first-come-first-served approach*.

S/N.	Type of Licence	Quantity
1	Prospecting Licence	120
2	Retention Licence	-
3	Special Mining Licence	-
4	Mining Licence	33
5	Primary Mining Licence	2456
6	Broker’s Licence	1734
7	Dealer’s Licence	736
8	Smelting Licence	3
9	Refinery Licence	2
10	Processing Licence	15
	TOTAL	**5,099**

In the same financial year, the MC transferred 73 mineral rights from one mineral rights holder to another. The table below presents the types and quantity of the mineral rights transferred.

S/N	Type of Licence	Quantity
1	Prospecting Licence	3
2	Retention Licence	0
3	Special Mining Licence	0
4	Mining Licence	12
5	Primary Mining Licence	58
6	Broker Licence	0
7	Dealer Licence	0
8	Smelting Licence	0
	TOTAL	**73**

On the other hand, there were no oil and gas rights granted or transferred in this financial year. Tanzania is still in the exploration activities for oil and PURA has not conducted another licencing round in this financial year.

For various reasons, the MC revoked 249 mineral rights as indicated in the table below. One of the main reasons which caused MC to revoke licences include failure of holders of mineral rights to comply with the legal and regulatory conditions including initiation of mining activities immediately after acquiring a licence and payment of licence fees.

S/N.	Type of Licence	Quantity
1	Special Mining Licence	2
2	Mining Licence	43
3	Primary Mining Licence	204
	TOTAL	**249**

Reporting Scope

This report covers the reconciliation of payments from extractive companies and receipts to the Government Agencies for the financial year 2018/19. Therefore, the reconciliation exercise included all payments and receipts made between 1st July of 2018 and 30th June 2019.

Reporting Entities and Revenue Stream

As required by the EITI Standard 2019, the entities which participated in this reconciliation exercise involved companies including SOEs which deal with or directly support the extraction activities of minerals, oil and natural gas and Government Agencies. The reconciliation exercise was preceded by a scoping study which proposed the materiality threshold. The TEITA Committee agreed on materiality threshold of TZS 1 billion, which meant that any company operating in the extractive industry and making payment of TZS 1 billion or more in the year of reporting, must participate in the reconciliation scope. As a result of this materiality threshold, a total of fifty-four (54) companies were selected to participate in the reconciliation scope. These companies represent 91.06% of the total revenue collected by the Government Agencies from companies operating in the extractive sector. The list of these companies is presented in section 4.1.4 of this report.

With regard to the revenue streams, TEITA Committee agreed that, payments such as Pay-As-You-Earn, Value-Added Taxes, withholding taxes, social security contributions should be reported unilaterally by Government Agencies and companies because these payments are made on behalf of employees and service providers. The list of the payment streams included in the reconciliation scope are presented in section 4.1.3 of this report.

Data Collection

Forty-one (41) out of fifty-four (54) companies which is 75.9% submitted the reporting templates within the prescribed time. One Company (IRAQW Mining Tanzania Limited) submitted the reporting template late after the Independent Administrator have completed the reconciliation exercise. For that reason, IRAQW Mining Tanzania Limited was excluded in the reconciliation exercise. Forty-one (41) companies which managed to submit the reporting templates accounted for 86.80% of the total government revenue amounting to TZS 1.23 trillion received by the Government Agencies in the financial year 2018/19. The nonreporting companies accounted for

4.28% of the preliminary Government revenue collected from the extractive industry. Section 5.1.4 provides a detail elaboration of nonreporting companies.

Reliability and Credibility of Data

This reconcillition report observes Requirement 4.9 of EITI standard 2019, in ensuring the reliability and credibility of the reported data. This involved senior-level management sign-off of data or report provided; attachment of relevant receipts and payment-by-payment and date-by-date in supporting schedule and certification of the completed reporting templates by an External Auditor.

For the extractive companies, confirmation was sought from the professional registered external auditors that the 2018/19 financial statements were audited in compliance with the International Auditing Standards/International Standasrds of Supreme Audit Institutions and that the figures reported in the reporting templates are according to the instructions approved by the TEITA Committee. For the case of government agencies, confirmation for the same was provided by the Controller and Auditor General (CAG) who is the statutory Auditor of these entities. Out of forty one (41) reporting entities that completed and submitted the reporting templates, thirty-nine (39) companies had their reporting templates signed by external auditors and management and the remaining companies submitted template signed only by management.

Reconciliation Results

The reconciliation results show companies initially reported payment of TZS 628,574,569,860.57 to the Government Agencies. Government Agencies reported receipts of TZS 585,802,036,502.45 from companies. The payment reported by the companies was TZS 42,772,533,358.12 higher than payments reported by the Government. After the reconciliation exercise, the final payments made by companies was TZS 626,135,951,182.03, and the government revenue was TZS 623,160,926,857.04 creating a discrepancy of TZS 2,975,024,324.99 representing 0.48% of the total reported governement receipts. According to section 18 of the TEITA Act, 2015, the discrepancy of 0.48% is deemed immaterial and therefore does not qualify for further scrutiny of the Controller and Auditor General (CAG).

The unreconciled discrepancies in this report are indicated as positive if the amount reported by a company exceeds that is reported by the government agency as a receipt. If the amount reported by a company is lower than that received by the government agency, the resulting discrepancy is labelled negative. Following the adjustments, the unresolved difference by the companies is TZS 22,752,442,860.28 which accounts to 3.65% of the total payments reported by Government Agencies. On the other hand, the unreconciled difference by the Government Agencies is TZS 25,727,467,185.27 which accounts to 4.13% of the total receipts reported by the Government Agencies.

Outcome and Impacts

a) On the outcome and impacts of the implementation of EITI requirements, the following has been noted;

   i) Availability of extractive industries data that help to inform public debate on the contribution of the sector

   ii) Increased Public Awareness on the Importance of Participating in the Management of natural resource

   iii) Contribution to the Legal Reforms

   iv) Expanded disclosure requirement beyond the EITI Standard

b) It has been observed that all the six (6) recommendations emanating from previous TEITI reports are on progress in their implementation

c) Recommendation Relating to the Current Reporting Period

The findings of the 11th TEITI report has resulted into the following recommendations:

   i) The TEITA Committee should develop definite criteria that will help to identify service providing companies who operate in the extractive industries directly;

   ii) TEITI Committee should enforce the penalty provisions pursuant to Section 23 of the TEITA Act, 2015 and its attendant regulations against these entities as they have violated the requirement of the data provision; and

   iii) The Mining Commission should regularly update the Mining Cadaster so that it contains physical and contact addresses of each mining company and small-scale miners, among other details.

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1 INTRODUCTION

1.1 Background

The Extractive Industries Transparency Initiative (EITI) is a global coalition of Government, Extractive Companies, and Civil Society Organizations (CSOs) working together to improve transparency and accountability in the management of extractive industries.

Tanzania joined EITI in 2009 and became compliant with the EITI Rules in 2012. Under EITI Standard 2016, validation processes were proceeded in 2017 and 2020[1] that found that Tanzania had made *meaningful progress* in implementing the Standard. Eighteen corrective actions were identified by the EITI Board, which were assessed in a second validation. In June 2020, the EITI Board agreed that Tanzania had fully addressed ten of the eighteen corrective actions from the country's first validation.

As required by the EITI Standard 2019, Tanzania Extractive Industries (Transparency and Accountability) Committee oversees TEITI implementation. The committee is led by a Chairman appointed by the President of the United Republic of Tanzania. It also consists of 15 members from three constituencies:[2]

- Five persons from Government entities, one of them shall be Attorney General or his representative;
- Five persons from extractive industry companies; and
- Five persons from civil society organizations.

To date, ten TEITI reports have been published covering the period from 1st July 2008 to 30th June 2018. Therefore, this report is the 11th covering the period from 1st July 2018 to 30th June 2019.

1.2 Objective

The overall objective of the reconciliation exercise is to assist the Government of Tanzania to determine the contribution of minerals, oil and gas resources to the socio-economic development of the country. The process involves the reconciliation of payments made by extractive and service providing companies and receipts received by government agencies for the purpose of improving the governance of the minerals, oil and gas resources in the country.

1.3 Scope of the Eleventh TEITI Report

This report covers payments made by extractive and service providing companies and revenues received by the Government Agencies for the fiscal year 2018/19. In addition, the report also covers social payments, employment data, production and

[1] https://eiti.org/document/tanzania-validation-2020

[2] The current TEITA Committee members are shown in Appendix 8

sales of minerals, oil, and gas, operational cost, and local content for the financial year 2018/19. Data reported are disaggregated by Government Agencies, companies, revenue streams, and by projects where applicable.

The payments and receipts in this report are stated in Tanzanian Shillings (TZS) unless stated otherwise. The report includes information received up to 29th June 2021 from reporting entities. Any information received after this date was, therefore, not included in this report.

1.4 Nature and Extent of the assignment

This assignment was performed in accordance with the Terms of Reference (ToR) issued to the Independent Administrator (IA). Specifically, the IA roles are to;

- Prepare a report comprising contextual information.
- Distribute the reporting templates and training reporting entities on filling the templates.
- Create a database with the payment and revenue data provided by the reporting entities, disaggregated by each individual project, company, government entity and revenue stream per Requirement 4.7 of the EITI Standard 2019.
- Reconcile the information disclosed by the reporting entities, identifying any discrepancies per the agreed scope and any other gaps in the information provided.
- Identify any discrepancies above the agreed margin of error established by the TEITA Committee.
- Contact the reporting entities to clarify the causes of any significant discrepancies or other gaps in the reported data and collect additional data from the respective reporting entities.
- Review additional supporting documentation evidencing the payments declared.
- Amend the discrepancies as a result of the submission of relevant supporting documents.
- Produce electronic data files that can be published together with the final report.

2 APPROACH AND METHODOLOGY

The reconciliation process consisted of the following steps:

- Carry out a scoping study to determine the scope of the reconciliation exercise. Specifically, the scoping study involved establishing the lists of extractive companies that made material payments to the Government and Government entities that received material payments from the extractive companies.
- Identify revenue streams payable to the Government Agencies.
- Prepare reporting templates and reporting instructions.
- Conduct training to extractive companies and government agencies on how to complete the reporting templates.
- Collect payment and receipt data from reporting entities which provide the basis for reconciliation.
- Compare payment and receipt reported by extractive companies and Government Agencies, respectively, to determine discrepancies between the two sources of data.
- Contact the Government Agencies and extractive companies to resolve the identified discrepancies.

2.1 Scoping Study

The scoping study started by identifying Government Agencies that have received payments from extractive and service providing companies in the fiscal year 2018/19 which are:

i. The Mining Commission (MC)
ii. Tanzania Revenue Authority (TRA)
iii. Tanzania Petroleum Development Corporation (TPDC)
iv. Treasury Registrar (TR)
v. Tanzania Forest Services Agency (TFS)

Information related to taxes, fees, and charges payable to the government by the extractive and service providing companies was collected and analysed to determine payments, revenue streams and materiality threshold, which serves as the inclusion criterion for companies involved in the reconciliation exercise for the fiscal year 2018/19. The results and recommendations were submitted to TEITA Committee for approval.

2.2 Data Collection

The IA developed the reporting templates and instructions on how to complete the templates for both companies and Government Agencies. The approved reporting templates are presented in Appendix 1 to 7 of this report. The representatives of the reporting entities were trained on how to fill the templates. Then, the TEITI Secretariat sent letters, the reporting templates and filling instructions electronically to the reporting entities. These entities were required to report directly to the IA by 21st May 2021.

2.3 Reconciliation and Investigation of Discrepancies

The reconciliation process was carried out on a cash accounting basis. Each extractive and service providing company's payments made were compared to corresponding revenue data reported by the Government Agencies. Consequently, all discrepancies identified were listed item-by-item to each Government Agency and extractive and service providing companies.

Further investigation on discrepancies of individual financial flows exceeding TZS 2 million and discrepancies of more than one percent of the total government receipts were conducted.

2.4 Reliability and Credibility of Data

To comply with requirement 4.9 of EITI Standard 2019, the TEITA Committee meeting held on 27th April 2021 approved that:

- For each company and Government Agency, the reporting templates must be signed by an authorised Senior Officer.
- All figures reported in the payment/receipt flow template must be detailed payment-by-payment and date-by-date in the supporting schedule.
- All reporting entities should provide disaggregated data by the project as proposed in the reporting templates.
- Each reporting template must be certified by an External Auditor.

2.5 Data Submission

Forty-one (41) that is 75.9% out of fifty-four (54) extractive and service providing companies submitted the reporting templates. On the other hand, sixteen (16) Government Agencies that is 40% submitted the reporting templates.

2.5.1 Data Certification

Thirty-nine (39) of the forty one (41) companies submitted reporting templates signed by both senior officers and external auditors while the remaining companies two (2) submitted the templates signed by senior officers only.

All sixteen (16) Government Agencies submitted reporting templates signed by the senior officers only. The CAG is the statutory auditor of all Government entities. Therefore, the IA relied on the management sign-off to ascertain the validity of the data reported[3]. On this basis, the IA concluded that the final assessment of the overall

[3] https://www.nao.go.tz/index.php/reports/view/general-audit-reports-for-financial-year-2018-2019

comprehensiveness and reliability of data from the companies and Government Agencies was satisfactory.

2.6 Accounting Records

As per Requirement 4.7 of the EITI Standard 2019, data must be reported by each individual project, company, Government Agency and revenue stream. Reporting entities were requested to provide financial data and contextual information. The reconciliation was carried out on a cash basis for all payments made from 1st July 2018 to 30th June 2019. .

The reporting currency used is Tanzanian Shilling (TZS). For payments made in US Dollars, a computed daily average rate (USD 1 = 2,288.73) for the 2018/19 period as per Bank of Tanzania (BoT) was applied.[4]

2.6.1 Extractive and service providing companies

Extractive and service providing companies prepare annual accounting records on an accrual basis, i.e., the tax expense is recognised when it is due rather than when it is paid. However, for the purpose of the reconciliation exercise payments paid during the Government financial year from 1st July 2018 to 30th June 2019 were declared in the reporting templates.

2.6.2 Government Agencies

Government Agencies were required to report the amounts received in the period from 1st July 2018 to 30th June 2019.

[4] https://www.bot.go.tz/FinancialMarkets/IFEMsummaries/IFEMsummaries.asp

3 OVERVIEW OF THE EXTRACTIVE SECTOR

3.1 Policy, Legal and Regulatory Framework

The mining, oil and gas sector is guided by various policies, laws, and regulations. The policy, legal, regulatory and institutional framework for the mining sub-sector is different from that of the oil and gas sub-sector. These frameworks are described in the following sections:

3.1.1 Policy and Legal Framework for the Mining Sector

The mining sector's legal framework constitutes the Mineral Policy of 2009, the Mining Act [Cap 123, R.E. 2018], other related Acts, and several mining regulations. The applicability of each legal instrument in the mining sector is as follows:

3.1.1.1 The Mineral Policy of 2009

The Mineral Policy of 2009 sets the vision for the mineral sector by 2025. The key objectives of the Policy are to:

- Continue attracting private investments in exploration and mining.
- Enhance Government participation in strategic projects in the mining sector.
- Emphasize the integration of the mineral sector with other sectors of the economy.
- Establish a fiscal regime that balances benefits with investments competitiveness.
- Support mineral beneficiation and marketing.
- Underpin development of small-scale miners.
- Promote public participation in mining activities.
- Guide investors towards sustainable exploitation of mineral resources of Tanzania in a win-win manner.

3.1.1.2 The Mining Act, Cap 123

The Mining Act, Cap.123, introduced various changes in the mining sector notably:

- Increased the royalty rate from 4 to 6 per cent for mineral exports such as gold, copper, silver and platinum.
- A clearing fee of 1 per cent (as a new requirement) on the value of all minerals exported outside Tanzania
- Changed the shareholding structure requirements whereby all Mining Licence or Special Mining Licence holders are required to give the Government at least a 16 per cent free carried interest in their companies' capital.

- Entitled the Government to acquire (in total) up to 50 per cent of the shares in a mining company, proportional with the quantified value of tax expenditures incurred by the Government in favour of the mining company.
- Established the Mining Commission, which replaced the Mining Advisory Board (Board) and Tanzania Mineral Audit Agency.
- Provisions requiring the mineral rights holders to buy goods and services produced in Tanzania

3.1.1.3 The Natural Wealth and Resources Contracts (Review and Re-negotiation of Unconscionable Terms) Act, 2017

The Natural Wealth and Contracts (Review and Re-negotiation of Unconscionable Terms) Act, 2017, allowed the Government to review and re-negotiate agreements entered between the Government and mining companies before enacting the Natural Wealth Act. Further, Section 4 and 6 of this Act provide powers to the National Assembly to review arrangements and agreements made by the Government, and where necessary, direct the Government to re-negotiate any unconscionable terms identified, particularly those that restrict the Government's sovereignty over its natural resources.

3.1.1.4 The Natural Wealth and Resources (Permanent Sovereignty) Act, 2017

The Natural Wealth and Resources (Permanent Sovereignty) Act, 2017, introduced the requirement of settling disputes, especially those that relate to the extraction, exploitation, acquisition, or use of natural wealth and resources that are to be settled within Tanzania. Before the enactment of this Act, parties were free to choose the governing law and jurisdiction concerning dispute resolution.

3.1.1.5 The Tanzania Extractive Industry (Transparency and Accountability) Act, 2015

Tanzania Extractive Industries (Transparency and Accountability) Act, 2015[5] was enacted to ensure transparency and accountability of players in the extractive industry in Tanzania. Among other matters, section 4 of the Act established a Committee, which is an oversight body for promoting and enhancing transparency and accountability in the extractive industry. Section 5 to 10 of the Act provides other matters concerning the functional arrangement of the Committee. Moreover, section 10 (2) (b) and (c) of the Act empowers the Committee to obtain information from extractive companies and statutory recipients concerning their operations.

In addition, section 15 (1) to (3) of the Act set a requirement for extractive industry companies to provide information on local content, corporate social responsibility, and

[5] http://parliament.go.tz/polis/uploads/bills/acts/1452053429-ActNo-23-2015-Book-21-25.pdf

capital expenditure incurred. Similarly, section 16 (1) (a) and (b) requires the Committee to publish the information of extractive industry companies, including disclosure of contracts and beneficial ownership. Section 23 of the Act sets out penalties for individuals and companies, which fail to produce a document or information required under the law. An individual could pay a fine of up to TZS 10.0 million, while a body corporate could be fined a maximum of TZS 150.0 million.

3.1.1.6 Income Tax, Act 2004 and its Amendments of 2018

The Income Tax Act contains specific provisions that apply to the mining industry. Although mining companies continue to be subjected to the 30 per cent corporate income tax on their taxable profits, the income tax regime has introduced ring-fencing requirements along the value chain and changes regarding deduction and depreciation. There is no limit on the carry-forward period for tax losses though, losses from one mining licence area can only be offset against profits from the same mining licence area. However, the offset of losses brought forward is limited to 70 per cent of current year taxable profit before brought forward losses if an entity has had tax losses in the preceding four years.

As per this Act, mining companies are required to withhold tax when making payments in relation to dividends (10 per cent), interest (15 per cent), service fees provided by non-residents (15 per cent), and local professional and consultancy services (5 per cent).

3.1.1.7 The Finance Act, 2020

The Finance Act, 2020 introduced changes to the Income Tax Act, Business Registration and Licencing by repealing Section 16(2) of the Companies Act, the Vocational Education and Training Act, Cap 82, and the Mining Act, Cap 123. These changes set new requirements that are applicable to the mining sector as follows:

- *Income Tax Act:* The Finance Act, 2020 introduced a new requirement concerning taxation of a beneficial owner or agent of a non-resident person by amending sections 4 and 6 of the Income Tax Act.
- *Business Registration and Licensing Agency (BRELA):* The Finance Act, 2020 abolished the requirement of the seal by the Commissioner of Oaths when incorporating a company or renewing a registration by repealing section 16 (2) of the Companies Act.
- *The Vocational Education and Training Act, Cap 82:* The Finance Act, 2020 reduced the Skills Development Levy from 4.5 per cent to 4 per cent to relieve employers' overheads.
- *The Mining Act, Cap 123:* The Finance Act, 2020 introduced a new provision that requires the applicant for a new or renewal of mining licence to have Taxpayer Identification Number (TIN) and Tax Clearance from TRA.

- *The Companies Act, Cap 202 and the Anti-Money Laundering Act, Cap. 423:* The Finance Act, 2020 introduced the concept of beneficial ownership in order to establish parameters for identifying owners and beneficiaries in various entities for tax purposes.

3.1.1.8 Regulations Applicable in the Mining Sector

Following the amendments to the Mining Act, the Minister for Minerals issued several Regulations to enforce the implementation of the Mining Act. Table 1 presents a description of Regulations applicable in the mining sector.

