



THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WORKS
ROADS FUND BOARD



**ANNUAL REPORT FOR THE YEAR
ENDED 30th JUNE 2022**







THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WORKS
ROADS FUND BOARD



September, 2023

Innocent L. Bashungwa (MP)
Minister for Works
P.O. Box 2888,
DODOMA

Honourable Minister,

RE: LETTER OF TRANSMITTAL

In accordance with Section 5 (6) and (7) of the Roads and Fuel Tolls Act Chapter 220 (R.E.2019), I hereby submit the Annual Report for the FY 2021/22 based on:

- (i) Activities of the Roads Fund Board;
- (ii) Activities of the Road Agencies; and
- (iii) Copies of Audited Financial Statements.

Yours Sincerely,

Octavian E. Mshiu
VICE CHAIRMAN
ROADS FUND BOARD

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ACROYNORMS AND ABBREVIATIONS

BoQ	Bill of Quantity
BRT	Bus Rapid Transit
DROMAS	District Roads Management System
GDP	Gross Domestic Product
EWURA	Energy and Water Regulatory Authority
FY	Financial Year
HQ	Headquarters
LBT	Labor-Based Technology
MoFP	Ministry of Finance and Planning
MoWT	Ministry of Works and Transport
MTI	Morogoro Training Institute
NAOT	National Audit Office of Tanzania
NEMC	National Environmental Management Council
PMMR	Performance-based Management and Maintenance of Roads
PO-RALG	President's Office, Regional Administration and Local Government
PPA	Public Procurement Act
PPRA	Public Procurement Regulatory Authority
RF	Roads Fund
RFB	Roads Fund Board
RMI	Road Maintenance Initiative for Sub-Saharan African Countries
RMMS	Road Maintenance Management System
RUC	Road User Charge
TANROADS	Tanzania National Roads Agency
TEP	TANROADS Equipment Pool
TPA	Tanzania Ports Authority
TRA	Tanzania Revenue Authority
VAT	Value Added Tax
WPU	Women Participation Unit

ABOUT ROADS FUND BOARD

MANDATE

- o The Roads Fund and Roads Fund Board were established in the year 2000 under the Road and Fuel Tolls Act, Cap 220.
- o The Fund and its Board were established to ensure sustainable availability and disbursement of funds to finance maintenance of classified roads in Tanzania Mainland and monitor fund utilization to ensure value for money.



VISION

Excellence in Roads Fund Management for a well maintained public road network.



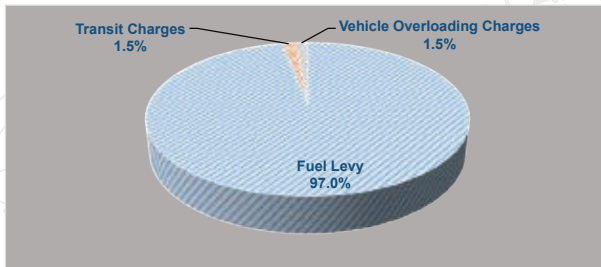
MISSION

To provide sustainable funding for road maintenance to implementing agencies through collection, disbursement and monitoring its utilization for social economic wellbeing of the public.



CORE VALUES

- o Integrity
- o Transparency
- o Teamwork
- o Competence
- o Innovation
- o Professionalism





BOARD CHAIRMAN'S STATEMENT

I am pleased to present the annual report on activities of the Roads Fund Board and the Road Agencies for the financial year 2021/22. The financial year was the first year of implementation of the Board's five-year strategic plan for the period of 2021/22 – 2025/26. During the year, the Board continued to implement its mandate in accordance with the Roads and Fuel Tolls Act, Chapter 220.

Overall, the Board successfully implemented its operations during the year. Particular targets for revenue collections and disbursements were met. Improved revenue collection was supported by positive economic performance and robust economic activities following recovery of the economy from the impact of COVID-19 pandemic and the extensive implementation of Government's strategic projects.

The Board closely monitored any possible impact of heightened geopolitical tensions in Eastern Europe, which eventually culminated into war in Ukraine. There was no noticeable impact of the war on volume of fuel imports and Roads Fund revenue that was recorded during the year. The impacts were mitigated by policy measures that the Government implemented to reduce the adverse effects of the shocks. In spite of the fuel prices remaining high in the world market, the Government's initiative to subsidise purchases had remarkable positive impact on price and consumption of fuel in the country, as it stabilised oil prices. Furthermore, the Government's close collaboration with petroleum product wholesalers contributed to stabilise the prices. These commendable measures taken by the Government have had far reaching positive social-economic impacts.