Table 1: Description of Regulations Applicable in the Mining Sector

SN	Regulation	Purpose and role of the Regulation
1.	The Mining Act (Mineral Rights) Regulations, 2018	These Regulations address the application of mineral rights, renewal, primary mining licences, and size of mining areas and mining expenditure, among others. The existence of these Regulations revokes the Mining (Minerals Rights) Regulations of 2010.
2.	The Mining (Minerals and Mineral Concentrates Trading) Regulations, 2018 as amended in 2019	These Regulations were introduced to guide the exportation and trading of mineral concentrates. Under the provisions of these Regulations, holders of mining and special mining licences, holders of processing, refining and smelting licences and holders of dealer’s licences may export or import minerals subject to obtaining an export or import permit issued by an authorised person.
3.	The Mining (Local Content) Regulations, 2018 as amended in 2019	The Regulations require that licence holders, contractors and subcontractors or licencees must ensure that local content requirements, including minimum local content levels, are complied with.
4.	The Mining (Radioactive Minerals) Regulations, 2018	These Regulations apply to mining activities in relation to exploration, mining processing, tailing, storage, transportation, acquisition, disposal and exportation of radioactive minerals. The Regulations aim at enhancing radiological safety, security and environmental protection. The Regulations repeal and replace the Mining (Radioactive Minerals) Regulations, 2010 as gazetted under GN N0. 407 of 2010
5.	The Mining (Mineral Beneficiation) Regulations, 2018 as amended in 2019	These Regulations provide for the beneficiation and processing of minerals. They further provide for application and granting of a processing, smelting or refining licence. As per the Regulations, the licence holder has the right to process, smelt or refine minerals and, for that purpose, is allowed to buy, acquire, sell and dispose of minerals (including exporting them).
6.	The Mining (Geological Survey) Regulations, 2018	These Regulations provide for administrative matters (establishment of the Board, functions, appointment, powers and duties of officers) of the geological survey of Tanzania. They also stipulate powers of the geological survey officers, general obligations on the geological survey, geological survey archives and collections, as well as source of funds of the Geological Survey Tanzania (GST), and general provisions.
7.	The Mining (Audit and Inspection of Records) Regulations, 2018	The Regulations are on records keeping, audit and inspection of these records, and other matters incidental to these requirements

SN	Regulation	Purpose and role of the Regulation
8.	The Mining (Mirerani Controlled Area) Regulations, 2019	The Regulations established a security committee for the controlled area, the committee's duties, and identify the controlled area. They also set a requirement for mineral rights holders to fence the mineral rights area. The Regulations also outline security measures for people who enter the controlled area.
9.	The Mining (Diamond Trading) Regulations, 2019	The Regulations provide for control and supervision of Diamond prospecting and mining as well as the procedure for dealing (export and import) of Diamonds. In addition, they also stipulate obligations for keeping information, records and registers for Diamond trading.
10.	Tanzania Extractive Industries (Transparency and Accountability) Regulations, 2019[6]	The Regulations require all extractive companies to keep and disclose records of payments, exploration, prospecting, award or transfer of licences. They also require disclosure of capital expenditure at every stage of investment, volumes of production and export data regarding each licence.
11.	The Mining (Lapidary) Regulations, 2020	The Regulations guide Lapidary activities in the country. They address matters related to the application of a licence to lapidary activities, inspection, training and keeping of records, as well as surrender and termination of the lapidary licence.
12.	The Mining (Mineral and Gem Houses) Regulations, 2019	The Regulations provide for the establishment and operations of Mineral and Gem houses as well as procedures for acquisition, transportation and storage of minerals.
13.	Mining (Minimum Shareholding and Public Offering) Regulations of 2016 as amended in 2020	The Regulations mandate that 30 per cent of a shareholding by holders of special mining licences be locally owned and that a minimum local shareholding should be obtained through a public offer made under the Capital Markets Securities Authority.
14.	The Mining (Safety, Occupational Health and Environment Protection) Regulations, 2010	These Regulations regulate safety, health and environment in all mines and quarry during exploration, evaluation, development, construction and production, and closure and reclamation. The said Regulations define the power and duties of the inspector related to compliance assurance.
15.	The Mining (Environmental Protection for Small Scale Mining) Regulations, 2010	These Regulations apply specifically to primary mining licence holders and are not applicable to prospecting activities or medium and large-scale mining activities.
16.	The Mining (Environmental Protection for Small Scale Mining) Regulations, 2010	The Regulations empower the 'Authorized Officer' to enter a small scale mine any time to monitor and assess effects on the environment. In non-compliance with the Environment Protection Plan and other provisions of these regulations, the holder of the small-scale mine has to take all reasonable action to mitigate those impacts and inform the zonal/RMO officer or pay a fine of up to TZS 100,000 for every breach.
17.	The Environmental Impact Assessment and Audit Regulations 2005 (the ESIA Regulations)	The Regulations set out how the Environmental Impact Assessment (EIA) and audit for mining projects should be conducted.
18.	The Mining (Mineral Rights Applications by Tender) Regulations, 2020	These Regulations shall apply to the applicants applying for mineral rights on the same area and date or the reserved area for application by tender.

[6] https://www.madini.go.tz/wp-content/uploads/2019/02/TEITA-REGULATIONS-GN-NO.141-OF-2019.pdf

3.1.2 Regulatory and Institutional Framework of the Mining Sector

The regulatory and institutional framework of the mining sector comprises of different institutions and regulatory bodies. These entities include Ministry of Minerals (MoM, the Ministry of Natural Resources and Tourism (MNRT), the National Environment Management Council (NEMC), Tanzania Revenue Authority (TRA), the Mining Commission (MC), and the TEITA Committee.

i. The Ministry of Minerals

The Ministry of Minerals is the apex body that regulates the activities of the mining sector (large-scale, small-scale and artisanal miners) and enforces the implementation of the Mining Act, Cap 123. The Ministry is responsible for issuing mineral rights, enforcing laws and regulations for mining, and protecting of environment-including undertaking environmental monitoring and auditing. The Ministry is also responsible for overseeing the implementation of the TEITA Act, 2015.

ii. Ministry of Natural Resources and Tourism

The Ministry of Natural Resources and Tourism enforces laws and regulations for forestry resources management, forest conservation, and tourism. It regulates mining activities in forests and other protected areas by issuing permits to conduct mining activities in such areas.

iii. Ministry of Lands, Housing and Human Settlement

National Land Policy, 1997, the Village Land Act, Cap 114, and the Land Act, Cap 113 as amended in 2004 empower the Ministry of Land, Housing and Human Settlement to undertake land survey and oversee land use management. In that regard, the Ministry is a pivotal government organ for determining the mining areas and grant legal approval for mining activities in designated areas with mineral reserves.

iv. The Mining Commission

The Mining Commission has taken over all operational functions performed by Minerals Division under Ministry of Energy and Minerals and all functions performed by the Tanzania Minerals Audit Agency (TMAA) and Tanzania Diamond Sorting Organization (TANSORT). The Commission is responsible for advising the Minister on all matters related to the mining sector. Furthermore, the Commission aims to enhance the management of the mining sector and ensure that the Government is benefiting from the income generated from the sector. Detailed functions of the Commission are provided in Section 22 of the Mining Act, Cap 123.[7]

v. Tanzania Extractive Industries Transparency Initiative Committee

Tanzania Extractive Industries Transparency Initiative Committee seeks to create transparency and accountability in management of the extractive industry in Tanzania.

[7] https://www.tumemadini.go.tz/pages/functions

The TEITA Act, 2015 and its attendant Regulations of 2019 empowers the Committee to solicit and publish extractive companies' financial, production, and beneficial ownership information.

vi. National Environment Management Council

The Council is responsible for providing environmental education and raising public awareness on environmental management. Also, it advises the Government on environmental matters, performs environmental audits in all sectors to ensure compliance with environmental laws and regulations, and enforces pollution control measures. The Council is an important instrument for ensuring the operations of mining activities are environmentally friendly.

vii. Tanzania Revenue Authority

The Authority is responsible for administering tax laws to assess, collect, and account for all revenues to which those laws apply. It is also responsible for monitoring and ensuring the collection of fees, levies, charges or any other tax collected by any ministries, departments or divisions of the government as revenue for the government. TRA is responsible for collecting tax and accounting for all revenues from the mining activities in the mining sector.

viii. State Mining Corporation

State Mining Corporation (STAMICO) is an arm of the government to participate in mining activities. As a State-Owned Enterprise (SOE), STAMICO is expected to operate competitively in the mining sector and contribute to the national income. Specifically, STAMICO's responsibilities are to oversee Government interests in large scale mines, invest in the mining sector through mineral prospecting, development and operate mines, mineral trading, value addition, providing services in the management of mines, drilling, consultancy support to small scale mining and other related mining business.

ix. Geological Survey of Tanzania

The Geological Survey of Tanzania (GST) is a government body responsible for all matters related to geological activities other than prospecting, exploration and mining activities. The amendment of the Mining Act of 2010 through the Written Laws (Miscellaneous Amendments) Act, No. 7 of 2017 vested new functions to GST in addition to already existing functions. Some of its core functions include:[8]

a) Undertake the geological mapping of Tanzania, and may for that purpose, engage contractors.
b) Provide data concerning Tanzania's geology and mineral resources and generally assist members of the public seeking information concerning geological matters.

[8] https://tanzlii.org/tz/legislation/act/2017/7-0

c) Maintain such laboratory, library and record facilities as may be necessary for the discharge of its functions.
d) Provide geo-scientific advice, information and data to the Government.

x. Business Registration and Licensing Agency (BRELA)

The broad function of BRELA is to register new companies, regulate and facilitate businesses activities in Tanzania. A company or an individual intending to conduct mining business in Tanzania must obtain a business licence before applying for the mineral rights from the MC.

3.1.3 Impact of the reforms made in the Mining Sector

The reforms undertaken in the Mining Sector in the past years have brought positive impact in the following areas:

a) *Increased implementation of mineral value addition activities in the country:* The amendment of the Mining Act, Cap 123, also gave the Government a lien to all mineral concentrates, a measure that stimulated stakeholders to invest in mineral value addition activities. To date, the country has established three Gold Refineries that are Geita Gold Refinery, Mwanza Precious Metals Refinery and Eyes of Africa.
b) *Increased commitment of mining companies to CSR and local content:* The amendments of the Mining Act, Cap 123, has set provisions for mining companies to increase commitment on local content and streamlined the CSR initiatives of the mining companies. As a result, the CSR activities are implemented as per the CSR plans prepared jointly between the mining companies and local authorities.
c) *Establishment of Mineral Joint Ventures such as:* Twiga Minerals Corporation and Tembo Minerals Corporation Limited: As a result, these reforms guarantee the government to acquire a minimum of 16 per cent share of free-carried interest.
d) *Increasing of Government revenue.* The establishment of Minerals Market and Mirerani designated controlled area has enhance revenue collections and reduced mineral smuggling.
e) The reforms have clearly demonstrated the will of the government in formalization of Artisanal and Small scale miners.
f) The reforms have contributed in the increase of the share of the mineral sector to GDP from 3.8% in 2014 to 6.7% in 2020. The target of this sector's contribution to GDP is 10% by 2025.
g) Despite of the milestones achieved, capacity inadequacy in understanding and interpretation of the laws, limited finance to support research among others, is critical for the growth of the sector.

3.1.4 Legal Framework of the Oil and Gas Sector

The legal framework of the oil and gas sector is made up of various policies, laws, and regulations. The main legal instruments include the National Natural Gas Policy (NNGP) of 2013, the National Energy Policy of 2015, and the National Investment Policy of 1996. Others include the Oil and Gas Revenue Management Act of 2015, the Petroleum Act of 2015, and the Petroleum (Local Content) Regulations of 2017. Similarly, the exploration and production of oil and gas are guided by the Model Production Sharing Agreement for Petroleum (MPSA) of 2013.

3.1.4.1 The National Energy Policy, 2015

The National Energy Policy, 2015 has considered the key issues addressed in the National Natural Gas Policy (NNGP) of 2013 and the Local Content Policy of Tanzania for the Oil and Gas Industry (LCPTOGI) of 2014. The Policy was prepared to address the following key issues:

- *Restructuring of the State-owned utility company -TANESCO:* The Policy proposes for the State-owned utility company to be unbundled into independent generation, transmission, and distribution companies. However, to date, this Policy has not been implemented. The State-owned utility company still performs the three functions.
- *Prioritization of the local market for oil and gas products:* The Policy recommends that the local market be prioritised over export markets to promote domestic utilisation of oil and gas products.
- *Mobilization of financial resources:* The policy points out the necessity of mobilising adequate financial resources for implementing energy programmes and projects. Through this Policy, the Government aspired to establish a favourable investment climate that would attract private investments in the energy sector.
- *Energy pricing:* Through this Policy, the Government aims to have efficient and effective energy pricing for the sustainability of the energy sector. However, the main challenges are the fluctuations of exchange rates, inflation, and the ability of consumers to afford energy prices.
- *Public Private Partnership:* The policy advocates for Public-Private Partnership (PPP) undertaken to bring rapid growth in the energy sector and ensure speedy structuring and financing of PPP projects in this sector.

3.1.4.2 The National Investment Policy of 1996

The National Investment Policy of 1996 aims to promote, attract, and facilitate Foreign Direct Investment (FDI) in the country, including in the oil and gas sector. Since the capacity of local firms to participate in the exploitation of oil and gas resources is low, the Policy creates a conducive environment for international oil and gas companies to invest in oil and gas projects, thereby allowing the country to benefit from its oil and gas resources. Currently, the Policy is under review to improve the investment climate in the country.

3.1.4.3 Petroleum Act, 2015

The Act provides for the regulation of upstream, midstream, and downstream activities of the petroleum sub-sector. Section 11 of the Act establishes Petroleum Upstream Regulatory Authority (PURA), which is mandated to monitor and regulate the upstream petroleum segment in Tanzania mainland. Likewise, section 8 of the Act establishes the TPDC as the National Oil Company (NOC). TPDC acts as an aggregator with exclusive rights to purchase, collect and sell natural gas from producers. Legally, TPDC must maintain a participating interest of not less than 25 per cent in each oil and gas project operating in Tanzania. It can form subsidiary companies that could facilitate TPDC to carry out specific petroleum operations or related activities. Cap 414, provides powers to Energy and Water Utilities Regulatory Authority Act, to exercise powers in respect of midstream and downstream oil activities in Tanzania under the Petroleum Act, 2015. In addition, the Act establishes an Oil and Gas Bureau within the office of the President to advise the Cabinet on strategic matters about the oil and gas economy in the country.

3.1.4.4 The Oil and Gas Revenues Management Act, 2015

The Oil and Gas Revenue Management Act, 2015 is the principal legislation that guides the management of revenues from the Oil and Gas Sector. The Act establishes the Natural Gas Revenue Fund (NGRF) to ensure fiscal and macroeconomic stability, guarantee the financing of investment in the Oil and Gas sector, enhance social and economic development through oil and gas operations, and safeguard resources for future generations. The fund receives contributions from royalties, government profit share, dividends, and corporate income tax on exploration, production and development of oil and gas resources. The fund became operational effectively from May 2017, and in this reporting period, TPDC contributed TZS 66,449,000,000 to the fund.

3.1.4.5 The Natural Wealth and Resources Contracts (Review and Re-negotiation of Unconscionable Terms) Act, 2017

The Natural Wealth and Contracts (Review and Re-negotiation of Unconscionable Terms) Act, 2017, allows the Government to review and re-negotiate agreements entered between the Government and the other party (including mining, oil and gas companies) in the extraction, exploitation, acquisition and the use of natural wealth and resources. Section 4 and 6 of this Act provide powers to the National Assembly to review and re-negotiate arrangements and agreements made by the Government relating to natural wealth and resources, and where necessary, direct the Government to re-negotiate any unconscionable terms identified, particularly those that restrict the Government's sovereignty over its natural resources.

3.1.4.6 The Natural Wealth and Resources (Permanent Sovereignty) Act, 2017

The Natural Wealth and Resources (Permanent Sovereignty) Act, 2017, aims to ensure that the interest of the people of the United Republic of Tanzania is protected and benefits its people regarding the use of natural wealth and resources. The President of the United Republic of Tanzania is entrusted with its people's natural wealth and resources. All activities and undertakings relating to that subsector will be conducted by the Government. The Act also ensures value creation and addition in natural wealth and resources by promoting local beneficiation of raw materials, which will create employment and skills transfer. Section 11 of the Act provides for strict adjudication of all disputes arising from the exploration, exploitation, acquisition and use of natural wealth and resources by judicial bodies or institutions established in the United Republic of Tanzania according to the laws of Tanzania. Before the enactment of the Natural Resources Act, parties were free to choose the governing law and jurisdiction concerning dispute resolution.

3.1.4.7 The Petroleum (Local Content) Regulations of 2017

The Petroleum (Local Content) Regulations of 2017 provide the ways in which the government can maximize attainment of the country’s benefits from current gas projects and potential future oil and gas projects. They promote job creation through the engagement of local experts in oil and gas activities and the utilization of local goods and services. In addition, they guide the participation of the local community in the oil and gas sector.

3.1.4.8 Model Production Sharing Agreement for Petroleum of 2013

The Model Production Sharing Agreement for Petroleum (MPSA) of 2013 serves as the basic framework for negotiations between foreign oil companies, the Government, and TPDC. The model agreement sets out terms under which exploration and production activities can take place. Under the MPSA, exploration and production companies incur operational expenses and then apportion the profit from oil and gas income with TPDC. Key provisions of the MPSA that are beneficial to the country include those related to state participation in oil projects by at least 25 per cent and the right of the government to receive royalty and additional profit tax.

Similarly, the MPSA of 2013 emphasizes the capacity building of local staff through training by increasing the annual training expenditure budget requirement from a minimum of $150,000 under the MPSA of 2008 to a minimum of $500,000. However, this contractual requirement is for new arrangements and might differ from the active or existing agreements entered before 2008. In general, the MPSA of 2013 guarantees the interests of TPDC in oil and gas accomplishments. However, the MPSA 2008, 2013 have not affected the agreements already in place, i.e. agreements before 2008. The parliament under the Natural Wealth and Resources Contracts (Review and Re-

Negotiate of Unconscionable Terms) Act, 2017, Sec 4, 5, 6 and 7 exercised its powers to call on and review the terms of the existing PSAs.

3.1.5 Regulatory and Institutional Framework of the Oil and Gas sector

The country's oil and gas sector is regulated by the Ministry of Energy (MoE), Ministry of Finance and Planning (MoFP), PURA, Energy and Water Utilities Regulatory Authority (EWURA), and BoT.

3.1.5.1 Ministry of Energy

The Ministry of Energy is the highest supervisory organ of energy issues in the country and is responsible for coordinating and setting appropriate policies, laws, and Regulations to ensure sustainable development of the sector. Despite this noble responsibility, the MoE is responsible for managing institutions under its jurisdiction. These institutions include the TPDC, EWURA, PURA, Tanzania Electrical Supply Company (TANESCO), and Rural Energy Agency (REA).

3.1.5.2 Ministry of Finance and Planning

The MoFP is a part of a coordinated system that aims at strengthening transparency and proper use of revenue derived from the energy sector. It develops policies that promote the attainment of national output from the oil and gas sector. The Ministry provides exemptions on Value-Added Tax (VAT) and other taxes on various devices used to store, export, and distribute gas.

3.1.5.3 Petroleum Upstream Regulatory Authority

PURA is the regulatory authority established under Section 11 of the Petroleum Act, 2015 (Act No. 21 of 2015) to regulate and monitor petroleum upstream operations and LNG activities in the Mainland Tanzania and provide advisory services to the Government and the Minister for Energy.

3.1.5.4 Energy and Water Utilities Regulatory Authority

EWURA is responsible for technical and economic regulation of the electricity, petroleum, natural gas, and water sectors in Tanzania pursuant to Cap 414 and other sector legislation. EWURA is also responsible for promoting effective competition and economic efficiency in the energy sector, protecting the interests of consumers, and promoting the availability of regulated services to all consumers.

3.1.5.5 Bank of Tanzania

BoT participation in the oil and gas sector has been identified in the National Natural Gas Policy of 2013. One of the key responsibilities of the BoT is to control inflation that may originate from oil and gas activities. It achieves that goal by issuing relevant financial procedures for oil and gas operations. Similarly, as per section 8 of the Petroleum Revenue Management Act, 2015, BoT maintains and operates a Natural

Gas Revenue Fund account. As a result, BoT is involved directly in managing the funds from the oil and gas sector.

3.2 Fiscal Regime

3.2.1 Fiscal Regime of the Mining Sector

According to the Mining Act, the Tanzanian Government generates revenue from companies operating in the mining sector through taxation, fees, and other duties according to the Mining Act, Cap 123. Table 2 presents a summary of the fiscal regime for the Mining sector.

Table 2: Fiscal terms for the Mining Sector

SN	Fiscal category	Description
1	Royalty	Mining companies pay royalties to MC. From July 2017, the amendments made to the Mining Act, Cap 123 set the royalty rate of 6% for diamond and gemstones and 6% for metallic minerals such as copper, gold, silver, and platinum.
2	Inspection and clearing fees	Mining companies pay 1% of the value of all mineral exports to MC as inspection fees.
3	Free carried interest shares	The amendments made to the Mining Act in 2017 introduced a requirement for Mining Licence and Special Mining Licence holders to give the Government not less than 16% free carried interest shares in their companies' capital.
2	Corporate Tax	Mining companies are charged corporate tax at the same fixed rate of 30% of taxable income as per the Income Tax Act, Cap 233 [R.E. 2008]
3	Value Added Tax	VAT is a pass-through tax that applies at every transaction point. The rate is 18% of all taxable goods and services. All suppliers of goods and services with a turnover of at least TZS 40 million must be registered for VAT purposes. In the Mining sector, VAT refunds are provided for mineral exports, but amendments to the VAT Act in 2017 mean that refunds are no longer provided for exports of ore and concentrates.
5	Depreciation allowance for capital expenditure	The third schedule of the Income Tax Act, Cap 233 [R.E. 2008] as amended by the Finance Act 2016, set the depreciation allowance at 20% per year for five years.
6	Loss carry-forwards	If a corporation made a loss from the corporation's business, it is allowed to be deducted for five consecutive years and in the third year will be taxed at the rate of 0.3% on turnover.
7	Withholding tax on dividends	As per the first schedule of the Income Tax Act, Cap 233 [R.E. 2008], mining companies listed in the Dar es Salaam Stock Exchange market pay a withholding tax of 5 percent on dividends. Other companies not listed in this market are obliged to pay a withholding tax of 10 percent on dividends.
8	Withholding tax on interest	Withholding tax on interest on foreign loans is at the rate of 10 percent, and accrued interest is deemed a payment; therefore, withholding tax thereon is payable.
9	Withholding tax on payment for technical services and on management fees	When mining companies pay technical service or the management fee to a resident person are obliged to charge a withholding tax of 5 percent and a 15 percent when paying such fee to a non-resident person. However, entities with Mineral Development Agreements (MDAs) signed before 2014 pay a withholding tax at the rate of 3%.
10	Customs duty on imports of mining	Under the terms of the Customs Traffic Act, import duty payable by a mining company or its subcontractors is zero percent during

SN	Fiscal category	Description
	equipment and supplies	exploration and in the first year of operation; thereafter, it will not exceed 5 percent.
12	Capital Gains Tax	The capital gains tax rate is 30% for corporate entities in Tanzania.

3.2.2 Fiscal Regime of the Oil and Gas Sector

As it is in the mining sector, the Tanzanian Government generates revenue from companies operating in the oil and gas sector through taxation, fees, and other duties as stipulated in the Income Tax Act, 2004, Oil and Gas Revenue Management Act, 2015, and MPSA of 2013. Table 3 presents a summary of the fiscal regime for the oil and gas sector.