Real GDP growth was 4.9 percent in 2021 and 5.2 percent in the first half of 2022. Growth in 2021 was mainly driven by agriculture, construction, mining and quarrying, and manufacturing. Inflation was moderate at 4.0 percent in the FY 2021/22 and foreign exchange reserves remained adequate, albeit rising prices of imported goods. The exchange rate depreciated, but was stable throughout the year. Government fiscal operations were satisfactory, but faced limited space due to tightened financial conditions in international markets.

On the backdrop of the positive economic performance, the Board achieved most of its strategic objectives. Collection of appropriated revenue during the year was TZS 1,027,035 million against an estimate of TZS 908,355.8 million - equivalent to 113.1 percent of the total annual budget. The Board managed to disburse 100 percent of total revenue as planned. Monthly disbursements were effected within two working days after transfer of funds to the Roads Fund's Disbursement account. Therefore, most of planned road works were implemented during the year. To ensure effective and efficient utilisation of the disbursed funds, the Board continued strengthening monitoring of execution of road works to guarantee value for money, and supervising revenue collections at collection centres to optimise collection of Roads Fund revenue. The monitoring and audits have resulted into significant increase of performance of TANROADS and TARURA, and the resultant improved quality of executed works as well as of improved revenue collection.

Financial requirements for road maintenance continued increasing due to the expanding of the road network and the increasing of vehicle traffic volume. The increase in Roads Fund revenue

is inadequate to cover the increasing financial requirements. For instance, only 40 percent of road maintenance financing requirements was covered in the FY 2021/22. As a result, backlog maintenance continued building up, further deteriorating the road network condition. This is the main challenge to the Board. To address the financing deficit, the Board conducted a study on new sources of revenue and submitted a proposal to the Government for its consideration. The Board has continued emphasising and closely monitoring maintenance of roads with good and fair conditions to preserve their values and conditions. Also, the Board continues promoting use of low-cost technologies for road works as well as of labour-based technologies and of locally available construction materials.

The Board continued embedding effective risk management in all management processes. The Enterprise Wide Risk Management Systems has been adopted for the management to effectively and efficiently deal with uncertainties and associated risks and opportunities and to review risk register, regulations and policies.

On the other hand, effective oversight role on the affairs related to management of the Fund was assured. Effective and strong internal controls were implemented to ensure smooth operations and achievement of the Board's objectives. Risk management system framework was put in place in line with the guidelines issued by the Ministry of Finance and Planning. Various internal controls to mitigate organisational risks were instituted, including the continuing existence of independent Internal Audit Unit.

The Board continued observing conflict of interest policy among the Board Directors. Certainly, strong governance, driven by sound leadership and ethical principles, remains crucial to the success of the Board. This, coupled with full regulatory compliance, has laid the foundation on which the Board's reputation and trust with our shareholder and stakeholders is built and maintained.

Going forward, the Board intends to continue studying and devising means of diversifying sources of the Fund's revenue in order to cope with changing technologies. This includes a study on introduction of weight-distance charging system to complement fuel levy as a source of revenue and of charging other sources of energy such as compressed natural gas. Also, the Board will continue promoting use of low-cost and appropriate technologies for road works to reduce road maintenance costs.

The Board acknowledges the strategic and policy guidance received from ministries of Finance and Planning and of Works and Transport. The guidance has enabled the Board to successfully implement its mandate.

We would also like to appreciate the support from Development Partners for their financial and technical support for roads maintenance. The support has significantly contributed to improve management of road maintenance programmes. We also extend our appreciation to continued commitment from key Board stakeholders, namely TRA, TPA, EWURA and Petroleum Bulk Procurement Authority. Their cooperation has played an important role in mobilising Roads Fund's revenue. I also recognise the Road Agencies' continued commitment in managing implementation of road maintenance work programmes. Further, the Board appreciates the cooperation from private contractors and consultants who worked with it during the year.

Together, let us join our hands to preserve and maintain our roads for sustainable socio-economic development.