Table 3: Fiscal terms for the Oil and Gas Sector

SN	Fiscal Category	Description
1	Royalty	1. Royalty for oil and gas is paid to TPDC as provided for in section 113 of the Petroleum Act, 2015. Royalty is on a sliding scale depending on the area where the hydrocarbon is being exploited, with the rate being 12.5% in the onshore and shelf areas and 7.5% in the offshore areas. 2. The Petroleum Act and MPSA of 2013 require payment of royalty out of gross production before the operation of the sharing formula.
2	Cost Recovery Limit	Cost recovery is limited to 50% of production (net of royalties) in any period. The model gas terms provide a more generous 70% limit. Profit hydrocarbons are shared based on production volumes.
5	Petroleum Profit	This is the amount of oil or gas revenue remaining after royalty and cost recovery has been deducted. Petroleum profit is shared between the National Oil Company (NOC), the Tanzania Petroleum Development Corporation (on behalf of the government), and the Contractor on pre-agreed proportions. The MPSA 2013 contains benchmarks for profit-sharing which are not binding.
6	Additional Profit Tax	Additional Profit Tax (APT) is payable by a contractor subject to Article 17 of the MPSA 2013 and is calculated based on the Development Area of the contractor. Payment of APT is a contractual obligation rather than a tax that is enshrined in the tax laws. APT will vary with the real rate of return earned by the Contractor on the net cash flow from the Development Area. Contractors pay an APT of 25% of the first accumulated net cash position and 35% of the second accumulated net cash position.
7	Income Tax	1. A contractor pays income tax as corporate tax as per the Income Tax Act, Cap 332 [R.E. 2008] 2. If the contractor consists of more than one legal entity, each entity is required to calculate and pay its income tax separately and submit a separate return. 3. Resident Company is taxed at 30% on its worldwide income. A non-resident is taxed 30% on its Tanzanian sourced income. A new company is taxed at 25% if it is listed on the Dar es Salaam Stock Exchange (DSE) and the general public holds at least 30% of its shares.
8	Branch Profit Tax	Branch profit tax applies to repatriated income. Repatriated income is calculated according to a specific formula based on movements in the branch balance sheet and the maintenance of a form of tax retained earnings account.
9	Withholding tax	This is the amount of a service or goods provider's pay withheld by the taxable entity and sent directly to the government as partial payment of income tax. The rate is 5% from the payment of

SN	Fiscal Category	Description
		resident providers of technical or management services. The dividend is taxed 10%, but 5% for companies listed at DSE or in case 25% of shares owned by residents.
10	Annual Rental Fee	The contractor pays the following rental fees indexed to US$ inflation rates (as per MPSA 2013): i. 50 US$/sq. km for the initial exploration period; ii. 100 US$/sq. km for the first extension period; and iii. 200 US$/sq. km for the second extension period
11	Import Duty Exemption	All equipment and material imported for use in petroleum operations can be imported free of all duties and import taxes and can be re-exported free of any export duty or tax. Expatriates enjoy similar privileges in respect of their personal effects.
12	Capital Gains Tax	Capital Gain Tax applies in case of corporate re-organization and/or there is an acquisition of assets. Transfer of shares subject to Capital Gain Tax is charged at the rate of 30% of turnover. Since July 2012, indirect share transfer may be taxed. The change of ownership by 50% is treated under the Income Tax as a realization of asset/liabilities.
13	Value Added Tax (VAT)	VAT is a pass-through tax that applies at every transaction point. The rate is 18% of all taxable goods and services. All suppliers of goods and services with turnover at least TZS 40 million must be registered for VAT purposes. The oil and gas exploration companies are exempted from the VAT to extent provided in their respective PSAs.
14	Bonuses	International Oil Companies pay two types of bonuses: signature and production bonuses. These are front-end loaded taxes payable upfront to the State. Bonuses were initially introduced by Article 11 (c) of the MPSA 2013. The same is provided in PA under Section 115 and Section 116. The signature bonus rate is not less than $2.5million, and production bonus is not less than $5million. Bonuses are not recoverable under the PSA, but they are deductible for tax purposes
15	Ring Fencing	Ring-fencing has been introduced for purposes of separating income and losses arising from different operations. Contract expenses are ring-fenced within the Contract Area. The recoverable Contract expenses must have been incurred prior to the commencement of production. Activities in different contract areas are treated as separate operations and are taxed separately as per Section 20 of the Finance Act 2013, Section 118 PA 2015, Section 19 of Income Tax Act, 2004, Article 12(c) MPSA 2013
16	Transfer Pricing	All arrangements between separate mining and petroleum operations and other activities should reflect the arm's length principle. This principle requires associated persons to transact with each other independently and on an equal basis. The Ministry of Finance and Planning has issued detailed transfer pricing regulations to support the transfer pricing provision in the Income Tax Act. PSAs also generally include their own detailed transfer pricing rules, which apply for the purposes of sharing profit derived from oil or gas and calculating cost recovery.
17	Training and research fees	Contractors in the oil and gas sector pay training and research fees of US$ 500,000 per annum to TPDC for purposes of enhancing the development of oil and gas subsector as per Section 114 of the Petroleum Act, 2015.

3.3 Key Features of the Extractive Industry

3.3.1 Mining Sector

Tanzania is endowed with abundant and diverse occurrences of mineral deposits due to its favourable geological setting with lithostratigraphic and tectonic units that includes the Archaean Tanzania Craton, the Palaeoproterozoic Ubendian and Usagaran mobile belts, the Mesoproterozic Karagwe–Ankolean, the Neoproterozoic Mozambique belt, the Phanerozoic sediments of the Karoo, Coastal basin and Cenozoic volcanic rocks. Major types of minerals found in Tanzania include gold, iron ore, nickel, copper, cobalt, silver, diamond, tanzanite, tin, ruby, garnet, limestone, soda ash, gypsum, salt, phosphate, coal, uranium, gravel, graphite, sand and dimension stones[9]. These minerals are described in Table 4.

Table 4: Description of the major types of minerals found in Tanzania[10]

SN	Mineral Category	Major Mineral Types
1.	Metallic minerals	Gold, Iron ore, Silver, Copper, Nickel, Platinum, Tin, Aluminium, Lead, Silver, Cobalt, Lithium, Manganese, Mercury, Titanium, Tungsten
2.	Gemstones	Zinc, Diamond, Tanzanite, Ruby, Garnet, Emerald, Sapphire, Alexandrite, Amazonite, Amethyst, Aquamarine, Anyolite, Opal, Tourmaline, Kyanite, Magnesite, Moonstone
3.	Industrial minerals	Kaolin, Phosphate, Gypsum, Diatomite, Bentonite, Vermiculite, Limestone, Salt, Asbestos, Feldspar, Graphite, Fluorite, Corundum, Pozzuolana.
4.	Energy minerals	Coal, Uranium, Thorium, Helium
5.	Building materials	Stone aggregates, Sand

The minerals shown in Table 4 are found in different locations within the country. Figure 1 illustrates the locations of some of these minerals in the country.

[9] https://www.trade.gov/country-commercial-guides/tanzania-mining#:~:text=Tanzania%20is%20the%204th%20largest,quarter%20in%20the%20previous%20year.

[10] https://www.tumemadini.go.tz/uploads/files/Minerals%20Available%20in%20Tanzania.pdf

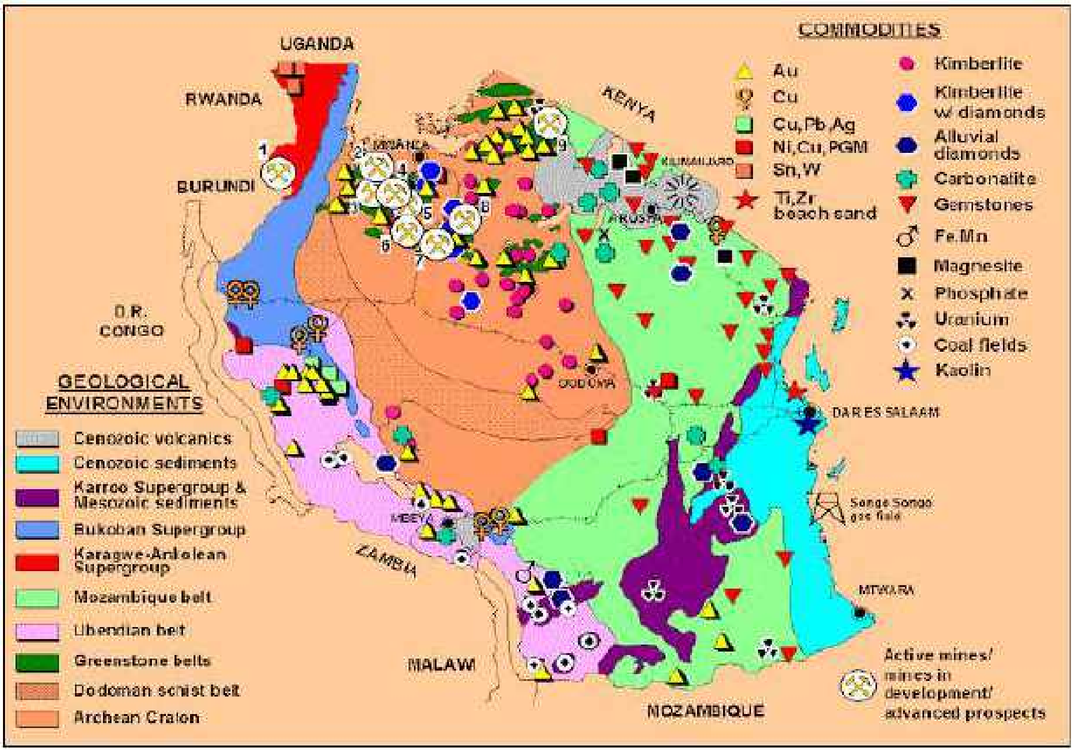

Figure 1: Mineral Occurrence Map in Tanzania

Source: Mining Commission Annual Report 2018/19.

In terms of commercial significance, gold is the leading mineral, and Tanzania is the 4th largest producer of this mineral in Africa after South Africa, Ghana, and Mali. The major gold mines in the country include Geita Gold Mine (GGM) in Geita Region, North Mara Gold Mine (NMGM) in Mara Region, Bulyanhulu Gold Mine (BGM) and Buzwagi Gold Mine (BZGM) in Shinyanga Region. Others are New Luika Gold Mine (NLGM) in Songwe Region and Stamigold Biharamulo Mine (SBM) in Kagera Region.

3.3.2 Artisanal and Small Scale Mining

There is no consensus on what constitutes an Artisanal and Small-Scale Mining (ASM) operations globally. This is partly because definitions vary by country. However, ASM is used to refer to formal and informal operations characterized by a relatively low degree of mechanization, high degree of labour intensity, poor occupational and environmental health standards, little capital investments, and lack of long-term planning.

ASM practices in Tanzania were first recognized by the Mining Acts of 1979 and 1998. Such recognition opened avenues for the formalization of ASM in the country. The Mining Act, 1998 introduced specific Licences for Tanzanian small-scale miners, namely Primary Mining Licences (PMLs). Later, the Mineral Policy, 2009 and the Mining Act, 2010 introduced relevant changes for small-scale mining, that defines as prospecting or mining operations with a PML "whose capital investment is less than USD 5 million. Notable changes in the amended framework included:

- Applying for PMLs was facilitated, among others, by decentralizing administration to Zonal and Resident Mining Offices.
- The changes introduced a requirement for PML holders to submit an Environmental Protection Plan (EPP). The purpose of the EPP is to enable a PML owner to prepare an implementation plan upon which the management of the environment will be ensured. It also allows the PML owner to comply with the relevant legislation, regulations and standards for environmental management
- The Act established designated areas for small-scale mining operations. As of 2019, the country had designated 36 areas representing over 280,000 hectares (see Figure 2)

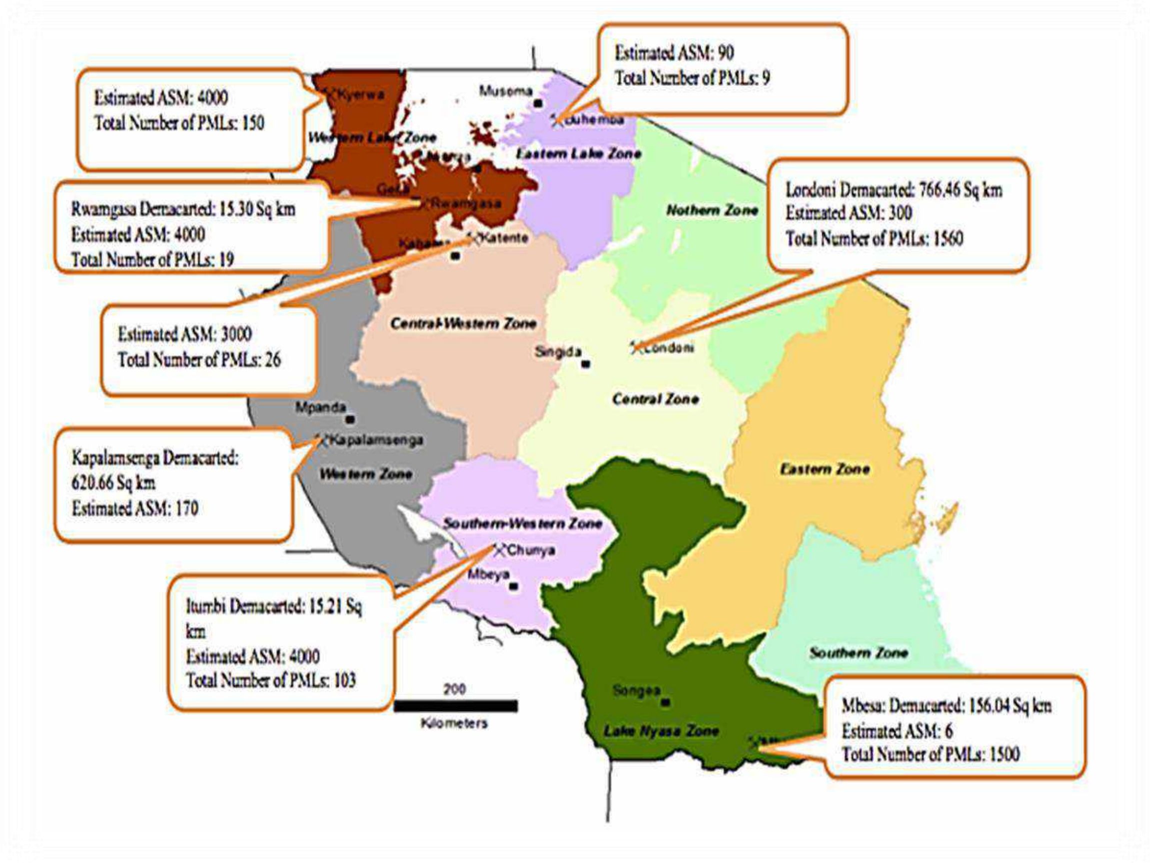

Figure 2: Designated areas for small-scale mining in the 10 mining zones
Source: Merket, 2019

Following the legal transformation in the mining sector brought by amendment of the Mining Act, Cap 123 in 2017, ASM's contribution become visible. The National Action Plan for Artisanal and Small-Scale Gold Mining (2020-2025) reported that ASM directly employs more than 1.2 million people (about 3% of the total national population), constituting more than 90% of the mining labour force in the country. Moreover, ASM support offers indirect employment to about 7.2 million people. [11] The ASGM sub-

[11] https://www.vpo.go.tz/uploads/publications/en-1592551170-ASGM%20National%20Action%20Plan_Tanzania_2020.pdf

sector is estimated to produce between 5.3 and 9.8 tonnes of gold per year (about 12 -22% of the national annual gold production. In 2018/19, ASGM produced 4,912.75 Kgs of gold-worth TZS 468.0 billion, equivalent to 12% of the total gold production for this year. Similarly, the Mining Commission confirmed to have issued 2,456 PML to small-scale miners during the same period.

3.3.2.1 Recent Developments in the Mining Sector

In 2018/19, the Ministry of Minerals (MoM) has instituted several initiatives geared toward enhancing the sector's contribution to the country's economic development. The notable initiatives include establishing mineral markets, enhanced control of the tanzanite mines in Mirerani area, and establishing precious metal refineries. Detailed elaboration of these initiatives are as follows:

i. Establishment of Mineral Markets

To promote mineral trading and combat mineral smuggling, the Government amended the Mining Act, 2010 (Cap. 123) in 2017. The amendment allowed MoM to establish minerals and gem houses, famously known as "Mineral Markets." The first mineral market was launched on 17th March 2019 in Geita Region, followed by other markets and buying centres. Up to June 2019, there was a total of 27 mineral markets as well as three (3) mineral buying centres in various areas in Tanzania. By June 2021, 39 mineral markets and 50 minerals buying centres have been established across the country.

Statistics from MC for the financial year 2018/19 show that the mineral markets has stimulated mineral sales and subsequently government revenue and contribution of the mining sector to the economy as follows:

a) *Enhanced performance of mineral sales through gem markets:* Before establishing mineral markets, the average monthly revenue from mineral sales was 1.71 billion, but after the introduction of mineral markets, the average revenue collection from mineral sales increased to 7.06 billion. This increase is equivalent to 241.5%. Figure 3 presents a comprehensive picture of mineral revenue performance during the pre and post-mineral market era.

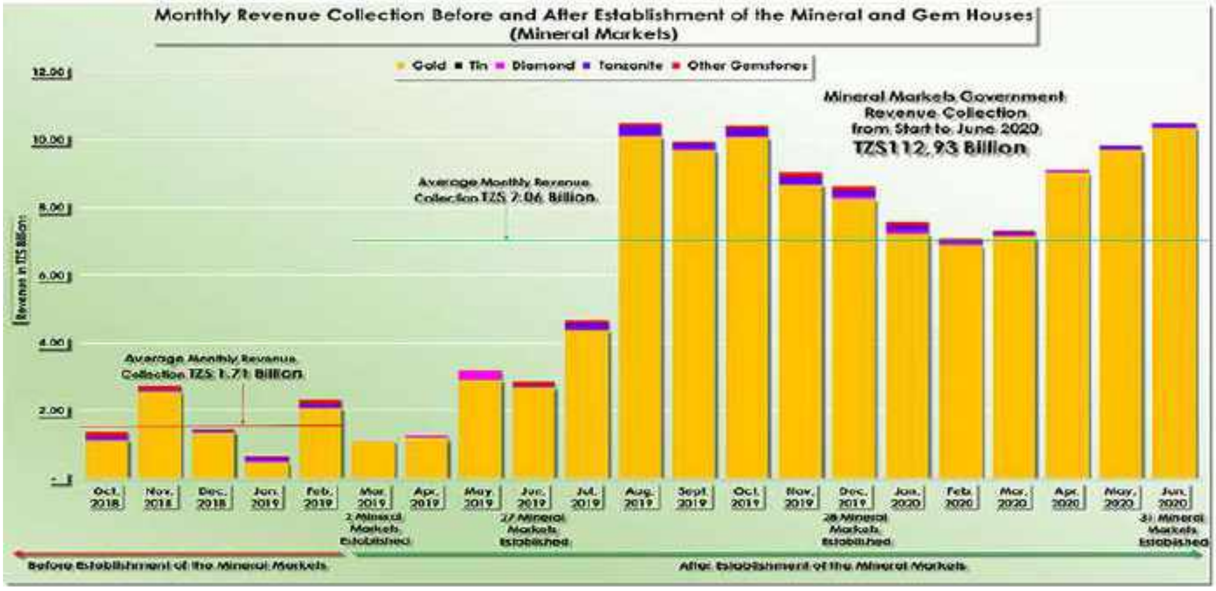

Figure 3: Revenue Performance of Mineral Markets
Source: Mining Commission Statistics[12]

b) *Increased government revenue from the mining sector:* The country recorded a steady increase of actual revenue collection against the revenue target from the mining sector from the financial year 2017/18. The increase is partly attributed to the establishment of mineral markets and other legal transformations in the mining industry. Figure 4 presents a trend of revenue collection performance from the financial year 2015/16.

Figure 4: Revenue Collection Trend in the Mining Sector
Source: Mining Commission Statistics[13]

ii. Enhanced Control of the Tanzanite Mines in Mirerani Area

Tanzanite is one of the rare precious gemstones found only in Tanzania, particularly in the Northern part of the country at the Mirerani area in Simanjiro District. Due to

[12] https://www.tumemadini.go.tz/pages/performance-of-mineral-markets
[13] https://www.tumemadini.go.tz/pages/government-revenue-from-mineral-sector

its peculiarity and importance, the Government of Tanzania decided to declare Mirerani as a Mining-Controlled Area to combat the smuggling of Tanzanite minerals. The Government encircled the Mirerani mining area with the control wall with a perimeter of 24.6 km. The construction of this wall was completed and inaugurated on 6th April 2019. Following this initiative, there has been an incredible increase in Tanzanite production compared to the years before. For instance, in the year 2018, production of rough Tanzanite from small and medium scale miners rose steadily from 147.7 Kilograms in 2016 to 164.6 in 2017, which is equivalent to an increase of 11.5%. Similarly, the production increased from 164.6 Kilograms in 2017 to 781.2 Kilograms in 2018, equivalent to 374%.

Figure 5: Control wall surrounding Mirerani mining area together with tanzanite market centre inside the control wall

iii. Establishment of Precious Metals Refineries

In the past two years, three precious metals refineries were granted Licences to operate in the country. These include GG refinery, Eyes of Africa refinery and the Mwanza precious metals refinery. The GG refinery operates in Geita since 2019 with an installed capacity of 450 Kilograms of gold per day, while Eyes of Africa refinery operates in Dodoma since 2019 with an installed capacity to process 30 Kilograms of gold per day. Mwanza Precious Metals Refinery is the recent refinery to be established, launched on 13th June 2021. The refinery's installed capacity is to process 480 kilograms of gold per day, and this capacity is expected to double in the future.[14]

The Government has a 25% stake in the Mwanza Precious Metal Refinery through STAMICO. The remaining share of the refinery is owned by Dubai-based Rozella General Trading LLC and Singapore's ACME Consultant Engineers PTE Ltd.

[14] https://mpmrcl.com/news4.html

These refineries promote mineral value addition activities within the country and promote Artisanal and Small Mining (ASM) activities, as they source gold from ASM. Similarly, they provide a gateway for SADC countries to sell their gold within the region rather than outreach to distant overseas markets.[15]

3.3.2.2 Exploration Activities in the Mining Sector

The mining sector in Tanzania carries a huge growth potential due to mineral resources in various parts of the country. Various companies carry out prospecting and exploration activities for different types of minerals through prospecting Licences. To date, there are 499 active Prospecting Licences exploring over 40 types of minerals in the country. Table 5 presents a summary of minerals under exploration in different parts of the country.