Mr. Octavian E. Mshiu
Vice Chairperson - Roads Fund Board

BOARD MEMBERS



Mr. Joseph O. Haule
CHAIRMAN



Ambassador Eng. Aisha S. Amour
Permanent Secretary, MoWT



Prof. Riziki S. Shemdoe
Permanent Secretary, PO-RALG



Mr. Emmanuel M. Tutuba
Permanent Secretary, MoFP



Mr. William S. Mwakilema
**Representing Road Users:
Tourism Sector**



Eng. Alois M. Matei
Director of Roads - MoWT



Mr. Octavian E. Mshiu
**Representing Road Users:
Commerce & Industry**



Mr. Hussein A. Wandwi
**Representing Road Users:
Transport Sector**



Ms. Neem J. Mhondo
**Representing Road Users: Confederation
of Tanzania Industries**



Mr. Eliud T. Nyauhenga
Secretary



ROADS FUND MANAGER'S STATEMENT

I am grateful to have this opportunity for presenting a statement on implementation of operational plan and budget of the Roads Fund Board for the financial year 2021/22. The plan and budget were prepared in line with the Board's Strategic Plan covering 2021/22 – 2025/26.

The report presents achieved operational results, human resource management and governance and risk management, as well as implementation of corporate plan.

The approved Roads Fund budget for the FY 2021/22 was TZS 975.1 billion. The sources of revenue for the budget were fuel levy, transit fees, overloading charges, road reserve user charges, Development Partners, rental revenue and carry-over funds from previous financial year.

The total collection from appropriated sources and from miscellaneous sources during the year was TZS 1,059.1 billion - equivalent to 115 percent of the approved appropriated and miscellaneous revenue. The total collection during the year increased by 15.7 percent from TZS 915.8 billion that was collected in the FY 2020/21.

The total collection from appropriated sources in the FY 2021/22 increased by 14.2 percent to TZS 1,027.03 billion from TZS 899.1 billion in the FY 2020/21. The collection was equivalent to 113.1 percent of the estimated collection of TZS 908.3 billion. Fuel levy continued to be the dominant source of revenue during the year as it accounted for 95 percent of the total appropriated revenue for the Fund.

The collection from miscellaneous sources was TZS 32.1 billion – equivalent to 257 percent of approved collection from the sources. The over performance from these sources was due to increased rate of fines following commencement of enforcement of East Africa Vehicle Overload Control Act.

A total of TZS 930.4 billion of collections from appropriated sources was disbursed to the Road Agencies in the FY 2021/22. The percentage of disbursement of appropriated revenue over annual appropriated budget for the FY 2021/22 increased to 102.4 percent from 98 percent in the FY 2020/21. The disbursed amount during the FY 2021/22 was less than the amount of collections because collections for June 2020 were disbursed in the FY 2022/23.

To increase the efficiency and effectiveness of the staff, the Board continued to promote and support strategic capacity building through a systematic and tailor-made training programme. A training programme for the staff was developed and implemented. The programme was prepared on basis of capacity and skills gap among the staff. To implement the programme, the Board set aside dedicated budget to finance the staff training programme in the financial year 2021/22. In additional, use of systems for Board operations were enhanced to improve efficiency.

During the year, the Management coordinated four ordinary and three special Board meetings. The Board deliberated on operations related to the Fund during the meetings. The special meetings were held to discuss and deliberate on the proposed plan and budget of the Board

for the FY 2022/23 and the annual financial statement for the FY 2020/21, as well as on proposals on broadening the Fund's revenue base.

To promote accountability, the Board and Road Agencies signed annual performance agreements for the year under review. Based on the agreements, the Board assessed the Agencies' performance through their quarterly reports, preventive technical audits and financial audit as well as regular monitoring.

In the FY 2021/22, preventive technical audit was carried out in 10 regions. The purpose of the audit was to assess utilisation of funds disbursed to the Agencies to ensure value for money. In addition, four in-house monitoring visits were conducted in 12 TARURA councils offices and four TANROADS regional offices.

The Controller and Auditor General (CAG) conducted the statutory audit for the Board financial statement for the year. The CAG rendered upon unqualified opinion for the Board financial statements. The Board continued monitoring implementation of recommendations from the CAG Report by the Road Agencies. The Internal Audit Unit assessed risks, reviewed controls, recommended required improvements and made follow-up on implementation of the recommendations.