Table 5: Types of Minerals under exploration[16]

SN	**Mineral type**	**Exploration Location**	Number of Prospecting Licence issued
1.	Base	Mara, Rorya	01
2.	Bauxite	Kilimanjaro, Same, Tanga, Lushoto	06
3.	Beach Sand	Lindi, Lindi Rural, Lindi Urban, , Pwani, Bagamoyo, Tanga, Pangani	04
4.	Coal	Mbeya, Ileje, Kyela, Rungwe, Njombe, Ludewa, Ruvuma, Mbinga, Songea Rural, Nyasa	43
5.	Cobalt	Kagera, Ngara, Kigoma-Uvinza	04
6.	Copper	Dodoma, Mpwapwa, Kilimanjaro, Mwanga, Iringa, Iringa Rural, Kigoma-Uvinza, kigoma Rural, Mara, Bunda; Mbeya, Mbozi	10
7.	Diamond	Shinyanga, Kishapu	03
8.	Kimberlitic Diamond	Singida- Ikungi and Iramba; Tabora- Uyui and Nzega	06
9.	Feldspar	Dodoma, Chemba; Manyara, Kiteto; Pwani, Bagamoyo; Tanga, Handeni	08
10.	Quartz	Iringa-Iringa Rural; Morogoro –Kilosa and Mvomero	09
11.	Galena	Mbeya, Chunya, Kigoma-Uvinza	02
12.	Geothermal	Mbeya, Mbeya Rural, Mbozi, Rungwe, Pwani, Rufiji	04
13.	Gold	Arusha; Simiyu, Bariadi; Manyara, Mbulu; Dodoma - Bahi, Chemba, Dodoma Urban and Chamwino; Singida, Manyoni and Ikungi; Geita-Bukombe, Chato, Mbogwe; Kagera- Biharamulo, Nyang'wale; Mwanza- Sengerema, , Kwimba, Misungwi; Iringa, Mufindi; Lindi- Liwale, Nachingwea, and Ruangwa; Mara- Bunda, Butiama, Musoma, Rorya, Tarime; Mbeya- Chunya, Mbozi; Morogoro- Kilosa; Mtwara, Nanyumbu; Njombe, Ludewa; Pwani, Bagamoyo; Rukwa, Nkasi; Ruvuma, Mbinga and Nyasa; Shinyanga, Kahama and Shinyanga Rural; Tabora- Nzega, Igunga, Uyui; Singida-Iramba, Manyoni,	264

[15] https://mpmrcl.com/refining.html

[16] https://www.teiti.go.tz/storage/app/uploads/public/60d/48c/398/60d48c3982e70528235143.pdf

SN	Mineral type	Exploration Location	Number of Prospecting Licence issued
		Mkalama; Tanga- Handeni, Kilindi, and Korogwe, Muheza.	
14.	Gold, Garnet, Rubby	Morogoro,	02
15.	Kimberlitic and Rare Earth Elements	Shinyanga, Kishapu	01
16.	Graphite	Arusha, Meru; Kilimanjaro, Hai; Manyara, Simanjiro; Lindi, Kilwa, Ruangwa, Nachingwea,; Morogoro, Ulanga; Mtwara-Masasi, Newala; Pwani, Bagamoyo, Tanga, Handeni.	25
17.	Gypsum	Lindi, Kilwa	01
18.	Heavy Minerals	Tanga, Muheza, Pangani	01
19.	Helium	Manyara-Karatu, Mbulu, Babati; Mbeya, Chunya, Mbozi; Rukwa, Sumbawanga Urban; Songwe, Momba,	20
20.	Hot Water	Mbeya, Rungwe	01
21.	Iron	Njombe, Ludewa	04
22.	Kaolin	Pwani, Kisarawe	01
23.	Kimberlitic Diamond	Tabora, Nzega	01
24.	Lead	Mbeya, Chunya	01
25.	Limestone	Arusha, Longido; Dar Es Salaam, Kinondoni; Mbeya, Mbozi; Morogoro, Morogoro; Pwani, Bagamoyo; Singida, Mkalama	08
26.	Magnesite	Kilimanjaro, Same	01
27.	Manganese	Njombe, Makete; Mbeya, Mbarali	02
28.	Marble	Lindi, Liwale; Mbeya, Mbozi; Morogoro, Morogoro	04
29.	Mineral Sand	Dar es Salaam, Temeke; Pwani, Mkuranga; Lindi, Lindi Rural; Mtwara, Mtwara Rulal; Tanga, Pangani	07
30.	Nickel	Dodoma-Chamwino, Chemba; Kagera, Biharamulo; Kagera-Ngara, Karagwe, Muleba; Katavi, Mpanda Urban; Kigoma, Uvinza; Lindi, Nachingwea, Ruangwa; Morogoro, Kilosa; Mtwara, Masasi; Simiyu, Itilima	25
31.	Niobium	Arusha, Karatu; Mbeya, Mbozi	04
32.	Phosphate	Babati, Manyara	01
33.	Rare Earth Elements	Mbeya, Chunya	02
34.	Silver, Gold, Base Metals	Geita, Geita; Morogoro, Mvomero; Tanga, Kilindi Singida, Iramba; Tabora, Igunga	05
35.	Sodium Carbonate	Arusha-Longido, Monduli	02
36.	Tantalite	Ruvuma, Namtumbo	03
37.	Tin	Kagera, Kyerwa	01
38.	Titanium	Temeke, Mkuranga	01
39.	Uranium	Morogoro, Ulanga; Ruvuma, Namtumbo	04
40.	All Minerals Other than Building Materials	Dodoma, Kondoa, Mara, Tarime, Geita, Nyang'wale	07
		TOTAL	499

3.3.3 The Oil and Gas Sector

Tanzania has a huge potential for oil and gas resources. As of June 2021, oil has not been discovered, but exploration activities are ongoing in different parts of the country. On the other hand, natural gas production is carried out in Songosongo and Mnazi Bay areas.

According to PURA's statistics of Gas Initially in Place (GIIP) of December 2017, Tanzania's natural gas reserves were estimated at 57.54 trillion cubic feet.[17] Following the significant discoveries of natural gas reserves, the Government has introduced changes to the legal framework of oil and gas sub-sector. These initiatives aim at ensuring that the country benefits from its gas reserves.

3.3.3.1 Recent Developments in the Oil and Gas Sector

Tanzania's oil and gas sector is expected to benefit from the East Africa Crude Oil Pipeline (EACOP) project. This project will transport crude oil from Hoima, in Uganda, to Tanga port, in Tanzania. The project is owned by five partners whereby Total SA and China National Offshore Oil Corporation each own 35% of the project, Uganda National Oil Pipeline Company owns 15%, and TPDC owns 15%. The project will cover 1,443 km across Uganda and Tanzania, and it is expected to transport 230,000 barrels of crude oil per day. The official signing of the contracts for the implementation of the project was done on 11th April 2021 in Uganda in the presence of the heads of state of both countries.

3.3.3.2 Discovery and Exploration of Oil and Gas in Tanzania

Discoveries of new natural gas reserves have been made in both offshore and onshore areas. Gas discoveries in offshore have been made in Block 1,2,3 and 4, while discoveries in onshore areas have been made in Mkuranga, Nyuni, Ruvuma, and Ruvu.[18] The status of gas exploration activities in these areas is summarized in Table 6.

Table 6: Details of Gas Discovery and Exploration Status

Discovery Block	Discovery Well	Year of Discovery	Operator	Status	Estimated Gas Reserve (TCF)
Discovery and exploration in onshore areas					
Mkuranga	Mkuranga-1	2007	M&P	Developed	0.2
Nyuni	Kiliwani-N	2008	Ndovu Resource	Production started	0.07
Ruvuma	Ntorya-1 and Ntorya -2	2012	Ndovu Resource	Under exploration	0.466
Ruvu	Mambakofi-1	2015	Dodsal	Under exploration	2.17
Discovery and exploration in offshore areas					
Block 1	Chaza-1	2011	BG Tz	Under exploration	0.47
	Jodari-1	2012	BG Tz	Under exploration	3.53
	Jodari North-1	2012	BG Tz	Under exploration	

[17] National Environment Statistics Report (NESR, 2017) – Tanzania Mainland
[18] https://www.pura.go.tz/documents/gas-discoveries

Discovery Block	Discovery Well	Year of Discovery	Operator	Status	Estimated Gas Reserve (TCF)
	Jodari South-1	2012	BG Tz	Under exploration	
	Mzia-1	2012	BG Tz	Under exploration	8.5
	MZIA-2	2013	BG Tz	Under exploration	
	Mzia- 3	2013	BG Tz	Under exploration	
	Mkizi -1	2013	BG Tz	Under exploration	0.6
	Taachui-1	2014	BG Tz	Under exploration	1.10
Block 2	Zafarani-1	2012	Statoil	Under exploration	6.0
	Zafarani-2	2012	Statoil	Under exploration	
	Lavani-1	2012	Statoil	Under exploration	3.6
	Lavani-2	2012	Statoil	Under exploration	1.4
	Tangawizi-1	2013	Statoil	Under exploration	5.4
	Mronge -1	2013	Statoil	Under exploration	2.5
	Piri-1	2014	Statoil	Under exploration	3.0
	Giligiliani-1	Aug-14	Statoil	Under exploration	1.7
	Mdalasini	Mar-15	Statoil	Under exploration	1.8
Block 3	Papa-1	2012	BG Tz	Under exploration	2.0
Block 4	Chewa-1	2010	BG Tz	Under exploration	1.8
	Pweza-1	2010	BG Tz	Under exploration	1.9
	Ngisi - 1	2013	BG Tz	Under exploration	0.8

3.3.3.3 Transportation and Distribution of Natural Gas Project

The country has started constructing infrastructure for transportation and distribution of natural gas in Dar es Salaam and Coast regions. Upon completion, the project will construct infrastructure for distributing Compressed Natural Gas (CNG) at the University of Dar es Salaam, Ubungo, Kivukoni, Muhimbili National Hospital, and Kibaha Hospital. Infrastructure in these centres will enable the distribution of CNG to domestic and industrial customers and vehicles using gas.

According to the Minister of Energy during the presentation of 2020/21 the Ministry's budget, the project has completed construction of 18 kilometres truck lines to connect 100,000 customers in Dar es Salaam. As of April 2020, 500 domestic and 48 industrial customers were connected to the natural gas infrastructure. Also, by 2019, 400 vehicles consumed 11.1 million cubic feet compared to 1.9 million cubic feet of natural gas used in 2018. This consumption represents an increase of more than 500 per cent. For the Coast region, 6 kilometres of truck lines with the capacity of supplying natural gas to more than 20 industrial customers have been constructed in Mkuranga.

3.3.3.4 Liquefied Natural Gas Project

Shell, operator of blocks 1 and 4 (with partners Ophir, Pavillion) and Equinor, operator of block 2 (Partner; ExxonMobil), have resumed talks on host government agreement (HGA) with the Government through TPDC and a special government negotiation's team (GNT). While the HGA will govern tax, legal and commercial framework for the proposed LNG project, parties to the agreement continue to find and come up with the most cost-effective and efficient way to develop a multi-billion-dollar Liquefied

Natural Gas (LNG) project. The project will liquify natural gas into liquid for domestic consumption and export. As of June 2020, the initiation of the LNG project had the following developments:

- Research on profitable and cost-effective ways of producing and transporting natural gas from offshore to the project area is ongoing.
- Negotiation for multiple agreements between the International Oil Companies (IOCs) and the host Government is ongoing. However, on 20th June 2021, the Minister for Energy directed the negotiation to be completed by October 2021. However, it is very unlikely to conclude the negotiation for that short period given the sensitivity and massive scale of the estimated project (valued at US$ 30 billion).
- On 11th May 2020, the Government, through TPDC, compensated Projected Affected Persons (PAPs) along the designated project area in Likong'o and Mtomkavu at Lindi region in Tanzania. Out of 693 PAPs, 300 villagers were left out, claiming that the land was reduced in size compared to initial land valuation processes. The process left the majority in grief because they were not supposed to engage in any social-economic activity in the area designated for the project.

3.3.3.5 Implementation of Natural Gas Utilization Master Plan

In 2018/19, the country continued to implement the Natural Gas Utilization Master Plan (NGUMP) that focuses on guiding better utilization of natural gas, improving infrastructure for natural gas distribution, and ensure that each economic sector benefits from the utilization of natural gas. Through this plan, 18.7 million cubic feet of natural gas will be consumed in the country for electricity and fertilizer production as well as domestic and industrial uses. As of June 2020, the project has attained the following milestones:

- Preparation of the Draft Natural Gas Promotion Plan (DNGPP).
- Verification of the preliminary analysis of domestic demand for natural gas.
- Preliminary economic and technical analysis of the technological approaches for transportation and distribution of natural gas, and
- Preliminary analysis of the model project for distributing natural gas in Dodoma City.

3.3.4 Improved Management of Local Content in Extractive Industries

Implementation of the local content in the extractive industries is guided by the Petroleum (Local Content) Regulations of 2017 in the oil and gas sub-sector and Mining Local Content Regulations, 2018 in the mining sector.

In the oil and gas sub-sector, the local content implementation is realized in locally purchased goods and services, employment, and training opportunities offered to

Tanzanians. In the financial year 2018/19, the milestones attained in the local content implementation are as follows:

- Increase in employment levels and training opportunities for Tanzanians. The extractive companies and service providing companies that participated in the reporting employed 526 foreigners and 5,848 Tanzanians. In the previous reporting period, 2017/18, reporting entities employed 258 foreigners and 3,778 Tanzanians. The increase in employment opportunities to Tanzania during this period is equivalent to 54.8%. Also, M & P Exploration Limited had employed 93 employees (84 are Tanzanians and nine foreigners) in operational positions and three (2 Tanzanians and one foreigner) in management positions.[19]
- Increase in the procurement of goods and services – in the financial year 2018/19 extractive companies and service providing companies that participated in the reporting procured goods from local suppliers worthy TZS 823.31 billion compared to TZS 437.85 billion in 2017/18. On the other hand, the procurement of services from local suppliers in the financial year 2018/19 accounted for TZS 790 billion compared to TZS 721.24 in 2017/18. This increase provides strong justification for the implementation of local content in the oil and gas sub-sector.

In the mining sector, the Local Content Committee coordinates local content, which is responsible for ensuring measurable and continuous growth in local content in all mining activities. Other specific functions of the Local Content Committee include:

- Overseeing, coordinating, and managing the development of local content.
- Prepare guidelines for local content plans and reporting.
- Making appropriate recommendations to the Commission for smooth implementation of the local content regulations.
- Setting minimum standard requirements for local content in local content plans where applicable.
- Undertake public education and undertake local content monitoring and audit.

In carrying out mining operations, contractors, sub-contractors, Licencee or other allied entities must prepare and submit a Local Content Plan (LCP) that the Mining Commission should approve. The Local Content Committee evaluates the submitted LCP to verify whether such plans have complied with the local content guidelines before the approval of the Commission.

In the financial year 2018/19, a total of 96 LCP were submitted to the MC for approval. Out of those, 64 LCP were approved by MC, whereas 32 LCP were not approved. Table 7 presents a list of approved LCPs for the financial year 2018/19.

[19] https://www.uwezeshaji.go.tz/publications/19

Table 7: Status of Local Content Plans Submitted to the Mining Commission 2018/19

SN	Name of the Company	Licence type	Status
1.	Gem & Rock Ventures Co. Ltd	GML	Approved
2.	Andrew Bollen & Partiners	ML	Approved
3.	Cata Mining Company Limited	ML	Approved
4.	Even Enterprises Company Limited	ML	Approved
5.	Flora Noah Mrutu & Noah Kisaka Mrutu	ML	Approved
6.	Handeni Gold	ML	Approved
7.	Hengya Cement (Tanzania) Co. Limited	ML	Approved
8.	Herbert R. Ruzoka & Samson Henery	ML	Approved
9.	Jacana Resources	ML	Approved
10.	Joram Mwakatika	ML	Approved
11.	Joshua Stephen Kazi	ML	Approved
12.	Katavi Mining Company Limited	ML	Approved
13.	Lake Cement Limited	ML	Approved
14.	Lindi Jumbo Limited	ML	Approved
15.	Mbeya Cement Company Limited	ML	Approved
16.	Nazareth Mining Investment Co. Limited	ML	Approved
17.	P.B Mining Limited	ML	Approved
18.	Pacco Gems Limited	ML	Approved
19.	Ruvuma Coal Limited	ML	Approved
20.	Sunshine Mining Limited	ML	Approved
21.	Tancoal Energy Limited	ML	Approved
22.	Tancoal Energy Limited	ML	Approved
23.	Tancoal Energy Limited	ML	Approved
24.	Tancoal Energy Limited	ML	Approved
25.	Tanzoz Minerals Ltd	ML	Approved
26.	Tyacks Gold Limited	ML	Approved
27.	Yancheng Yinbao Investment Dev. Co. Ltd	ML	Approved
28.	Ngwena Tanzania Ltd	ML & PLs	Approved
29.	Ahmed Nassor Binslum	PCL	Approved
30.	Atm African Top Minerals Limited	PCL	Approved
31.	Jema Africa Ltd	PCL	Approved
32.	Juma Fransis Katambi	PCL	Approved
33.	Active Resources Tanzania Ltd	PL	Approved
34.	Best Ambassador Limited	PL	Approved
35.	Carlton Kitongo (Tanzania) Limited	PL	Approved
36.	Carlton Miyabi (Tanzania) Limited	PL	Approved
37.	Classic Mining Company	PL	Approved
38.	Dilipkumar Pattchavda	PL	Approved
39.	Dutwa Minerals Limited	PL	Approved
40.	East Africa Bauxite Limited	PL	Approved
41.	East African Bauxite Limited	PL	Approved
42.	Happy Mole Mining Limited	PL	Approved
43.	Hindustan Mines and Minerals Pvt Limited	PL	Approved
44.	Kernow Limited	PL	Approved
45.	Kudu Resources (Tz) Limited	PL	Approved
46.	Lindi Jumbo Limited	PL	Approved
47.	Mahenge Resource Company Limited	PL	Approved
48.	Mlilapelu C. Muhanga	PL	Approved
49.	Om Sai Minerals Ltd	PL	Approved
50.	Preciland Mining Co. Ltd	PL	Approved
51.	Responsible Mining Limited	PL	Approved

SN	Name of the Company	Licence type	Status
52.	Rift Valley Resources (Tanzania) Limited	PL	Approved
53.	Rocket Tanzania Limited	PL	Approved
54.	Sugec Mining Company Limited	PL	Approved
55.	Tanzanian Graphite Ltd	PL	Approved
56.	Wheal Limited	PL	Approved
57.	Nyanzaga Mining Company Limited	PLs	Approved
58.	Geita Gold Mining Limited	SML	Approved
59.	Mbeya Coal Limited	SML	Approved
60.	Nyanzaga Mining Company	SML	Approved
61.	PRNG Minerals Limited	SML	Approved
62.	Williamson Diamonds Limited	SML	Approved
63.	Ako Group Limited	Sub-contractor	Approved
64.	Epiroc Tanzania Limited	Sub-contractor	Approved

3.4 Contribution of Mining, Oil and Gas Industry to the Economy

According to the National Bureau of Statistics (NBS), the mining and quarrying sector involves mining coal and lignite and extraction of peat, crude petroleum, and natural gas. Despite this definition, it has been observed that the majority of the data reported are focusing more on the contribution of the mining activities leaving out the contribution of oil and gas. There is a need for NBS to separate mining, oil and gas data.

The following section presents the contribution of the mining and quarrying sector to the Gross Domestic Product (GDP) and employment.

3.4.1 Contribution to Gross Domestic Product

As per NBS, the growth of the mining and quarrying sector is witnessed by the increase in its contribution to GDP. In 2018/19, the sector contributed 5.2% to GDP (this contribution is equivalent to TZS 7.21 trillion). This increase signifies the growth of the sector and its contribution to the economy compared to the previous years when the contribution to GDP was 4.8% (equivalent to TZS 5.2 trillion) and 5.1% (equivalent to TZS 6.57 trillion) in calendar years 2017 and 2018, respectively.

The mining and quarrying industry is among the major contributors to the national economy. Despite the decline in 2018/19, the agricultural sector's contribution to GDP leads other sectors in the economy. Comparing the two financial years, mining and quarrying, transportation, and construction sector contribution grew in 2018/19. Table 8 indicates the contribution of different major sectors to GDP.

Table 8: GDP by Sector at Market Prices

SN	Sector	2017/18 Contribution (TZS Million)	2017/18 Contribution (%)	2018/19 Contribution (TZS Million)	2018/19 Contribution (%)
12.	Agriculture	35,962,728	27.9	37,136,790	26.5
13.	Construction Services	16,944,950	13.1	19,944,486	14.3
14.	Business Services	11,793,201	9.1	12,264,410	8.8
15.	Manufacturing	10,418,776	13.1	11,872,086	8.5
16.	Transportation	8,381,276	6.5	9,621,651	6.9
17.	Mining and Quarrying	6,573,059	5.1	7,219,118	5.2
18.	Insurance and Financial Services	4,947,301	3.8	4,927,613	3.5
19.	Communication services	1,948,180	1.5	2,052,241	1.5
20.	Accommodation and Food Services	1,653,792	1.3	1,770,670	1.3
21.	Water and Sanitation Services	566,562	0.4	628,187	0.4
22.	Electricity Supply	348,527	0.3	374,002	0.3

Source: National Bureau of Statistics, (2021)[20]

3.4.2 Contribution to Employment

According to NBS, the mining and quarrying sector provides direct employment to 332,468 people in the country. This sector is among the top five contributors of direct employment among all economic sectors in the country. Table 9 presents the contribution to total employment for major sectors in the country.

Table 9: Contribution to Total Direct Employment by Sector

SN	Sector	Direct Employment (Number of People) in 2018/19
1.	Agriculture	4,798,259
2.	Health	987,161
3.	Mining and Quarrying	332,468
4.	Communication	192,069
5.	Construction	104,844
6.	Industry and Trade	86,246
7.	Natural Resources and Tourism	61,296
8.	Livestock	36,238
9.	Fishing	35,473
10.	Transportation	24,611
11.	Education, Science and Technology	21,501
12.	Information, Culture, Arts and Sports	1,018

Source: National Bureau of Statistics[21]

3.5 Production and Export

This section presents the production and export of minerals, oil and natural gas. As of today, the country has not started to produce oil; as a result, there are no records on the production and export of oil products. However, the country has recorded a substantial amount of minerals production and export. On the side of natural gas, as of June 2021, the country has recorded considerable production volumes. However,

[20] https://www.nbs.go.tz/nbs/takwimu/na/Muhtasari_wa_Pato_la_Taifa_Robo_ya_Kwanza_2020.pdf
[21] https://www.nbs.go.tz/nbs/takwimu/references/Tanzania_in_Figures_2019.pdf

the country has not started to export natural gas. The following sections provide detailed information regarding the production of minerals and gas and the export of minerals.

3.5.1 Production and Export of Minerals

Table 10 presents the production of minerals in the financial year 2018/19. The country realized the total production of minerals which had a value of TZS 4.7 trillion. The production value for this financial year indicates an increase by 27% compared to the financial year 2017/18, where the total production value was TZS 3.7 trillion. The production of gold (from both large, small, and medium-scale operations) represents 71.9% of the total value of mineral production when considering the value of each mineral type separately.

Table 10: Production of Minerals in the Financial Year 2018/19

SN	Type of Mineral	Unit of Measure	Weight	Average Price	Value (TZS)
38.	Bricks (Mud)	Tonnes	228,375.16	13,120.80	2,996,463,906.66
39.	Bricks (Stones)	Tonnes	27,104.86	25,562.74	3,249,149,145.39
40.	Gold (Large & Medium Scale)	kg	37,136.13	92,751,036.78	3,444,414,815,215.74
41.	Silver	kg	12,764.99	1,123,175.16	14,337,314,856.22
42.	Gold (Small Scale)	Kg	4,912.75	95,238,621.60	468,030,731,422.55
43.	Diamond (Large Scale & Dealers)	Cts	415,005.66	503,939.17	209,137,605,802.77
44.	Tanzanite (Rough)	Kg	1,964.75	14,021,297.05	27,548,410,922.34
45.	Tanzanite (Reject)	Kg	22,547.07	59,312.96	1,337,333,247.26
46.	Tanzanite (Cut & Polished)	Cts	96,482.23	101,192.22	9,763,251,293.65
47.	Limestone	Tonnes	5,509,696.52	17,667.95	97,345,017,072.29
48.	Lime	Tonnes	267,027.56	52,708.93	14,074,735,727.20
49.	Salt	Tonnes	143,292.87	100,695.74	14,428,980,824.82
50.	Clay	Tonnes	599,492.30	13,028.12	7,810,259,765.28
51.	Sand	Tonnes	6,883,525.05	11,875.20	81,743,219,179.26
52.	Gypsum	Tonnes	278,157.98	40,109.97	11,156,907,540.56
53.	Tin (Cassiterite)	Kg	17,300.84	15,400.48	266,441,233.58
54.	Aggregates	Tonnes	4,953,176.04	28,311.49	140,231,794,996.78
55.	Graphite	Tonnes	11,127.94	1,109,385.01	12,345,169,518.46
56.	Ruby	Kg	52,443.71	10,087.94	529,049,131.50
57.	Kaolin	Tonnes	128,459.22	25,955.54	3,334,228,520.22
58.	Coal	Tonnes	799,628.41	128,712.45	102,922,127,876.61
59.	Feldspar	Tonnes	54,483.25	56,720.60	3,090,322,751.10
60.	Dolomite	Tonnes	19,172.63	21,243.83	407,300,036.46
61.	Other Gemstones	Kg	1,125,994.36	23,649.79	26,629,527,118.20
62.	Sapphire	Kg	5,353.26	157,636.04	843,866,842.88
63.	Green Garnet	Kg	67,367.78	2,473.21	166,614,910.29
64.	Murrum	Tonnes	843,347.27	10,853.01	9,152,857,947.99
65.	Pozzolana	Tonnes	234,656.82	21,194.24	4,973,372,855.91
66.	Marble	Tonnes	19,755.27	75,792.00	1,497,291,536.21
67.	Magnesite	Tonnes	8,421.30	24,156.13	203,426,000.00
68.	Stones	Tonnes	1,482,812.66	12,347.97	18,309,719,418.96
69.	Copper Ore	Tonnes	28,565.39	29,807.69	851,468,251.43
70.	Iron	Tonnes	8,313.69	63,387.18	526,981,385.03
71.	Building Materials	Tonnes	1,213,540.12	11,357.37	13,782,623,757.10
72.	CO2	Kg	10,486,469.39	1,644.08	17,240,638,124.66
73.	Other Minerals	Tonnes	717,242.28	23,597.80	16,925,336,303.35
74.	Granite Blocks	Tonnes	17,829.69	324,832.07	5,791,656,256.43
	TOTAL				**4,787,396,010,695.15**

Source: The Mining Commission

*There could be more production value of building materials than the reported figure in the table caused by various challenges in capturing all production quantities across different parts of the country.

In the financial year 2018/19, the country recorded a total mineral export value of TZS 4.7 trillion. There is a 27% increase in the export value of minerals compared to the previous financial year, which recorded a value of TZS 3.7 trillion. Like in the production of minerals, gold dominated the export value of all major minerals by 92.4%.

Table 11: Major Mineral Exports in the Financial Year 2018/19

SN	Type of Mineral	Unit of Measure	Export Quantity	Export Value (USD)	Export Value (TZS)
9.	Diamond (Rough)	000 Carats	416,750	89,335,000	204,463,694,550.00
10.	Gold	000 Gram	42,108	1,904,092,000	4,357,952,483,160.00
11.	Gemstones (Rough)	000 Gram	761,814	27,314,000	62,514,371,220.00
12.	Salt	Tonnes	99,510	5,576,000	12,761,958,480.00
13.	Gypsum	Tonnes	2,916	317,000	725,527,410.00
14.	Graphite	Tonnes	9,271	4,420,000	10,116,186,600.00
15.	Silver	000 Gram	12,550	6,537,000	14,961,428,010.00
16.	Industrial Minerals	Tonnes	336,844	23,994,000	54,915,787,620.00
	TOTAL			**2,061,586,000**	**4,718,413,725,780.00**

Source: The Mining Commission

3.5.2 Production of Gas

The country produces substantial quantities of natural gas. Natural gas production is mainly done at two gas fields, namely: Mnazi Bay and Songosongo. In 2018/19, the total production of natural gas in the two gas fields was 61,419.49 Mmscf. Table 12 indicates the production of natural gas per project.

Table 12: Production and Value of Natural Gas in the Financial Year 2018/19

Company	Gas Field/Project	Production Quantity (Mmscf)
Maurel & Prom Coy. Limited	Mnazi Bay	27,970.09
Pan African Energy Tanzania Limited	Songosongo	33,449.40
TOTAL		**61,419.49**

Source: Tanzania Petroleum Development Corporation

As per TPDC data, Tanzania has not started to export natural gas. All produced natural gas is consumed within the country.

3.6 State-Owned Enterprises

Tanzania participates in the mining, oil and gas sectors through its State-Owned Enterprises (SOEs). It participates in the mining sector through STAMICO and NDC. On the other hand, it participates in the oil and gas sector through TPDC. These SOEs were established by the Public Corporations Act, 1969.

3.6.1 State Mining Corporation

STAMICO was re-established through the Public Corporations (Establishment) (Amendment) Order, 2015, as a means for the country to participate in large scale mining, invest in the mining sector, and operate mines as well as undertaking mineral trading and value addition activities. Through STAMICO, the country also provides services in management of mines, drilling, and consultancy services to small scale mining and other related mining business.

As of June 2019, STAMICO owns 22 active mineral licenses that permits it to operate various projects in form of subsidiaries, associates, own operating projects, and other strategic projects. These include:

SN	Project Category	Project Name	Project details	Project status
1.	Subsidiary Companies	STAMIGOLD Company Ltd	Operates Biharamulo gold mine. STAMICO owns 99% and TR 1% of STAMIGOLD Company Limited shares	Operational phase
		Tin Company Ltd	The project conducts Tin trading activities at Kyerwa district. STAMICO owns 99% of Kyerwa Tin Company Ltd.	Operational phase
2.	Associate Companies	Buckreef Gold Company Limited	This entity is owned by STAMICO (45%) and Tanzania American International Development Corporation 2000 (TANZAM 2000) (55%)	Operational phase
3.	Own Operating Projects	Kabulo coal mine	STAMICO undertake coal mining activities at Kabulo ridge within the Kiwira coalfield at Songwe region.	Operational phase
4.	Other investment	Itetemea Mining Company	In this project, STAMICO owns 10% interest with TANCAN 90% ownership.	Operational phase
5.	strategic projects	Mwanza Precious Metals Refinery	STAMICO owns 25% of this refinery while Rozella General Trading LLC and ACME Consultant Engineers PTE Ltd own 75%	Operational phase
		Potential projects	STAMICO's potential projects include Kiwira Coal to Power, Buhemba Gold Mine, STAMIGOLD (Gold Tailings), Ubena Zomozi and Chigongwe Stone Quarry.	Preparation phase

Details of status of STAMICO's participation in the mining projects on behalf of the government is summarized in Table 13:

Table 13: Details of STAMICO participation in mining projects

SN	Assessment Category	Details of the Assessment			
1.	Total Output	Commodity			
		• Coal – Kiwira coal mine			
		Production			
		• 25,998.4 tons			
		Value			
		• TZS 2,461,918,488			
		Royalty paid			
		• TZS 6,167,404.41 • USD 2,464.05			
2.	Level and terms of STAMICO participation	Project/company with participation	Level of Ownership	Legal entity with stake	Terms attached
		STAMIGOLD	99%	Subsidiary	Fully paid capital
		Kyerwa Tin Company	100%	Subsidiary	Fully paid capital
		Buckreef Gold Company	45%	Joint Venture	Fully paid capital
3.	Financial relationship with the state	Retained Earnings			
		• TZS 19,452,000,000			
		Reinvested earnings			
		• NIL			
		Dividends to the Government			
		• TZS 1,000,000,000			
		Other Transfers to the government			

SN	Assessment Category	Details of the Assessment
		• NIL Fund received from Government
		• TZS 3,304,617,341.00 in the form of Personal Emoluments (PE) and Other Charges (OC).
4.	Loans and guarantees from STAMICO to oil and gas companies	In 2018/19, STAMICO did not provide loan or loan guarantee to any oil and gas company.
5.	Loans and guarantee from the state	In 2018/19, STAMICO did not an active loan or loan guarantee from the state.
6.	Third party financing	In the 2018/19, STAMICO did not seek financing from any third party.
6.	Quasi-fiscal expenditure on behalf of the government	In 2018/19, STAMICO did not spend on quasi-fiscal expenditure on behalf of the government

3.6.2 National Development Corporation

NDC is the SOE that was re-established in 1965 to catalyse economic development in all sectors of the economy.[22] NDC participates in the extractive industry through five projects that are under different stage of establishment. These projects include Engaruka Basin Soda ash, Liganga iron ore, Mchuchuma coal to electricity, Ngaka coal, and Katewaka Coal mining. Details of these projects is summarized in Table 14.

Table 14: Description of the NDC Projects in the Mining Area

SN	Project Category	Project Name	Description of the Project	Project Status
1	Iron and steel metallurgical complex	Liganga iron and steel project	The project is in Ludewa District. The project is being implemented by Tanzania China International Mineral Resources Ltd (TCIMRL) as an integrated project with Mchuchuma coal project. TCIMRL is a joint venture company between the government through NDC and Sichuan Hongda Group of China.[23]	The project has attained the following milestones by June 2021. – Feasibility and ESIA studies have been completed. – ESIA Certificates, License for mining Iron and Water Right for use of Lupali River have been obtained. – Strategic Investor Status Certificate and subsequently Performance Contract and its Addendum for Incentive Package were signed between the Government through Tanzania Investment Centre (TIC) and TCIMRL
2	Power/Energy projects	Mchuchuma coal to electricity project	The project is located at Mchuchuma area, Ludewa District, Njombe Region. This project involves establishment of a coal mine with production capacity of 3 million tonnes per annum, building of 600MW Thermal Power station, and constructing a 220 kVa Transmission line between Mchuchuma and Liganga. The project is being implemented by Tanzania China International Mineral Resources Limited (TCIMRL), which is a joint venture Company between the government	The project has attained the following milestones by June 2021. – Drilling exploration was completed in 2012/13 and has established coal reserve of 428 million tons. – Feasibility, Environmental and Social Impact Assessment (ESIA) studies have been completed. – ESIA Certificates, License for mining Coal and Water Rights for use of Katewaka and Mchuchuma Rivers have been obtained. – Strategic Investor Status Certificate and subsequently Performance Contract and its Addendum for Incentive Package

[22] https://ndc.go.tz/about-us
[23] https://ndc.go.tz/heavy-industries/iron-steel-complex

SN	Project Category	Project Name	Description of the Project	Project Status
			through NDC and Sichuan Hongda Group Limited.[24]	were signed between the Government and TCIMRL. – As of June 2021, the Government is reviewing the project including the issue of incentives
		Katewaka coal to electricity project	The Project is located close to the Muhumbi Village, Katewaka Ward in Ludewa District, Njombe Region. It involves opening up a surface open cast coalmine of 1.5 mil tons per annum for supply to local industries and to the neighboring countries.[25]	The project is under preparation. Terms related to Joint Venture agreement and supporting infrastructures are in progress and are not finalized.
		Ngaka coal mining project	The project is being implemented by Tancoal Energy Ltd, a Joint Venture Company between NDC and Intra Energy Corporation Ltd of Australia. The project is located in Ngaka area, Mbinga district, about 1,100 km from Dar es Salaam. The Ngaka coal field has a measured coal reserve of 423 million tons with a calorific value ranging from 4,780 to 8,000Kcal/kg. Mining operations started in August 2011, with a capacity of below 30,000 per month. Following Government ban on coal importation in 2016, Tancoal acquired extra mining equipment to increase production and now Tancoal is capable to produce up to 100,000 tons per month. The main customers of coal are local cement factories located in Tanga, Mbeya, Dar es Salaam and Mtwara and some is exported to neighboring countries of Malawi, Kenya, Uganda, Zambia and Rwanda.[26]	NDC has initiated discussions with TANESCO on how best to utilize coal resources for power generation.
3	Chemical Industries	Engaruka Basin Soda ash project	The project is located at Engaruka Basin, Monduli District, Arusha Region. The project will involve pumping of sodium carbonate solution (brine) from aquifers (underground brine reserves) to the extraction plant for producing soda ash.[27]	The project has attained the following milestones by June 2021 – Project land has been demarcated whereas Monduli District Council has agreed to offer 27,000 hectares for the project. – Field works for land survey and valuation of properties have been completed and – Preparation of Survey and Valuation Reports is being finalised.

As a shareholder, NDC does not take part in the operations of these projects. The joint venture company for each project is responsible for the management of operations of a respective project. The level and terms of participation of NDC in each of these projects are detailed in Table 15.

Table 15: Details of NDC participation in mining projects

SN	Assessment Category	Details of the Assessment
1.	Total Output	Commodity
		• Coal

[24] https://ndc.go.tz/heavy-industries/power-production
[25] https://ndc.go.tz/heavy-industries/power-production
[26] https://ndc.go.tz/heavy-industries/power-production
[27] https://ndc.go.tz/heavy-industries/chemical-industries

SN	Assessment Category	Details of the Assessment			
		Production			
		• NIL			
		Value			
		• NIL			
		Royalty paid			
		• MIL			
2.	Level and terms of NDC participation	Project/company with participation	Level of Ownership	Legal entity with stake	Terms attached
		Liganga iron and steel project	20%	Joint Venture	Non-cash equity
		Mchuchuma coal to electricity project	20%	Joint Venture	Non-cash equity
		Ngaka coal mining project	30%	Joint Venture	Non-cash equity
		Katewaka coal to electricity project	Under negotiation with MM Steel	Joint Venture	Terms are still under negotiation
		Engaruka Basin Soda ash project	Investor searching stage	N/A	N/A
3.	Financial relationship with the state	Retained Earnings			
		• NIL			
		Reinvested earnings			
		• NIL			
		Dividends to the Government			
		• NIL			
		Other Transfers to the government			
		• NIL			
		Fund received from Government			
		• NIL.			
4.	Loans and guarantees from NDC to oil and gas companies	In 2018/19, NDC did not provide loan or loan guarantee to any oil and gas company.			
5.	Loans and guarantee from the state	In 2018/19, NDC did not an active loan or loan guarantee from the state.			
6.	Third party financing	In the 2018/19, NDC did not seek financing from any third party.			
6.	Quasi-fiscal expenditure on behalf of the government	In 2018/19, NDC did not spend on quasi-fiscal expenditure on behalf of the government			

3.6.3 Tanzania Petroleum Development Corporation

TPDC is the National Oil Company and carries out specialized operations in the petroleum value chain through its subsidiary companies, namely, the Gas Company Tanzania Limited (GASCO) and TANOIL Investments Limited. These entities were established as limited companies wholly owned by TPDC. Similarly, TPDC carries a stake of not less than 25% in each of the oil and gas projects in the country.

TPDC undertook five upstream projects in West Songosongo (WSS) Block. These include West Songosongo project, Block 4/1B and 4/1C project, Stratigraphic

Nomenclature project, Eyasi Wembere project, and Liquefied Natural Gas (LNG) Project. Table 16 below provides details of these upstream projects.

Table 16: Description of the TPDC Upstream Projects

SN	Upstream project	Project activities	Project Status
1	Songosongo Project	The project carried out exploration activities in West Songosongo Block, including integration and interpretation of AGG and seismic data to ascertain hydrocarbon prospectively. TPDC owns 29% of the shares in this project.	Operational stage
2	Mnazi Bay Gas Project	Mnazi Bay project is a 756 square km gas field that lies between the Ruvuma and the Offshore Block 1 concessions. This project is operated by Maurel & Prom, but TPDC owns 20% of the shares in a joint venture arrangement.	Operational stage
3	Northern Mnazi Bay	TPDC carries exploration activities in the North Mnazi Bay Block whereby it expects to drill two wells. As of April 2021, TPDC has completed preliminary evaluation of geological and geophysical data and solicitation of drill management consultant.	Preparation stage
4	Block 4/1B and 4/1C project	Project activities completed include geochemical and biostratigraphic analysis and interpretation of selected samples from Block 1 offset wells.	Preparation stage
5	Eyasi Wembere project	TPDC undertakes exploration activities by doing geological, geophysical, and geochemical analyses to confirm the existence of gas. As of June 2020, TPDC has completed drilling of two wells at Kining'inila-Igunga and Nyaranja-Meatu using TPDC and STAMICO experts. Also, it has carried out Environmental Impact Assessment and offered project awareness to the community around project area.	Preparation stage
6	Liquefied Natural Gas (LNG) project	TPDC on behalf of the government is planning to develop this project in partnership with five International Oil Companies (Shell Exploration and Production Tanzania Ltd-SEPTL, Ophir, Pavilion, Statoil, and ExxonMobil). The project is still at the negotiation stage and on 20th June 2021 the Minister for Energy has directed the negotiated to be completed by October 2021.	Negotiation stage

Details of status of TPDC's participation in the oil and gas projects on behalf of the government is summarized in Table 17:

Table 17: Details of TPDC Participation in Oil and Gas activities

SN	Assessment Category	Details of the Assessment			
1.	Total Output	Commodity			
		• Natural gas			
		Production			
		• 61,419.49 MMSCF			
		Value			
		• TZS 64,951,711,389.76			
		Royalty paid			
		• TZS 28,071,322,722.80			
2.	Level and terms of TPDC participation	Project/company with participation	Level of Ownership	Legal entity with stake	Terms attached
		GASCO	100%	Subsidiary	Authorised (not paid)

SN	Assessment Category	Details of the Assessment			
		TANOIL	100%	Subsidiary	Authorised (not paid)
		Mnazi Bay field	20%	Joint Venture	Carried interest
3.	Financial relationship with the state	Retained Earnings			
		• TZS 25,399,000,000			
		Reinvested earnings			
		• TZS 22,899,000,000			
		Dividends to the Government			
		• TZS 2,500,000,000			
		Transferred to Oil and Gas Fund			
		• TZS 66,449,000,000. The amount has been transferred in accordance to section 8 of the oil and gas revenue management Act 2015			
		Fund received from Government			
		• TZS 4,544,908,095,000 received as Personal Emolument, TZS 4,599,332,349,000 received as Other Charges and TZS 1,419,668,000,000 as Development funds.			
4.	Loans and guarantees from TPDC to oil and gas companies	In 2018/19, TPDC did not provide loan or loan guarantee to any oil and gas company.			
5.	Loans and guarantee from the state	• TPDC have an active loan guarantee from MoFP of TZS 3,141,740,000,000 at 2% interest rate per annum for constructing the national natural gas infrastructure. • The loan was received from Exim Bank of China in June 2013 and must be repaid by June 2032. • The outstanding value of the loan at the end of financial year 2018/19 was TZS 3,141,740,000,000,000.			
6.	Third party financing	In the 2018/19, TPDC did not seek financing from any third party.			
6.	Quasi-fiscal expenditure on behalf of the government	In 2018/19, TPDC did not have any quasi-fiscal expenditure			

3.7 Licences

3.7.1 Allocation of Mineral Rights

The process of awarding and transferring mineral rights is vital in enhancing transparency in the extractive sector. In the United Republic of Tanzania, awarding and transferring mineral rights is guided by the Mining Act, Cap 123, R.E.2018 and its Regulations. The Act stipulates several types of mineral rights that can be awarded to individuals or corporates. Also, the Act provides details on the procedures for awarding and transferring the mineral rights. Furthermore, the Act elaborates on the required qualifications for awarding mineral rights. Table 18 summarizes the required qualifications for individual and corporate applicants.

Table 18: General Qualifications for Awarding Mineral Rights

Individual Applicants	Corporate Applicants
1. Age not less than 18 years	1. Must have a postal and physical address;

2. He/she has never been bankrupt	2. Must be incorporated under the Companies Act in the country;
3. Not a defaulter in the existing mineral rights expired or cancelled;	3. An audited financial statement must be submitted during application;
4. He/she has never been convicted within previous ten years with an offence in which dishonesty is an element and has not been sentenced to imprisonment or to a fine not exceeding twenty million shillings.	4. Must not be in liquidation other than liquidation that forms part of scheme for reconstruction or amalgamation of the holder;
5. Must be a citizen of the United Republic of Tanzania. A foreigner must have been resided within the country for at least 4 years.	5. Among its directors or shareholders one of the persons who would be disqualified under clause 2.1 (ii), (iii) and (iv)

Source: The Mining Commission[28]

Apart from the qualification of individual and corporate applicants, the Act guides on the procedures of awarding mineral rights in the United Republic of Tanzania. The procedures and conditions for awarding mineral rights may differ depending on the type of licence being sought. As per the Mining Commission, eight (8) major mineral rights are issued to qualified individuals or corporate applicants. These rights consist of Prospecting Licence (PL), Special Mining Licence (SML), Mining Licence (ML), and Primary Mining Licence (PML).

Other mineral rights include Processing Licence (PCL), Smelting Licence (SL), and Refinery Licence (RFL). Moreover, the Act provides other licences (Broker's and Dealer's Licences) to individuals or corporate bodies dealing with minerals. The Mining Commission issues prospecting Licence and Special Mining Licence upon the approval by the Cabinet, while other remaining licences are granted by the Mining Commission depending on the type of minerals the applicants intend to extract. As per Section (28) of the Mining Act, Cap 123, R.E. 2018, the Prospecting Licence (PL) is granted to the applicants who intend to extract one of the six groups of minerals, namely, metallic minerals, gemstones, industrial minerals, building minerals, energy minerals, and kimbelitic diamonds. Table 19 summarizes the types and descriptions of different mineral rights provided in the United Republic of Tanzania.

Table 19: Types of Mineral Rights

Type of Licence	Description
Prospecting Licence	Prospecting Licences (PL) are issued to individuals/entities which wish to conduct prospecting operations. PL is initially issued for a period not exceeding 4 years. The first renewal shall have a duration of three (3) years. The second renewal is for the period of 2 years then expired and reverted to the Government or proceeded with the application of MLs or SMLs before expiry.
Special Mining Licence	Special Mining Licence (SML) is issued to only large mining operations with over US$100 million in investments to produce minerals. The SML allows the extraction of minerals in the maximum area size of 35 sq. km, for superficial deposits, the maximum area shall be 70 sq. km (7.000 hectares. Granted for a maximum of ten (10) years and estimated life of ore body or such period as the applicant may request whichever period is shorter (Mineral Rights): Regulations, 2018 [G.N. NO. 1 of 2018]. The SML is renewable if the application to renew is received not later than one (1) year before expiration.

[28] http://tumemadini.go.tz/pages/mining-licences-services

Type of Licence	Description
Mining Licence	Mining Licence (ML) is issued to medium scale mining operation, whose capital investment is between US$100,000 and US$ 100,000,000 or its equivalent in Tanzanian shillings. The licence duration is not exceeding 10 years. ML is renewable if the application to renew is received not later than six (6) months before the expiration of the licence. The maximum area allowed is 10 sq. km.
Primary Mining Licence	Primary Mining Licence (PML) in case of individual is granted to Tanzanian citizens. In case of partnership, all partners must be citizens of Tanzania. In case it is body corporate, its membership and all directors must be composed by citizens of Tanzania. Also, the control over the company, both direct and indirect, is exercised, from within Tanzania by persons all of whom are citizens of Tanzania. It is given for seven (7) years and may be renewed for the same duration. The PML holders are allowed to undertake prospecting and mining activities for an area of the maximum size of 10 hectares for all minerals excluding gemstones and 5 hectares for building materials. The holders of PML may renew their licences three (3) months not later than three (3) months before its expiration, the holders of PML may request to renew their licences.
Processing Licence	In consultation with the Minister and the Mining Commission, the mineral right holders are required to set aside a certain percentage of minerals for processing, smelting, or refining within the United Republic of Tanzania. The processing licence (PCL) is given for the period not exceeding ten (10) years and shall be subject to renewal.
Smelting and Refinery Licence	The Smelting and Refinery Licence may be issued to individuals or entities for the period not exceeding 25 years. These licences shall be subject to renewal.