Capacity of the Fund to cover road maintenance financing requirements continued to be lower than the actual requirements from TANROADS and TARURA. Going forward, the Board plans to address the challenge of financing deficit by conducting research on how to broaden the revenue base for the Fund and optimise use of Fund's resources. The Board intends to facilitate research on appropriate technologies for road works to minimise road maintenance costs. In addition, monitoring of implementation of road works will be strengthened, including developing electronic monitoring application for the public to report road conditions in their respective areas.

I wish to extend my sincere thanks to the Chairman of the Board and the Board Directors for their guidance and support. I also thank all stakeholders for their cooperation during the reporting year. Lastly, but not least, I extend my gratitude to the Secretariat staff for their hardworking and day-to-day commitment towards achieving the organizational goals.

I thank you.



Eng. Rashid S. Kalimbaga
Acting Roads Fund Manager

MANAGEMENT TEAM



Mr. Ellud T. Nyauhenga
Roads Fund Manager



CPA John R. Aswile
Deputy Manager - Finance & Administration



Eng. Rashid S. Kalimbaga
Deputy Manager - Technical Services



Mr. Godlove Stephen
Deputy Manager - Resource Mobilisation



CPA Kishimba J. Shedrack
Acting Chief Internal Auditor



Mr. Abdallah H. Mtey
Head of Procurement Management Unit



Mr. Emmanuel Mwakajinga
Head of ICT Unit

SECTION ONE

PERFORMANCE REVIEW OF THE ROADS FUND

1.1. Introduction

The Roads Fund Board presents its Report and the Financial Statements for the financial year ended 30th June, 2022. The Report is presented to disclose the state of affairs of the Fund. The Statements have been prepared in accordance with the Tanzania Financial Reporting Standard (TFRS 1: The Directors' Report).

1.2. Corporate Governance

The Board is governed under a well-established Board of Directors which is entrusted with the oversight role on the affairs related to the management of the Fund. The Board Secretariat is responsible for the day-to-day operations of the RFB and is accountable to the Board.

During the year under review, there was no reported case of conflicting interest neither among Board members nor members of the Management team.

1.2.1. Functions of the Board

Pursuant to section 5(4) of the Roads and Fuel Tolls Act CAP 220, the main functions of the Board in respect to the Fund are:

- (i) To advise the roads Minister on new sources of roads and fuel tolls, adjustment of rates of existing roads and fuel tolls and on regulations for collection of road and fuel tolls for the purpose of ensuring adequate and stable flow of funds to road operations;
- (ii) To set out procedures for agents with respect to the collection of roads and fuel tolls for the purpose of the Fund;
- (iii) To ensure full collection and transfer of collected roads and fuel tolls to the Fund's account;
- (iv) To develop and review periodically the formula for allocation and disbursement from the Fund to road agencies and advise the roads Minister accordingly;
- (v) To recommend to the Roads Minister an allocation of funds for road agencies to undertake road management at a level that is suitable and affordable;
- (vi) To disburse funds from the Fund to road agencies;
- (vii) To ensure that the operations of road agencies and the Fund are technically and financially sound; and
- (viii) To monitor the use of the funds disbursed to road agencies for the purpose of the objects of the Fund.

1.2.2. Composition, appointment and meeting of the Board Members

Section 5(1) of the Roads and Fuel Tolls Act, CAP 220, describes the composition and appointment of the Board members. The Board consists of nine members. As prescribed in the Act, four members are from the public sector and five from the private sector.

The composition of the Board is as follows:

- (a) Chairperson;
- (b) Permanent Secretary - Ministry responsible for roads;
- (c) Permanent Secretary - Ministry responsible for financing;
- (d) Permanent Secretary - Ministry responsible for Local Government;
- (e) A Senior Public Servant not below the rank of Director;
- (f) Four road user representatives appointed by the Roads Minister from among the following sectors/institutions or associations:
 - (i) Road transport industry;
 - (ii) Tourism Industry;
 - (iii) Tanzania Chamber of Commerce, Industries and Agriculture;
 - (iv) The Confederation of Tanzania Industry;
 - (v) The Co-operative Organisation; and
 - (vi) Any organisation of road users with no potential conflict of interest.

1.2.3. Board Meetings

Pursuant to paragraph 2(1) of the Fourth Schedule of the Roads and Fuel Tolls Act CAP 220, the Board of Directors is required to meet at least four times during the financial year to guide operations of the Board and provide requisite policy matters and direction on various issues.