Source: Mining Act, Cap 123

Apart from these mineral rights, Part V of the Mining Act, Cap 123, R.E. 2018 outlines other types of licences issuable to individuals and entities that deal with minerals activities apart from being directly involved in the mining operations. Table 20 shows different licences related to dealing with minerals.

Table 20: Licence for Dealing in Minerals

Type of Licence	Description
Dealer Licence	A Dealer Licence (DL) allows the buying and trading of minerals within or outside the country from the authorized mineral brokers. Dealer Licence in respect of gemstones requires the applicant to commit to acquire and utilize, in case of a Tanzanian five (5) lapidary machines and thirty (30) for foreigners within 3 (three) months from the date the licence was granted. The dealer licence can be in respect of the following minerals: gold, metallic minerals, coloured gemstones, diamond, coal, industrial minerals, and building materials. This licence allows the dealer to export minerals. DL is valid for the maximum period of twelve (12) months and shall expire on 30th June of each year. DL is subject to renewal and the applicant shall apply for the renewal one month before expiration.
Broker Licence	A Broker Licence (BL) is issued to an individual/firm which wants to buy, acquire minerals from the authorized miner and sell to a licenced dealer in Minerals and Gem Houses. The licence does not allow the Broker to export minerals. The maximum period for BL is twelve (12) months. As such, the licence will expire on 30th June of each year. The holder of BL may apply for renewal one month before expiration.
Minerals Import Permit	This permit is issued to individuals and corporates intending to import metallic minerals and gemstones except tanzanite. The holder of permit shall make a declaration in a prescribed form at the Mineral and Gem Houses or at the buying stations indicating the type and quantity of minerals intended to be imported and the purpose for importation. A person importing diamonds, radioactive minerals, tin, tungsten, tantalum, shall obtain an import permit upon making a declaration in a prescribed form and upon proof of compliance to international conventions and obligations. The holder of a permit, during the disposal of minerals, shall pay royalties at the prevailing rate.

Type of Licence	Description
Lapidary Licence	This licence is provided to large or small individual who wants to conduct lapidary activities. The licence is divided into two categories; large lapidary licence and small lapidary licence. The large and small lapidary licences deal with gemstones only. A large lapidary licence is valid for the period of five years from the date of issue. On the other hand, the small lapidary licence is issued for the period of twelve (12) months from the date of issue, and in case, it shall expire on 30th June of each year.

Source: Mining Act, Cap 123

The procedures and minimum qualifications/conditions for issuing mineral rights differ depending on the types of licences. The Mining Commission has fully disclosed procedures and minimum qualifications for issuing and renewing mineral rights.[29]

3.7.1.1 Awarding Mineral Rights

After a detailed description of types, minimum requirements/conditions and procedures of issuing mineral rights, this part presents the approaches of awarding and transferring mineral rights. Part II of the Mining Act, Cap 123, R.E.2018, provides the general approaches of awarding and transferring mineral rights in the United Republic of Tanzania.

i. Approaches for Granting Mineral Rights

The Mining Act, [Cap 123, R.E.2018], provides the main approaches for granting and transferring mineral rights. As per the Act, granting of mineral rights is guided by two general approaches.

Part IV and V of the Mining Act, [Cap 123, R.E.2018] provides details on the issuance of various mineral rights. The first approach in issuing mineral rights is *the first-come-first-served approach,* whereby the applicant must identify a mining area of interest that is unoccupied by another mineral rights. Then, the applicant is required to apply to the Mining Commission through the public register. When the applicant has fulfilled all requirements outlined in parts IV and V of the Act, he/she will be provided with the mineral rights. The second approach of issuing mineral rights is implemented through the tendering process. Section 29 of the Mining Act, [Cap 123, R.E.2018] guides the issuance of mineral rights by tender. Part II of the Mining (Mineral Rights Applications by Tender) Regulations, 2020, provides more details on granting mineral rights through the tendering process.[30] In this approach, the Mining Commission will initiate an open tendering process if applications of the same mineral area received at the same date or an area that has been declared vacant or reserved by the Minister for the public interest. By considering public interests, the Minister of Minerals may call for applications for the Prospecting Licence (PL), Mining Licence (ML), or Special Mining Licence (SML) through the *Gazette* or local newspaper. Applicants will be

[29] https://www.tumemadini.go.tz/uploads/publications/en-1570453495-Procedures%20for%20Applying%20for%20Mineral%20Rights%20in%20Tanzania.pdf
[30] https://www.tumemadini.go.tz/uploads/publications/en-1595155135-484%20MINING.pdf

invited to submit their bids, and after the deadline, the Mining Commission will proceed to evaluate the submitted competing bids.

Then, the Commission will select the bid which is likely to promote expeditious and beneficial development of the area's mineral resources. In this approach, the main criteria for selecting the successful bidder are technical expertise and financial resources and a proposed mining program. Other criteria include the amount of expenditure the applicant plans to commit and the applicant's previous experience in conducting mining operations of the related magnitude. Table 21 presents the technical and financial criteria used by the Mining Commission to award mineral rights.

Table 21: Technical and Financial Requirements for Awarding Mineral Rights

No.	Technical Criteria	Financial Criteria
1	Submission of mineral deposit data	Individual or Corporate investment capability between $100,000 to $100,000,000 depending on the type of licence and size of mining operations for Mining Licence (ML) and Special Mining Licence (SML)
2	Programme for mining operations	
3	Expected infrastructure requirements	
4	Environmental Impact Assessment (EIA) report and certificate.	

Source: Ministry of Minerals

In granting mineral rights, the Mining Commission received 9,441 licence applications in 2018/19. Out of these applications, 5,099 licences were issued. Table 22 indicates different types of licences awarded in the same financial year.[31]

Table 22: Licences Awarded in the Mineral Sector for the Financial Year 2018/19

No.	Type of Licence	Quantity
1	Prospecting Licence	120
2	Retention Licence	-
3	Special Mining Licence	-
4	Mining Licence	33
5	Primary Mining Licence	2456
6	Broker's Licence	1734
7	Dealer's Licence	736
8	Smelting Licence	3
9	Refinery Licence	2
10	Processing Licence	15
	TOTAL	**5,099**

Source: The Mining Commission[32,33,34,35]

ii. Transfer of Mineral Rights

Apart from providing the legal guidance on granting mineral rights, Section 9 of the Mining Act, [Cap 123, R.E.2018], directs on transferring mineral rights from one mineral right holder to another. Nonetheless, the Act also provides a condition that all mineral rights for Special Mining Licence (SML) and Mining Licence (ML) cannot be transferred without the consent of the Mining Commission. During the transfer of the

[31] https://www.tumemadini.go.tz/uploads/publications/en-1615365247-MC%20Annual%20Report%202018-19%20Final.pdf
[32] https://www.teiti.go.tz/storage/app/uploads/public/60d/385/93e/60d38593e2d84606940705.pdf
[33] https://www.teiti.go.tz/storage/app/uploads/public/60d/382/d7b/60d382d7b72c6059234979.pdf
[34] https://www.teiti.go.tz/storage/app/uploads/public/60d/37e/c49/60d37ec49862a851626679.pdf
[35] https://www.teiti.go.tz/storage/app/uploads/public/60d/37d/cc8/60d37dcc8f9fd840772606.pdf

same, the Mining Commission normally evaluates the applications based on the technical and financial capabilities of the applicant of mineral rights. On the technical criteria, the applicant must provide an extensive development report of the granted mineral rights area. Moreover, the transferee must also provide proof of his/her mining capability. In evaluating applications, the Mining Commission will use similar financial criteria used to grant licences. Table 23 presents the technical and financial criteria used by the Mining Commission to transfer mineral rights.

Table 23: Technical and Financial Requirements for Transfer of Mineral Rights

No.	Technical Criteria	Financial Criteria
1	Proposed mining activities	Investment capability between \$100,000 to \$100,000,000 depending on the size of operations and type of mining licence for Mining Licence (ML) and Special Mining Licence (SML)
2	Programme for mining operations	
3	Expected infrastructure requirements	
4	Environmental Impact Assessment (EIA) report and certificate.	

Source: Ministry of Minerals

In the financial year 2018/19, the Mining Commission transferred 73 licences from one mineral rights holder to another. Table 24 indicates all licence transfers in this financial year.[36]

Table 24: Licences Transferred in Mineral Sector for the Financial Year 2018/2019

S/N	Type of Licence	Quantity
1	Prospecting Licence	3
2	Retention Licence	0
3	Special Mining Licence	0
4	Mining Licence	12
5	Primary Mining Licence	58
6	Broker Licence	0
7	Dealer Licence	0
8	Smelting Licence	0
	TOTAL	**73**

Source: The Mining Commission

iii. Awarding Mineral Rights Through the Bidding Process

The requirement 2.2c of EITI Standard 2019 requires the implementing countries to disclose the bidding criteria and list of applicants when mineral rights are awarded through the bidding process. According to the Mining Commission, the bidding process was not used in granting mineral rights because there were no applications for the same mineral rights area submitted on the same date. Also, during the same reporting period, the Minister did not invite tenders because there was no mineral area declared vacant or reserved for the Minister to invite the same.

iv. Effectiveness of Approaches to Grant Mining Licences

The two approaches are effective in enhancing transparency regarding the issuance of mineral rights. The openness of the two approaches reduces the probability of

[36] https://www.teiti.go.tz/storage/app/uploads/public/60d/37c/63b/60d37c63bee6e727022430.pdf

malpractices and misuse of authorities in awarding or transferring licences. This is possible because all applications are lodged and processed through a publicly accessible system (Mining Cadastre). The system also permits individuals or corporates to appeal in an event where one of the applicants is not satisfied with the decision to award/transfer the mineral rights to another individual or corporate body. The mining register contains all information about all awarded, transferred, and cancelled mineral rights.[37]

v. Suspension and Cancellation of Mineral Rights

Section 63 (1) of the Mining Act, [Cap 123, R.E.2018] provides the procedures and conditions which may force the Mining Commission to suspend or cancel the mineral rights from the current mineral rights holder. Some of the factors that will force the Mining Commission to suspend or cancel mineral rights include the failure of the licence holder to comply with any related laws and regulations or other agreed conditions during the issuance of the licence. However, to ensure justice is served, the Mining Commission will take further steps by serving the mineral rights holder with a notice of intent in writing, stating the reasons for suspension or cancellation of the mining licence.

Nonetheless, Section 65 of the Act also provides an opportunity for mineral rights holders to appeal against such decision(s). However, for an appeal to be accepted, the mineral rights holder shall within sixty (60) days from the date of suspension/cancellation decision file the appeal for judicial review to the High Court. The appeals are to ensure justice is served for individuals and corporates who are not satisfied with the entire process of awarding and transferring mineral rights.

In the financial year 2018/19, the Mining Commission revoked 249 mining licences for various reasons: the failure of holders of mineral rights to comply with legal and regulatory conditions, including initiation of mining activities immediately after acquiring a licence and payment of licence fees. Table 25 shows the types and revoked licences during the period under review.

Table 25: Revoked Licences in the Mineral Sector for the Financial Year 2018/19

No.	Type of Licence	Quantity
1	Special Mining Licence	2
2	Mining Licence	43
3	Primary Mining Licence	204
	TOTAL	**249**

Source: Mining Commission Annual Report 2018/19[38]

3.7.1.2 Mining Licence Registry

Parts III of the Mining Act, Cap 123, directs the Mining Commission to establish and maintain a Mining Cadastre. The Mining Cadastre is important in the entire process of

[37] https://portal.madini.go.tz/site/CustomHtml.aspx?PageID=d7f3f61d-4689-4280-a59a-b865f002dd60.
[38] https://www.tumemadini.go.tz/uploads/publications/en-1615365247-MC%20Annual%20Report%202018-19%20Final.pdf

administering the mineral rights. It receives and processes all applications for mineral rights and mining licences, administers mineral rights and mineral processing licences, and maintains public cadastral maps and cadastre registers. The register has been configured in a way that permits applicants of mining licences and holders of valid licences (Division A, B, C, and D) to renew, relinquish, cancel, and make online transactions. As per requirement 2.3 of EITI Standard 2019, the cadastre register is required to be publicly available. In the United Republic of Tanzania, the mining cadastre can be accessed online.[39]

However, there are two levels of access permitted by the Mining Cadastre. The first level is readily available upon registration for holders of valid mining licence class A, B, C, and D. To obtain first-level access, one must go through a lengthy registration process to access the system. The Mining Commission considers this is the best way to control the potential misuse of the system. The second level of access to the Mining Cadastre is for public use through a cadastre map. The public may access the cadastre map, which shows the number of issued licences, owners of licences, date of application, date of expiry, licence type and number, the mining area, applications of mining licences, and many more.[40] Through the cadastre map, one would see all full information about the awarded licences and ongoing mining activities in different parts of the country.

3.7.2 Allocation of Petroleum Licences

The Petroleum Act, 2015, provides legal guidance in all matters related to awarding and transferring of oil and gas licences in the United Republic of Tanzania. The Act administers all upstream, midstream, and downstream petroleum activities in the country. Table 26 presents all issuable oil and gas licences in the country:

Table 26: Types of Oil and Gas Licences

No.	Licence Type	Description
1	Exploration Licence	Exploration Licences are awarded to the National Oil Company to conduct exploration operations. The National Oil Company must apply for the licence to the Minister in respect of any block. The application shall not state more than forty (40) blocks. The duration of the Exploration Licence is four (4) years from the date on which the licence was granted. The Exploration Licence holder may apply for extension in respect of any block in the exploration area. Exploration Licence may be extended to a period of not more than three (3) years in the first extension and not more than two (2) years in the second extension. Upon receiving advice from PURA, the Minister may grant or reject licence extension due to various conditions stipulated in Section 59 of the Petroleum Act, 2015.
2	Development Licence	Development Licence is issued to the holders of valid Exploration Licences of certain blocks where petroleum has been discovered. "A holder of an Exploration Licence whose licence is in force in respect of blocks that constitute a location may, within two years in case of crude oil and three years in case of natural gas from the date on which the blocks were declared to be location or such further period as the Minister allows, make an application for development licence in respect of such blocks which contain petroleum reservoir or a part of a petroleum reservoir." The Development

[39] https://portal.madini.go.tz/site/CustomHtml.aspx?PageID=d7f3f61d-4689-4280-a59a-b865f002dd60.
[40] Tanzania Mining Cadastre Portal - Supported by Spatial Dimension - Developers of FlexiCadastre (madini.go.tz)

		Licence can be extended once. The application should be submitted no later than twelve (12) months before the licence expiration. The Minister, upon receiving advice from PURA, may grant or refuse to grant the Development Licence under certain conditions as provided in Section 75 of the Petroleum Act, 2015.

Source: Petroleum Act, 2015

3.7.2.1 Petroleum Rights

This section is presenting all matters related to petroleum rights which include the granting and transferring processes. As per the Act, all matters related to the issuance and transfer of petroleum rights in the country are guided by the Petroleum Act, 2015.

i. Awarding of Petroleum Rights

All issues related to awarding petroleum rights are guided by Sub-part II of the Petroleum Act, 2015. The Act has entrusted all powers to the Minister who can grant or reject petroleum rights issuance The Act rules that all exclusive rights to petroleum operations in the country must be given to the National Oil Company referred to as Tanzania Petroleum Development Corporation (TPDC). The Act continues by ruling that all petroleum rights issued to TPDC are not transferrable to any other person(s). Despite being a National Oil Company, to obtain these rights, the Company must lodge an application to the Minister of Energy. After receiving the application, PURA will evaluate the same as directed by Sub-part II of the Petroleum Act, 2015.

If the National Oil Company cannot conduct operations, the Act provides the provision that allows TPDC to partner with a Tanzanian or foreign entity through a public and competitive tendering process or direct award of a block. However, TPDC must seek consent from the Minister whenever they want to enter into such partnerships. The Act directs TPDC to maintain the participating interest of not less than 25% unless decided otherwise in such partnerships. For a company to conduct petroleum operations in Tanzania outside the scope of a reconnaissance permit shall do so together with the National Oil Company. The Act further governs that for a company to partner with TPDC must be a registered body corporate under the Companies Act or any written law, and such entity is of recognized capacity, technical knowledge, and financial capability.

Moreover, the Act stipulates that two or more applicants may enter into a partnership agreement for conducting petroleum operations. Such agreements shall be submitted to the Minister of Energy as one of the conditions to establish the same. Then, the Minister may, after receiving advice from PURA and on behalf of the Government, enter into an agreement with TPDC and its partners. However, the Minister shall do so after receiving approval from the Cabinet. Before the agreement come into effect, PURA shall prepare the Model of Production Sharing Agreement (MPSA) between TPDC and its partners. Then, PURA will submit to the Minister, who will then send it to the Cabinet for approval. When the Cabinet is satisfied and accepts the MPSA, the same will be approved. The approved MPSA will be the guide for all subsequent negotiations between TPDC and its partners.

For enhancing transparency in the petroleum operations, the Acts restricts any petroleum agreement to be executed unless it has gone through an open and competitive public tendering process. If there is a need to initiate direct negotiations, the Minister has to make the broader circulation of the invitation of tender or intention to initiate the same. In a situation when whole or part of the area tendered through a competitive public tendering process has not become effective, and it is for public interests, then, the Minister upon the advice received from PURA, and approval of the Cabinet, may initiate direct negotiations with the qualified or eligible entity. The Minister may, by regulations, prescribe the manner of conducting the tendering process. Moreover, the Minister may, by notice published in a *Gazette*, declare certain blocks to be reserved for public interest or directly awarded to TPDC. No granting of a licence for all reserved blocks shall be caused unless such a reservation is amended or revoked by the Minister through a *Gazette*.[41]

Unlike in the mineral rights, there is one main approach of awarding petroleum rights in an open acreage in the United Republic of Tanzania. The common and permissible approach is open tendering. Table 27 shows the conditions which must be fulfilled by the entity seeking petroleum licences.

Table 27: The Criteria for Awarding Petroleum Rights

No.	Type of Licence	Criteria
1	Exploration Licence	The applicant's proposals for work and minimum expenditure in respect of the block specified in the application.
		Provide particulars of technical and petroleum industry qualifications of the applicant and his employees.
		Provide particulars of technical and petroleum industry resources available to the applicant.
		Submit particulars of kinds of financial resources available to the applicant, including capital, credit facilities, and guarantees.
		Submit a proposal on the local content plan related to the training and employment of citizens of Tanzania.
2	Development Licence	Provided directly to a holder of Exploration Licence if he meets the conditions stipulated in the Act and Regulations. In case the applicant does not hold an Exploration Licence in respect of a block, may be given a Development Licence if he satisfies the Minister that the block contains a petroleum reservoir, and there are no Exploration or Development Licences of the block which is in force during the time of application.
		The holder of the Exploration Licence applying for a Development Licence must provide evidence that the block contains a petroleum reservoir or part of a petroleum reservoir.
		Development plan proposal which its details are provided in Section 67 of the Petroleum Act, 2015

Source: Petroleum Act, 2015

[41] http://pura.go.tz/sites/default/files/file_manager/PETROLEUM%20ACT%202015.pdf.

In 2018/19, PURA did not issue any new exploration and development licences for oil and natural gas. The licences for ongoing oil and natural gas operations in the country were issued before this reporting year. In this financial year, PURA has not conducted another oil licencing round. All licences for ongoing natural gas operations were issued by the Authority in previous years.[42] This report provides more details of all ongoing oil and natural gas projects in the country.

ii. Transfer of Petroleum Rights

As indicated in the previous section, the Petroleum Act, 2015 does not permit the transfer of exclusive petroleum operation rights granted to TPDC. These rights cannot be transferred to any other person(s). However, Sections 85 and 86 of the Petroleum Act, 2015, provides room for transferring petroleum rights. It allows interest in a licence to be created by an instrument in writing. The Minister must approve the transfer of an interest in a licence. The application for approval of a transfer of licence by the Minister must satisfy several conditions. The application for transfer must demonstrate the ability of transferee capability in discharging transferor obligations, certificate of incorporation or compliance by the transferee, and transfer agreements between transferee and transferor. Also, it requires the tax clearance certificate from TRA, an integrity pledge by the transferee, and particulars of technical and industrial qualifications of the transferee and their employees.

Moreover, the applicant must provide details of the financial resources available to the transferee, including the capital, credit facilities, and guarantees. Furthermore, the process requires the applicant to provide the particulars of available technical and industrial resources, a proposal regarding how the project plans to train Tanzanians, and other issues which the Minister may deem necessary to be included. According to PURA, there were no petroleum rights transferred in the financial year 2018/19.

vi. Awarding Petroleum Rights Through the Bidding Process

The requirement 2.2c of EITI Standard 2019 directs the implementing countries to disclose the bidding criteria and list of applicants when petroleum rights are awarded through the bidding process. As per PURA, there were no petroleum rights granted in the financial year 2018/19.

vii. Surrender, Cancellation, and Suspension of Petroleum Rights

The Petroleum Act, 2015, provides a room to licence holder who wishes to surrender all or any of the blocks by applying to the Minister. Then, the Minister will issue the certificate of surrender whenever all conditions are satisfied. The Minister will reach the decision after receiving the advice from PURA. However, the Act does not permit the certificate of surrender to be granted to the licence holder who is in default. In

[42] https://www.pura.go.tz/documents/gas-discoveries

case the applicant to surrender any block had any outstanding liability, the surrender shall not affect any liability incurred before the surrender came into force.

Regarding the cancellation and suspension of petroleum rights, the Minister has powers to suspend or cancel the rights if the licence holder is in default. The holder of the petroleum rights will be notified in writing of the intention or decision to cancel or suspend his/her licence. Section 83 of the Act provides detailed information which may compel the Minister to cancel or suspend the petroleum rights.

3.7.2.2 Petroleum Registry

Regarding the transfers and registration records for petroleum licences, Section 84 (1) – (6) of the Petroleum Act, 2015 has mandated PURA to establish and maintain a Registry of petroleum agreements, licences, permit authorizations, and any change in the interests of an existing petroleum agreement, permit, or licence. The law stipulates that the registry shall contain the information on the petroleum licence, permit, or petroleum agreements, including applications for grants, assignments, renewal, surrender, termination, and revocation. Moreover, it is guided that the registry must contain information about court decisions, including arbitration, award, deeds or instruments related to the licence. It is further directed by the law that information recorded in the petroleum registry unless otherwise as provided by the law. PURA's responsibility is to make sure that the public has access to information in the Petroleum Registry. PURA is maintaining the Petroleum Registry, except that the same is not accessed online. PURA is currently preparing a mechanism that will be used to make the Registry available online.

3.7.2.3 Deviations from Legal and Regulatory Frameworks

Requirement 2.2 (a)(iv) of EITI Standard 2019 requires that member countries disclose any material deviations from applicable legal and regulatory frameworks concerned with the issuance and transfer of mineral, oil and gas rights. Starting with the mineral rights, according to the Mining Commission, there were no material deviations from applicable legal and regulatory frameworks related to the issuance and transfer of mineral rights in 2018/19. On the side of oil and natural gas rights, according to PURA, there was no right issued or transferred in this reporting year.

3.7.3 Contract Disclosure

As per requirement 2.4(a) of EITI standard 2019, the implementing counties are required to disclose any new contract entered, granted or amended from January 2021. Therefore, contract disclosure for extractive industries is paramount towards enhancing transparency in the mineral, oil, and gas sectors. Given the importance of enhancing transparency in the extractive sector, the TEITA Act, 2015 also requires the TEITA committee to disclose concessions, contracts, and licences relating to mining, oil, and gas sectors. TEITI has started to engage Government entities responsible in implementing the contract disclosure requirement to discuss the ways to implement this requirement effectively. To this end, the implementation roadmap has been prepared and published.[43] Efforts are under way to ensure that the oil, gas and mining contracts are disclosed as required.

3.8 Collection and Distribution of the Extractive Revenues

3.8.1 Budget Process

Tanzania uses the Medium-Term Expenditure Framework (MTEF) budget. The preparation and implementation of the MTEF budget is guided by the Budget Act 2015. Part IV of the Budget Act provides detailed stages/steps of the budget process, which can be grouped into four main stages: budget formulation, debating and approval, budget execution, and oversight and control.

i. Budget Formulation (October – March)

Budget formulation is the first stage in the budget process. It is normally carried out from October to March involving the following key sub-processes:

- Formulation of budget policy and resource projections
- Issuance of Planning and Budget Guidelines
- Estimating revenues and expenditure by MDAs, Regions, Parastatal Organisations and LGAs.
- Scrutiny of estimates by Parliamentary Sub-Committees and Inter-Ministerial Technical Committee
- Cabinet approval of budget estimates.

ii. Parliamentary Debating and Approval (April – June)

The second stage in the budget process is debating and approval of the estimates. This takes place from April to June, involving the following key activities:

- Tabling the budget estimates in Legislature
- Budget speeches presentation (Budget Day)
- Debate in the parliament
- Budget voting
- Enactment of the Finance Bill
- Enactment of the Appropriation Act

[43] https://www.teiti.go.tz/storage/app/uploads/public/60d/c11/125/60dc111252093547408015.pdf

iii. Budget Execution (July – June)

Budget execution, i.e. implementation, follows as a third stage in the budget process. It starts from 1st July to 30th June (within one fiscal year). It involves the following activities:

- MDAs, Regions, Parastatal Organisations and LGAs prepare action plans (work plans)
- Budget is executed by a cash budget system.
- Treasury releases money to MDAs, Regions, Parastatal Organisations and LGAs.
- Services delivered
- Development projects are undertaken
- Transactions relating to accounting, procurement and reporting procedures
- Preparation of financial statements

iv. Auditing, Oversight and Control

The fourth and last stage in the budget process is auditing, oversight and control. It is ongoing within the year and involves the following main activities:

- Continuous -annual monitoring, including internal audits
- Conducting External audits by the Controller and Auditor General (CAG).
- Audit reports discussed with Accounting Officers later tabled in parliament, after which they are submitted to the parliamentary oversight committees i.e. Public Accounts Committee (PAC), Local Authority Accounts Committee (LAAC) and Public Investment Committee (PIC) and later made public documents for use and follow-up action.

3.8.2 Revenue Collection

The fiscal year of the Government starts on 1st July and ends the next year on 30th June. Extractive companies make payments to various Government Agencies during the fiscal year. These agencies are divided into two categories: recipients of taxes, fees, and charges, i.e., TRA, LGAs, MoFP, TPDC, MC, Treasury Registrar, and TFS. The second category includes recipients of social security contributions, i.e., the National Social Security Fund (NSSF), Public Service Social Security Fund (PSSSF) and Workers Compensation Fund (WCF). The extractive revenue collections framework is diagrammatically summarized in Figure 6.

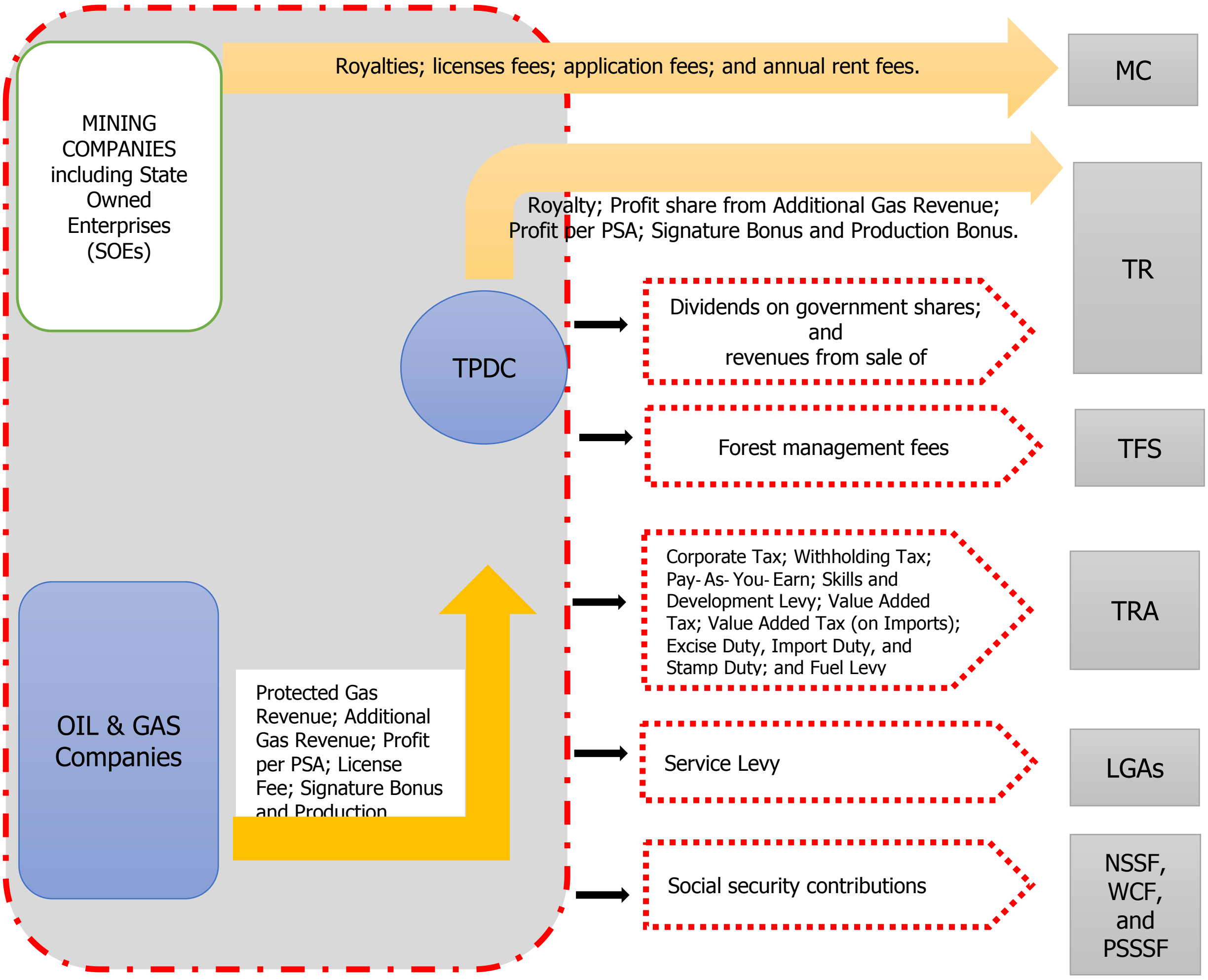

Figure 6: Payment Flows of Extractive Revenue Collection

i. Tanzania Revenue Authority

The Tanzania Revenue Authority (TRA) is regulated by law and is responsible for administering various non-sector taxes of the Central Government. TRA is the recipient of most of Tanzania's revenues from the mining, oil and gas sector. The Authority collects various taxes, including corporate income tax, skills development levy, value-added tax, import duty and excise duty, as shown in Table 28.

Table 28: Taxes and Payments Received by TRA

Tax Category	Tax Type	MDA[44] Holders		Non-MDA Holders	
		Tax Base	Rate	Tax Base	Rate
Corporate Tax	Provisional Corporate Tax	Estimated Profit	30%	Estimated Profit	30%
	Final Corporate Tax	Taxable Profit	30%	Taxable Profit	30%
Turnover Tax/ Levy	Alternative Minimum Tax (AMT)	No	No	Turnover	0.3%
	• Dividend payments	Payments	10%	Payments	10%
	• Interests	No	No	Payments	10%

[44] Mining Development Agreement (MDA)

Tax Category	Tax Type	MDA[44] Holders		Non-MDA Holders	
		Tax Base	Rate	Tax Base	Rate
Withholding Taxes[45]	• Technical Services46 (Resident)	Payments	3%	Payments	5%
	• Technical Services (Non-Resident)	Payments	3%	Payments	15%
	• Management Fees (Resident)	Payments	3%	Payments	5%
	• Management Fees (Non-Resident)	Payments	3%	Payments	15%
	• Rental (Resident)	Payments	10%	Payments	10%
	• Rental (Non-Resident)	Payments	15%	Payments	15%
	• Insurance Premium (Applicable to Non-Resident only)	Payments	5%	Payments	5%
	• Natural Resources Payments	Payments	15%	Payments	15%
	• Service Fees (Applicable to Non-Resident only)	Payments	15%	Payments	15%
Capital Gain Tax (Company Assets)		Gain	30%	Gain	30%
Employment Taxes/Charges	• Pay As You Earn (PAYE)	Personal Income	Ranges from 11% to 30% plus fixed amounts	Personal Income	Ranges from 11% to 30% plus fixed amounts
	• Skills and Development Levy-SDL	Employer's Payroll Cost	4.5%	Employer's Payroll Cost	4.5%
VAT	(VAT special relief on purchases, 0% rated on exports)	Taxable Value	18%	Taxable Value	18%
Stamp Duty		Sales Value	1%	Sales Value	1%
Import Duty	• For Capital Goods	Customs Value	0%	Customs Value	0%
Excise Duty	• Motor Vehicle 1000 cc to 2000 cc	Customs Value	5%	Customs Value	5%
	• Motor Vehicle above 2000 cc	Customs Value	10%	Customs Value	10%
Fuel Levy		Volume	TZS 313 per litre	Volume	TZS 313 per litre
Motor Vehicle Taxes	Motor Vehicle Registration Fees (cc)				
	• 501 – 1500	Motor Vehicle Registered	TZS 200,000	Motor Vehicle Registered	TZS 200,000
	• 1501 – 2500	Motor Vehicle Registered	TZS 250,000	Motor Vehicle Registered	TZS 250,000
	• 2501 and above	Motor Vehicle Registered	TZS 300,000	Motor Vehicle Registered	TZS 300,000
	• Motorcycle Registration Fees	Motorcycle Registered	TZS 95,000	Motorcycle Registered	TZS 95,000
	• Personalized registration number renewable after every three years	Motor Vehicle Registered	TZS 10,000,000	Motor Vehicle Registered	TZS 10,000,000
Motor Vehicle Transfer Taxes	• Motor Vehicle Transfer Fees	Transfer	TZS 50,000	Transfer	TZS 50,000
	• Tricycle (Bajaj)	Transfer	TZS 30,000	Transfer	TZS 30,000
	• Motorcycle Transfer Fees	Transfer	TZS 27,000	Transfer	TZS 27,000
Railway Development Levy	Charged based on Customs Value on goods entered for home consumption in Mainland Tanzania at 1.5% of CIF.				

[45] https://www.pkf.com/media/10028501/tanzania-tax-guide-2016-17.pdf (PKF_tanzania-tax-guide-2016-17.pdf)

[46] ITA (2004) section 83 and paragraph 4(c) of the First Schedule

Tax Category	Tax Type	MDA[44] Holders		Non-MDA Holders	
		Tax Base	Rate	Tax Base	Rate
	The levy does not apply to imported goods that have relief or exemption under the East African Community Customs Management Act 2004 (EACCMA 2004), goods in transit, pharmaceutical goods, etc.				
Customs Processing Fee	A fee charged at 0.6% of FOB Value for processing customs documents for goods entered for home consumption.				
Advertising fees	Charged on commercial advertisement fees for Billboards, Posters or Hoarding				
Wharfage fees	TRA is mandated to Collect Wharfage fee				

Source: Income Tax Act, 2004 and Tanzania Revenue Authority: taxes and duties at a glance 2019/2020

ii. The Mining Commission

MoM sets policies and strategies for exploiting mineral resources. On the other hand, MC is responsible for issuing licences and collecting mining revenues such as royalties, permit fees, annual rental fees, and other charges from mining companies, including SOEs.[47] Table 29 shows the types of payments received by the MC.

Table 29: Types of Payments Received by MC

	Type of Fee	Base	Rate/ Amount	Payment System
ROYALTIES				
i.	Uranium	Gross value[48]	5%	Paid on export or local consumption upon delivery
ii.	Gemstone and diamond	Gross value	6%	Paid on export or local consumption upon delivery
iii.	Metallic minerals such as copper, gold, silver, and platinum group minerals	Gross value	6%	Paid on export or local consumption upon delivery
iv.	Gem	Gross value	1%	Paid on export or local consumption upon delivery
v.	Other minerals, including building materials, salt, all minerals within the industrial minerals group	Gross value	3%	Paid on export or local consumption upon delivery
LICENSE APPLICATION FEES (NON-REFUNDABLE)				
i.	Prospecting Licence (PL) for metallic minerals, energy minerals and kimberlitic diamond	PL	USD 300	Paid on application
ii.	Prospecting Licence for building materials and gemstones excluding kimberlitic diamond	PL	USD 300	Paid on application
iii.	Prospecting Licence for industrial minerals	PL	USD 200	Paid on application
iv.	Retention Licence	RL	USD 4,000	Paid on application
v.	Special Mining Licence	SML	USD 5,000	Paid on application
vi.	Mining Licence	ML	USD 2,000	Paid on application
vii.	Mining Licence for building materials	ML	USD 2,000	Paid on application
viii.	Primary mining Licence	PML	TZS 50,000	Paid on application
ix.	Transfer of primary Licence	PML	USD 200	Paid on application
x.	Transfer of shares in a primary mining Licence	PML	USD 500	Paid on application
xi.	Transfer of mineral rights other than primary mining Licence	PML	USD 3,000	Paid on application
xii.	Search in the register, for everyone hour or part thereof	Number of searches	USD 50	Paid on application
xiii.	Registration of any document in the office of the Commissioner for Minerals	Number of documents to be registered	USD 500	Paid on application

[47]For more information visit on: https://www.madini.go.tz/act-policy-and-useful-doc/

[48] "Gross value" according to subsection 87(6) means the market value of minerals as determined through valuation pursuant to section 100B of the Mining Act, 2010 (R.E. 2018).

Type of Fee		Base	Rate/ Amount	Payment System
xiv.	Approval of any document by the Minister as provided in the Mining Act	Number of documents to be approved	USD 500	Paid on application
LICENCE RENEWAL FEES (APPLICATION FEES FOR RENEWAL OF:)				
i.	Prospecting Licence for metallic minerals, energy minerals and kimberlitic diamond	PL	USD 300	Paid on renewal
ii.	Retention Licence	SL	USD 4,000	Paid on renewal
iii.	Special mining Licence	SML	USD 5,000	Paid on renewal
iv.	Mining Licence	ML	USD 2,000	Paid on renewal
v.	Mining Licence for building materials and industrial minerals	ML	USD 2,000	Paid on renewal
vi.	Primary mining Licence	PML	TZS 100,000	Paid on renewal
APPLICATION FOR A CERTIFICATE OF SUSPENSION OF:				
i.	Work in the mineral rights under division C	Number of mineral rights	TZS 50,000	Paid on application
ii.	Work in mineral right other than mineral rights under division C	Number of mineral rights	USD 200	Paid on application
APPLICATION FOR A CERTIFICATE OF AMALGAMATION OF:				
i.	Primary mining Licences	Number of amalgamation transaction	TZS 200,000	Paid on application
APPLICATION FOR A CERTIFICATE OF SURRENDER OF:				
i.	Part or whole of the primary mining Licence area	Number of certificates	TZS 50,000	Paid on application
ii.	Part or whole of the area of a mineral right other than a primary mining Licence	Number of certificates	USD 500	Paid on application
PREPARATION FEES FOR:				
i.	Prospecting Licence for all minerals	PL	USD 500	Paid upon receipt of offer
ii.	Mining Licence for all minerals	ML	USD 1,000	Paid upon receipt of offer
iii.	Special mining Licence	SML	USD 2,000	Paid upon receipt of offer
iv.	Retention Licence	RL	USD 2,000	Paid upon receipt of offer
v.	Primary mining Licence	PML	TZS 50,000	Once application is approved
ANNUAL RENTS PAYABLE FOR ALL MINERAL RIGHTS OTHER THAN MINERAL RIGHTS UNDER DIVISION D				
i.	Prospecting Licence for metallic minerals, energy minerals, kimberlitic diamonds, building materials and gemstones, for initial period PL	Licence area	USD 100/sq.km	Paid annually
ii.	Annual rent for first renewal of a prospecting Licence	Licence area	USD 150/sq.km	Paid annually
iii.	Annual rent for second renewal of a prospecting Licence	Licence area	USD 200/sq.km	Paid annually
iv.	Retention Licence	Licence area	USD 2,000/sq.km	Paid annually
v.	Special mining Licence	Licence area	USD 5,000/sq.km	Paid annually
vi.	Mining Licence for metallic minerals, energy minerals, gemstones and kimberlitic diamonds	Licence area	USD 3,000/sq.km	Paid annually
vii.	Mining Licence for building materials and industrial minerals	Licence area	USD 2,000/sq.km	Paid annually
ANNUAL RENTS FOR MINERALS UNDER DIVISION D				
i.	Primary mining Licence for all minerals other than gold, kimberlitic diamonds and gemstones, subject to a minimum of TZS 20,000/= for each Licenced area having less than 2 hectares (TZS 80,000/=)	Licence area	TZS 40,000/Hect	Paid annually
ii.	Primary mining Licence for gold, kimberlitic diamonds or gemstones, subject to a minimum of TZS 80,000/= for each Licenced area having less than 2 hectares TZS 160,000/=)	Licence area	TZS 80,000/Hect	Paid annually

Type of Fee		Base	Rate/ Amount	Payment System
FEES FOR DEALING IN MINERALS[49]				
i.	Application fees for dealer Licence (non-refundable)	DL	USD 200	Paid on application
ii.	Application fees for broker Licence (non-refundable)	BL	TZS 50,000	Paid on application
iii.	Licence fees for dealer Licence - Gold, Metallic Minerals and Coloured Gemstones	DL	USD 1,000	Paid on application
iv.	Licence fees for dealer Licence - Diamonds	DL	USD 2,000	Paid on application
v.	Licence fees for dealer Licence - Coal and Industrial Minerals	DL	USD 500	Paid on application
vi.	Licence fees for a Broker Licence	BL	TZS 200,000	Paid on application
vii.	Application fee for renewal for a Dealer Licence	DL	USD 100	Paid on application
viii.	Application fee for renewal for a Broker Licence	BL	TZS 50,000	Paid on application
ix.	Renewal of Dealer Licence - Gold, Metallic Minerals and Coloured Gemstones	DL	USD 800	Paid on application
x.	Renewal of Dealer Licence - Diamonds	DL	USD 1,500	Paid on application
xi.	Renewal of Dealer Licence - Coal and Industrial Minerals	DL	USD 300	Paid on application
xii.	Renewal of Broker Licence	BL	TZS 160,000	Paid on application
FEES FOR EXPORT AND IMPORT OF MINERALS				
i.	Application fees for the export permit of minerals	Permit	USD 100	Paid on application
ii.	Application fees for import permit of minerals	Permit	USD 300	Paid on application
iii.	Application fees for Special export permit of minerals for non- resident	Permit	USD 2,000	Paid on application
iv.	Application fees for Special export permit of minerals for tourist	Permit	USD 200	Paid on application
v.	Application fees for Special export permit of minerals purchased at a Gem Trade Fair	Permit	USD 200	Paid on application
vi.	Application fees for import permit of minerals imported for a Gem Trade Fair	Permit	USD 200	Paid on application
FEES FOR PROCESSING, SMELTING AND REFINING LICENCES				
i.	Application for processing Licence, smelting Licence or refinery Licence	Licence	USD 200	Paid on application
ii.	Preparation fee for processing Licence, smelting Licence or refinery Licence	Licence	USD 200	Paid on application
iii.	The annual Licence fee for processing Licence, smelting Licence or refinery Licence	Licence	USD 1,000	Paid on application
iv.	Application fee for renewal of processing Licence, smelting Licence or refinery Licence	Licence	USD 200	Paid on application

Source: Tanzania Mining Industry's Investor Guide, 2015 and The Mining Act, 2010 [R.E. 2018]

iii. Tanzania Petroleum Development Corporation

TPDC is authorized under Section 6 of the Oil and Gas Revenue Management Act 2015 to collect non-tax revenues such as royalty, protected gas revenue, additional gas revenue, and government profit share as per PSA, surface rentals or annual block fees, signature bonuses and training fees, and tariff on gas transportation through Mtwara-Dar es Salaam and SONGAS gas pipelines.

TPDC also pays corporate tax from its profit share in respect of Songosongo PSA Development Licence to TRA. Furthermore, Section 9 of the Oil and Gas Revenue

[49] The-Mlning-Mineral-Trading-Regulations-2010 (R.E 2017), First Schedule, Fees for Dealing in Minerals

Management Act 2015, demands the royalties, profit shares, dividends on government participation in oil and gas operations collected by TPDC be paid to the government through the Oil and Gas Consolidated Fund. Table 30 provides more information.