In the FY 2021/22, the Board convened four ordinary meetings and three special meetings. Main issues reviewed and deliberated on during the meetings included:

- (i) Proposals of annual road work programmes and budgets from Road Agencies;
- (ii) Quarterly implementation progress reports;
- (iii) Staff matters;
- (iv) Special requests of funds from road Implementing Agencies;
- (v) Progress report on the implementation of Roads Fund Board Strategic Plan;

- (vi) Quarterly Risk Management implementation report; and
- (vii) Financial audit report of the Board and Road Agencies for the period ended 30th June 2021.

The Board Members, who served during the year under review, and the number of meetings (out of seven meetings) attended by each member are as shown in **Table 1.1** below.

Table 1.1: Attendance of Board Members to the Meetings

No.	Name	Position	Institution	Meetings attended
i	Mr. Joseph O. Haule	Chairman	Retired Civil Servant	7
ii	Eng. Joseph Malongo/ Ambassador Eng. Aisha S. Amour	Member	Permanent Secretary – MoWT	1/5
iii	Mr. Emmanuel Tutuba	Member	Permanent Secretary – MoFP	7
iv	Prof. Riziki S. Shemdoe	Member	Permanent Secretary – PO-RALG	7
v	Eng. Rogatus H. Mativila/ Eng. Alois M. Matei	Member	Director of Roads – MoWT	2/5
vi	Mr. Hussein A. Wandwi	Member	Representing Roads Users - Road transport industry	7
vii	Ms. Neema J. Mhondo	Member	Representing Confederation of Tanzania Industries	3
viii	Mr. William S. Mwakilema	Member	Representing Roads Users - Tourism Industry	4
ix	Mr. Octavian E. Mshiu	Member	Representing Roads Users - Tanzania Chamber of Commerce, Industries and Agriculture	6
x	Mr. Eliud T. Nyauhenga	Secretary	Roads Fund Board	7

The Board conducts its affairs through three committees, namely Technical and Finance Committee; Audit and Risk Management Committee; and Human Resources, Employment and Disciplinary Committee.

(i) Technical and Finance Committee

The list of Members of the Technical and Finance Committee and the number of meetings (out of six meetings) each attended is shown in **Table 1.2** below.

Table 1.2: Members of Technical and Finance Committee

No.	Name	Position	Qualification	Meetings attended (out of six)
i	Mr. Octavian E. Mshiu	Chairperson	MSc	5
ii	Mr. Emmanuel M. Tutuba	Member	MBA	4
iii	Prof. Riziki S. Shemdoe	Member	PhD	6
iv	Eng. Alois M. Matei	Member	MSc	4
v	Mr. William S. Mwakilema	Member	MSc	5
vi	Eng. Rashid Kalimbaga	Secretary	MSc	6

(ii) Audit and Risk Management Committee

The list of Members of the Audit and Risk Management Committee and number of meetings (out of five meetings) each attended is shown in **Table 1.3** below.

Table 1.3: Members of Audit and Risk Management Committee

No.	Name	Position	Qualification	Meetings attended (out of five)
i	Mr. Hussein A. Wandwi	Chairperson	BA	5
ii	Ms. Neema J. Mhondo	Member	MA	1
iii	Prof. Riziki S. Shemdoe	Member	PhD	5
iv	Eng. Joseph K. Malongo	Member	MSc	3
v	Ambassador Eng. Aisha S. Amour	Member	MSc	2
vi	CPA Kishimba J. Shadrack	Secretary	MBA	5

(iii) Human Resources, Employment and Disciplinary Committee

The list of Members of the Human Resources, Employment and Disciplinary Committee and the number of meetings (out of three meetings) each attended is shown in **Table 1.4** below.

Table 1.4: Members of Human Resources, Employment and Disciplinary Committee

No.	Name	Position	Qualification	Meeting attended
i	Ms. Neema J. Mhondo	Chairperson	MA	3
ii	Eng. Alois M. Matei	Member	MSc	2
iii	Mr. Emmanuel M. Tutuba	Member	MBA	3
iv	Mr. Octavian E. Mshiu	Member	MBA	3
v	Mr. Aureus Mapunda	Secretary	MPA	4

1.2.4. Roads Fund Board Management

The total number of employees of the Board during the year was 23 staff. During the period, there were neither unresolved complaints received by the Management from the employees nor unattended issue presented by the Management to the Board. A healthy relationship continued to exist, as the Board gives equal access to employment opportunities and ensures a best available person is appointed to any given position free from discrimination.