Table 30: Payments made to TPDC

SN	Type of Payment	Description
1	Royalty on Oil and Gas	This is a payment given to the resource owner. This is required under section 113 of the Petroleum Act, 2015. Rates for royalty payments are charged on gross revenue depending on where the hydrocarbon is being exploited. For onshore and shelf areas the rate is 12.5%, whereas a 7.5% royalty rate if paid for deep water production (consistent with MPSA 2013).
2	Training fees	Fees payable by Licenced producers/contractor, depending on the Profit-Sharing Agreement (PSA), for training and research activities
3	Licence fees	Fees paid when applying for conducting oil and gas activities over a Licenced area
4	Tariffs	• Tariff on gas transport through Mtwara-Dar es Salaam Gas Pipeline • Tariff on gas transport through SONGAS pipeline

iv. The Treasury Registrar

The Treasury Registrar under the Ministry of Finance and Planning (MoFP) is responsible for collecting dividend payments, particularly from the companies where the State holds shares. The Treasury Registrar is also responsible for collecting revenue proceeds from the sale of shares of extractive companies that the government has an interest. In addition, it receives royalty, profit share from additional gas revenue, profit per PSA, signature bonus and production bonus from TPDC.

v. Social Security Contributions Funds

Extractive companies also make payments in the form of social security contributions of the employees. Contributions for all employees in the public sector are made to the Public Service Social Security Fund (PSSSF). Contributions for employees in the private sector, self-employed, international organization, and foreigners employed in Tanzania and any other category of persons that the Minister responsible for social security matters may specify upon recommendation by the Social Security Regulatory Authority (SSRA) are paid to the National Social Security Fund (NSSF). In addition, all employers, including extractive companies, are required by the Worker's Compensation Act Cap 263 R.E. 2015 to contribute to the Fund to protect their workers from occupational hazards. Table 31 provides more information on the employees' statutory contributions to the pension funds in the country.

Table 31: Statutory Contributions

SN	Fund	Tax Base	Rate
1	NSSF Contribution	Gross Cash Emoluments made to the employee (inclusive of cash allowances and benefits)	• 10% payable by employer • 10% payable by the employee
2	PSSSF Contribution	Gross Cash Emoluments made to the employee (inclusive of cash allowances and benefits)	• 5% payable by the employer • 15% payable by the employee
3	WCF Contribution	Employee's gross monthly salary	• 1% for private sector employers • 0.5% for public sector employers

vi. Local Government Authorities

The Local Government Act of 1982 mandates LGAs to pass by-laws for charging and collecting local taxes, levies, and fees within their jurisdictions. Moreover, extractive companies provide social and economic support to host communities in the respective LGAs in corporate social responsibility (CSR).

Table 32: Local Taxes and Contributions

SN	Fund	Description
1	Service levy	Local Government Authorities are entitled to charge up 0.3% service levy based on turnover generated by corporate bodies in the relevant district.
2	Corporate Social Responsibility (CSR)	Mineral rights holders are required by Written Laws (Miscellaneous Amendments) Act. No 7 of 2017, to prepare on an annual basis a credible corporate social responsibility plan, which is jointly agreed by the relevant local government authority or local government authorities in consultation with the Minister responsible for local government authorities and the Minister of Finance.

vii. Tanzania Forest Services Agency

TFS is an Executive Agency established under the Executive Agencies Act, 1997 (Cap. 245 Revised Edition 2009). TFS operates under the MNRT. As part of the forest and natural resources management, extractive companies that operate in protected national forest reserves must pay to mining fees (forest management fees) in a forest reserve (per year per ha or part of).[50]

3.8.3 Revenue Distribution

The Public Finance Act, 2001 is a legal instrument that provides for the legal framework of the country's budget system regarding revenue, expenditure control and accountability. Article 135 of the United Republic of Tanzania constitution and Section 11 of the Public Finance Act of 2001 establishes the Consolidated Fund. The Act categorically requires all revenues or other amounts of money raised or received for the Government to be deposited into the Fund, unless otherwise directed by Parliament. Thus, revenues received from the extractive sector are deposited into the Fund. On the other hand, the Annual Appropriation Act provides powers to the Minister for Finance to draw money from the Consolidated Fund and allocate or reallocate it to the various votes. Therefore, revenues arising from extractive companies lose their identities once deposited into the consolidated fund and can therefore not be tracked to a specific expenditure or project as required by EITI Standard 2019.

[50] https://trade.business.go.tz/media/GN-THE%20FOREST%20(AMENDMENTS)%20REGULATIONS,%202017%20%20%20GN%20final%20%20255%20%20chapa.pdf

3.9 Audit and Assurance Practices

3.9.1 Extractive Companies

The Companies Ordinance, Cap 212, requires every company to appoint a professionally recognised auditor to audit the company accounts/financial statements annually. The external auditors used International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) in due course of auditing. The audited company accounts/financial statements are then tabled in the annual general meeting (for the applicable companies) for adoption and actions.

3.9.2 Government Agencies

All public sector Entities (PSEs) in the Government of Tanzania (GoT), i.e., Ministries, Departments and Agencies (MDAs), Regions, Parastatal Organizations and LGAs, are required through Section 25 of the Public Finance Act (2001) as revised 2004 and amended 2010 to prepare their respective annual financial statements according to the International Public Sector Accounting Standards (IPSAS).

External audit for the PSEs is carried out as per requirements provided in Article 143 of the Constitution of the United Republic of Tanzania (1977) as amended from time to time; Public Audit Act (2008) and the International Standards of Supreme Audit Institutions (ISSAIs). The National Audit Office of Tanzania (NAOT), headed by the Controller and Auditor General (CAG), has the legal responsibility for undertaking external audits to all PSEs in the GoT. NAOT is a member of the International Organization of Supreme Audit Institutions (INTOSAI), which issues ISSAIs, and is a member of the regional subgroups of African Supreme Audit Institutions (AFROSAI) and the African Supreme Audit institutions-English speaking countries in Sub Sahara Africa (AFOSAI- E). The CAG applies the ISSAIs issued by INTOSAI in his/her auditing work.

The PSEs are required to submit their annual accounts to the CAG for audit within three months after the end of the year, i.e., on or before 30th September. The CAG will conduct an audit and, in the end, issue a management letter and Audit opinion on the accounts within nine months after the end of the fiscal year, i.e., by 31st March each year.

The CAG prepares two categories of reports, (1) Individual Report issued to the respective PSE (with auditor's opinion and detailed management letter) and (2) Annual General Report relating to the central government, parastatal organisations and local government authorities and projects. The Annual General Report provides summarized information regarding audit mandates, objectives, scope, methodologies and applicable standards; audit opinion; follow up on the implementation of previous years' audit recommendations; summary audit issues on the financial statements of the PSEs. and general conclusion and recommendations. The annual general reports of the CAG for the 2018/19 reporting period are publicly available on the NAOT website.[51]

All three (3) government agencies (NDC, STAMICO, and TPDC[52]) reported receipts that were received during the reporting period 2018/19 and had their annual accounts/financial statements audited. In addition, as provided in Section 18 of the TEITA Act, 2015, the CAG is responsible for investigating material discrepancies in the TEITI reports.

[51] https://www.nao.go.tz/index.php/reports/category/general-audit-reports

[52] https://tpdc.co.tz/downloads.php

4 DETERMINATION OF THE RECONCILIATION SCOPE

The EITI Standard defines materiality as follows: "Payments and revenues are considered material if their omission or misstatement could significantly affect the comprehensiveness of the disclosure." This section proposes materiality thresholds so that the reconciliation report covers all material payments and revenues from extractive companies and service providing companies in Tanzania. The materiality analysis in this report is based on company data provided by government agencies (TRA, TPDC, MC, and TFS) based on the aggregate of their projects rather than individual projects. This section provides details of the reconciliation scope of revenue streams, companies, and Government Agencies.

4.1 Scope of Revenue Streams

During the scoping phase, we consulted Government Agencies that received payments from the extractive industry to ascertain the relevant revenue streams to include in the reconciliation scope. To effect this, the IA also considered the relevant legislation in force and previous TEITI reports.

4.1.1 Payments to the Mining Commission

The review of the relevant legislation and analysis of the payment data received from the Mining Commission identified the following fees and charges payable to the Commission as shown in Table 33.

Table 33: Categories of Fees and Charges Payable to MC

SN	Revenue Stream
1.	Royalty
2.	Inspection and Clearing Fee
3.	Application fee
4.	Annual Rent
5.	Fines, Penalties and Forfeitures
6.	Licence Fee to Purchase/Store Explosive
7.	Preparation fee
8.	Mineral Rent
9.	Licence for Broker/Dealer licence
10.	Annual Licence fees for Smelting Licence
11.	Sales of Tender Documents
12.	Blasting/renewal/Individual competence Certificate fee
13.	Miscellaneous Receipts
14.	Geological fee
15.	XRF Analysis fee
16.	Search fee
17.	Sample preparation fee
18.	Graphite Analysis fee

4.1.2 Payments to Tanzania Revenue Authority

Table 34 shows the categories of the taxes paid by the extractive companies and service providing companies to TRA (Large Taxpayers Department (LTD), Domestic Revenue Department (DRD), and the Customs and Excise Department (CED)) during the fiscal year 2018/19.

Table 34: Categories of Taxes and Fees Payable to TRA

SN	REVENUE STREAM
PAYMENT MADE TO TRA (LTD & DRD)	
1.	Value Added Tax
2.	Pay-As-You-Earn
3.	Corporate Tay
4.	Withholding Tax
5.	Excise Duty on Natural Gas (Industrial use)
6.	Skill Development Levy
7.	Personal Income Tax
8.	Stamp Duty
9.	Natural resources payments
10.	Advertising fees
11.	Small Scale Minors
12.	Dividends from resident corporation to another resident hold 25%
13.	Excise Duty on Electronic Communication Services
14.	Excise Duty on Petroleum
15.	Sale of revenue stamps
16.	Port Departure Charges
17.	Natural resources payments
18.	Sign board fees
19.	Bed night levy
20.	Comm. On money trans -mobile service
21.	Road Reserve User Charge
22.	Motor vehicle foreign vehicle permit
23.	Motor vehicle taxicab
24.	Airport Departure Charges
PAYMENT MADE TO TRA (CED)	
25.	VAT
26.	Import Duty
27.	Petroleum Levy
28.	Railroad Dev Levy
29.	Customs Processing Fee
30.	Excise Duty
31.	Fuel Levy
32.	Excise Duty for Vehicles
33.	Vehicle Reg Tax
34.	Trade Levy Zanzibar

4.1.2.1 Tanzania Petroleum Development Corporation

TPDC is authorized under Section 6 of the Oil and Gas Revenue Management Act 2015 to collect non-tax revenues. Table 35 shows the categories of the fees paid by the oil and gas companies to TPDC during the fiscal year 2018/19.

Table 35: Categories of Fees Payable to TPDC

SN	REVENUE STREAM
1.	Royalty on Oil and Gas
2.	Profit Shas
3.	Training Fees
4.	Licence fees

4.1.2.2 Tanzania Forestry Service Agency

Forest (Amendments) Regulations, 2017, provide the fees payable on the service related to forest products. These fees, among others, are concerned with a licence provided to establish and operate other businesses in forest reserves and plantations. Under these Regulations, the extractive companies pay forest management fees to the Tanzania Forest Service Agency (TFS) as part of the forest and natural resource management. The TEITA Committee agreed to include this payment stream in the reconciliation scope

4.1.2.3 Local Government Authorities

The Local Government Act of 1982 mandates LGAs to pass by-laws for charging and collecting local taxes, levies, and fees within their jurisdictions. According to the Act, mining, oil, and gas companies are obliged to pay service levy up to 0.3% of annual turnover to LGAs where the mining, oil and gas activities are taking place. The service levy and other specific local taxes paid to LGAs by extractive companies and service providing companies have been included in the reconciliation scope.

4.1.2.4 Ministry of Finance and Planning

Dividends received from SOEs in 2018/19 and the revenues received from the sale of shares of companies that the Government has an interest in have been included in the reconciliation scope.

4.1.2.5 Social and Other Payments

Social and other payments consist of all contributions made by extractive companies to promote local development and to finance social projects in line with requirement 6.1 of EITI Standard 2019. This Standard encourages TEITA Committee to apply a high standard of transparency to social payments and transfers, the parties involved in the transactions and the materiality of these payments and transfers to other benefit streams, including the recognition that these payments may be reported even though it might not be possible to reconcile them.

These contributions can be made in cash or in kind. These contributions include education, health, environment, potable water supply, humanitarian aids, small business development services, and infrastructures. These payments can be in the form of cash or in-kind.

According to the Mining Act, Cap 123 Section 105 (1) requires that a mineral right holder on an annual basis, prepare a credible Corporate Social Responsibility plan jointly agreed by the relevant local government authority or local government authorities in consultation with the Minister responsible for LGAs and the Minister responsible for Finance. Corporate Social Responsibility must account for environmental, social, economic and cultural activities based on local government authority priorities of the host community.

In this reconciliation exercise, it was agreed to report these social payments through unilateral disclosure of extractive companies.

4.1.2.6 Other Significant Payments

The reporting template required reporting entities to report any other significant payments made/collected during 2018/19. These payments include any other payments made by reporting entities but are not included in the revenue streams such as litigations and others.

4.1.3 Selected Revenue Stream for Reconciliation Exercise

Table 36 presents the selected revenue streams for the reconciliation exercise. TEITA Committee agreed that Pay-As-You-Earn, Value-Added Taxes, withholding taxes, NSSF, GEPF and PSSSF contributions should be reconciled in aggregate and included in the 11th TEITI report as contextual information as they are payments paid by companies on behalf of employees and service providers and, therefore, they are not direct payments from the extractive companies and service providing companies.

Table 36: Revenue Streams for Reconciliation

SN	Description of Payment
	PAYMENTS TO THE MINING COMMISSION (MC)
1	Royalty
2	Inspection and Clearing Fee
3	Annual Rent
4	Application Fee
5	Fines, Penalties and Forfeiture
6	Licence Fee to Purchase or Store explosive
7	Preparation Fee
8	Mineral Rent
9	Licence for Broker/Dealer
	PAYMENTS TO TANZANIA PETROLEUM DEVELOPMENT CORPORATION (TPDC)
10	Royalty
11	Licence Fees
12	Training Fees
13	Profit Share
14	Tariff on gas transport through Mtwara-Dar es Salaam Gas Pipeline
15	Tariff on gas transport through SoNGAS pipeline
	PAYMENTS TO TANZANIA REVENUE AUTHORITY - LARGE TAXPAYER & DOMESTIC REVENUE DEPARTMENTS

16	Corporate tax
17	Skill Development Levy (SDL)
18	Excise Duty
	PAYMENTS TO TANZANIA REVENUE AUTHORITY - CUSTOMS & EXCISE DEPARTMENT (CED)
19	Import Duty
20	Excise Duty for Vehicles
21	Trade Levy Zanzibar
22	Excise Duty
23	Fuel Levy
24	Petroleum Levy
25	Vehicle Registration Tax
26	Customs Processing Fees
27	Railroad Development Levy
	PAYMENTS TO THE LOCAL GOVERNMENT AUTHORITY
28	Service Levy
	PAYMENTS TO THE TREASURY REGISTRAR (TR)
29	Dividends for Government Shares held in the Company
30	Revenue to Government for Shareholding Sale in the Company
	PAYMENTS TO TANZANIA FORESTY AGENCY
48	Exploration and Management Fees

4.1.4 Scope of Extractive and Supporting Companies

The information provided during the scoping study was limited to the payments received by TRA, TPDC, MC and TFS from the extractive industry. TPDC received payments from four companies from the oil and gas sector. These payments included royalty, profit share, training fees and licence fees. The rest of the companies made payments to either TRA, MC, or TFS. The total government receipts during the fiscal year 2018/19 based on these four Government Agencies amount to TZS 1.23 trillion from companies, small scale miners and supporting companies. Out of the total government receipts, TRA collected TZS 784.56 billion, MC collected TZS 346.28 billion, TPDC collected TZS 96.21 billion, and TFS collected TZS 671.70 million. Table 37 provides a picture of the payments received by the Government through TRA, TFS, MC, and TPDC.

Table 37: Materiality Analysis of Payments made to the Government

Payment threshold	Number of Extractive and Supporting Companies	Revenue Collected by Tanzanian Government (TZS billion)	%
Amount > TZS 1 billion	54	1,117.97	91.06
TZS 500 million <Amount <TZS 1 billion	21	15.24	1.24
TZS 100 million <Amount <500 million	85	19.37	1.58
TZS 50 million <Amount <100 million	36	2.55	0.21
TZS 10 million <Amount <50 million	202	4.88	0.39
Amount <10 million	Others	67.78	5.52
Total		**1,227.72**	**100.00**

Based on the government receipts, TEITA Committee agreed on the materiality threshold of TZS 1 billion (0.08%) of total government receipts reported by the four Government Agencies in the fiscal year 2018/19. The agreed materiality threshold implies that 54 companies that have contributed TZS 1,117.97 billion (91.06%) should participate in the reconciliation exercise. These 54 companies are listed in Table 38.

Table 38: Companies Included in the Reconciliation Exercise 2018/19

SN	COMPANY
	MINING COMPANIES
1.	GEITA GOLD MINING LIMITED
2.	NORTH MARA GOLD MINE LIMITED
3.	PANGEA MINERALS LIMITED
4.	SHANTA MINING COMPANY LIMITED
5.	WILLIAMSON DIAMOND (T) LTD
6.	BULYANHULU GOLD MINE LIMITED
7.	SAMAX RESOURCES LTD.
8.	BUSOLWA MINING CO. LTD^
9.	RASHID SULEIMAN YAHAYA
10.	TANCOAL ENERGY (T) LIMITED
11.	JAC RIJK AFRICA LIMITED
12.	NEELKANTH SALT LIMITED.
13.	PANAFRICAN MINING SERVICES (TANZANIA) LIMITED.
14.	STAMIGOLD COMPANY LIMITED
15.	SEA SALT LIMITED
16.	MANTRA TANZANIA LIMITED
17.	MBOGO MINING AND GENERAL SUPPLY LIMITED
18.	GERVAS MGANGA
19.	TANZANIA PORTLAND CEMENT CO LTD
20.	TANSINO QUARRIES LTD.
21.	IRAQW MINING TANZANIA LTD.
22.	SUNSHINE MINING LIMITED
23.	MMG GOLD LIMITED MMG GOLD LIMITED
24.	STATE MINING CORPORATION
25.	NATIONAL DEVELOPMENT CORPORATION
26.	ZEM (T) COMPANY LIMITED
	OIL/GAS COMPANIES
27.	M&P EXPLORATION PRODUCTION TANZANIA LIMITED
28.	PAN AFRICAN ENERGY TANZANIA LIMITED
29.	NDOVU RESOURCES LIMITED.
30.	TANZANIA PETROLEUM DEVELOPMENT CORPORATION
31.	EQUINOR TANZANIA AS
32.	SHELL EXPLORATION AND PRODUCTION TANZANIA LIMITED
33.	EXXONMOBIL EXPLORATION AND PRODUCTION TANZANIA LIMITED
	SERVICE PROVIDING COMPANIES
34.	CAPITAL DRILLING (T) LTD.
35.	CASPIAN LTD.
36.	BYRNECUT OFFSHORE TANZANIA LIMITED
37.	AUMS (T) LIMITED

SN	COMPANY
38.	SANDVIK MINING AND CONSTRUCTION TANZANIA LIMITED
39.	TOTAL TANZANIA LIMITED
40.	AFRICAN EXPLOSIVE (T) LIMITED
41.	ORICA TANZANIA LIMITED
42.	GLOBELEQ TANZANIA SERVICES LIMITED
43.	SAHARA TANZANIA LIMITED
44.	MINERAL OIL CORPORATION LIMITED
45.	GBP TANZANIA LIMITED
46.	GLOBAL FLUIDS INTERNATIONAL (T) LIMITED
47.	OXLEY LIMITED
48.	CHINA PETROLEUM TECHNOLOGY AND DEVELOPMENT CORPORATION
49.	NITRO EXPLOSIVES (T) LTD.
50.	TNR LIMITED
51.	MURRAY & ROBERTS CEMENTATION (TANZANIA) LTD.
52.	PAULSAM GEO - ENGINEERING COMPANY LIMITED
53.	STAR OIL TANZANIA LIMITED
54.	BGP INTERNATIONAL TANZANIA LIMITED

Out of the fifty-four (54) selected companies participating in the reconciliation exercise three (3) are SOEs. Table 39 provides the list of these companies.

Table 39: State Owned Companies

SN	COMPANY
1.	TANZANIA PETROLEUM DEVELOPMENT CORPORATION
2.	STATE MINING CORPORATION
3.	NATIONAL DEVELOPMENT CORPORATION

4.1.5 Scope of Government Agencies

The Government Agencies that participated in the reconciliation exercise were determined using the types of revenue streams relevant to them. Table 40 provides the list of the Government Agencies.

Table 40: Government Agencies Participated in the Reconciliation in 2018/19

SN	MINISTRIES AND GOVERNMENT AGENCIES		
1.	MINISTRY OF FINANCE AND PLANNING (MOFP)	2.	TREASURY REGISTRAR
3.	MINING COMMISSION (MC)	4.	TANZANIA REVENUE AUTHORITY (TRA)
5.	TANZANIA FORESTRY SERVICE AGENCY	6.	TANZANIA PETROLEUM DEVELOPMENT CORPORATION
LOCAL GOVERNMENT AUTHORITIES (LGAS)			
1.	ARUSHA DISTRICT COUNCIL	2.	MTWARA DISTRICT COUNCIL
3.	BIHARAMULO DISTRICT COUNCIL	4.	MTWARA MIKINDANI
5.	BUTIHAMA DISTRICT COUNCIL	6.	MTWARA RURAL
7.	CHALINZE DISTRICT COUNCIL	8.	MUFINDI DISTRICT COUNCIL
9.	CHUNYA DISTRICT COUNCIL	10.	MUSOMA DISTRICT COUNCIL
11.	GEITA DISTRICT COUNCIL	12.	MWANZA CITY COUNCIL
13.	GEITA TOWN COUNCIL	14.	NYANG'WALE DISTRICT COUNCIL
15.	HAI DISTRICT COUNCIL	16.	RUANGWA DISTRICT COUNCIL
17.	ILEJE DISTRICT COUNCIL	18.	RUFIJI COUNCIL
19.	KAHAMA DISTRICT COUNCIL	20.	SIMANJIRO DISTRICT COUNCIL
21.	KIBITI DISTRICT COUNCIL	22.	SONGWE DISTRICT COUNCIL
23.	KILWA DISTRICT COUNCIL	24.	TARIME DISRICT COUNCIL
25.	KINONDONI MUNICIPAL COUNCIL	26.	TEMEKE MUNICIPAL COUNCIL
27.	KISHAPU DISTRICT COUNCIL	28.	MSALALA DISTRICT COUNCIL
29.	KOROGWE DISTRICT COUNCIL	30.	MOROGORO DISTRICT COUNCIL
31.	LINDI MUNICIPAL COUNCIL	32.	MKURANGA DISTRICT COUNCIL
33.	LINDI RURAL	34.	MBINGA DISTRICT COUNCIL
35.	MAGU DISTRICT COUNCIL		

4.2 Level of Disaggregation

The reporting entities included in the reconciliation exercise were asked to report their data as explained below:

4.2.1 Companies (Taxpayers)

- The name of the taxpayer (company). This was required to be completed using the full and exact name of the company as it appears in its Articles of Incorporation or, as revised by any official name change where appropriate.
- The unique Taxpayer Identification Number (TIN) of the company.
- Details of the licences operated by the taxpayer.
- The sector in which the taxpayer operates