To increase the efficiency and effectiveness of the staff, the Board continued to promote and support strategic capacity building through systematic and tailor-made training. A training programme for the staff was developed and implemented. The programme was prepared on the basis of capacity and skills gap among the staff. To implement the programme, the Board set aside dedicated budget to finance the staff training programme in the financial year 2021/22. In addition, use of systems for Board operations were enhanced to improve efficiency.

The Roads Fund Board Management team during the reporting period is as shown in **Table 1.5** below.

Table 1.5: Members of Management Team

No.	Name	Designation
(i)	Mr. Eliud T. Nyauhenga	Roads Fund Manager
(ii)	CPA. John R. Aswile	Deputy Manager - Finance and Administration
(iii)	Eng. Rashid S. Kalimbagwa	Deputy Manager - Technical Services
(iv)	Mr. Godlove Stephen	Deputy Manager - Resource Mobilisation
(v)	CPA. Kishimba J. Shadrack	Acting Chief Internal Auditor
(vi)	Mr. Abdallah A. Mtey	Head of Procurement Management Unit
(vii)	Mr. Emmanuel G. Mwakajinga	Head of Information Technology

1.2.5. Risk Management and Internal Controls

The Board is entrusted with the oversight role for an efficient and effective RFB internal control framework. During the year under review, the Management performed its functions within the existing internal controls to ensure smooth operations and achievement of the objectives of the Board.

During the year, a risk management system framework was put in place in line with the guidelines issued by the Ministry of Finance and Planning. The Board instituted various internal controls including facilitation of independent Internal Audit Unit operations to mitigate organisational risks.

1.2.6. Internal Control System

The key elements of the RFB internal control are presented in **Table 1.6** below.

Table 1.6: Key Elements of RFB Internal Control System

Element	Description
Delegation	The overall strategic objectives of the Board are agreed upon by the Board of Directors who delegates execution of day-to-day operations to the Management. There is a clear organisational structure, detailing lines of authority.
Internal Audit	The Unit has been established in compliance with the Public Finance Act and good corporate governance and growth of the Boards' activities. The Unit assesses risk, reviews controls and ensures the management follows up on recommendations to improve controls.
Competence	Both a formal recruitment process and a performance appraisal system are used for enhancing staff skills and competences. The appraisal system is used for identifying training needs. Necessary training - both in house and externally – are facilitated to enhance skills and competences.
Budgets	Annual budgets are derived from the strategic plan of the Board. The Management prepares detailed annual budgets and presents them to the Technical and Finance Committee for review before the Board of Directors reviews and approves them.
Risk Management Framework	The Management recognises risk management is an integral part of a sound management system. Therefore, effective risk management is embedded in all management processes within the RFB. This has been achieved through adoption of the Enterprise Wide Risk Management Systems (ERMS) which enables the Management to effectively and efficiently deal with uncertainties and associated risks and opportunities, and review risk register, regulations and policies.
Operation Manuals	These are several operational guiding tools developed internally that describe in detail processes and systems staff use in their daily operations.
Internal check	The Management has in place a sound control system, including internal check to ensure no single transaction is executed by a single person from initiation to authorisation and payment.

1.2.7. Relevant legislations

The relevant legislations include the Public Finance Act 2001, Public Procurement Act 2011 (as amended in 2016), Public Audit Act 2008, Budget Act 2015, and Roads and Fuel Tolls Act, CAP 220.

1.2.8. Related Party Transactions

Related party transactions are dealt with at an arm's length in the normal course of business and on terms and conditions similar to those applicable to other customers. Related party transactions are disbursements made to the parent Ministry and remunerations of Directors and key Management personnel during the year ended 30th June 2022 as shown in **Table 1.7** below:

Table No. 1.7: Related Party Transactions (in TZS)

No	Description	30.06.2022	30.06.2021
i	Board related expenses (travel and training)	165,769,255	399,867,991
ii	Board Members' fees	44,412,500	50,875,000
iii	Remuneration to seven Management personnel	740,910,400	542,880,000
iv	Transfers to MoWT (Works)	69,724,753,776	63,775,750,008
	Total	70,675,845,931	64,769,372,999

1.3.0. Overview of Board's Operations

During the FY 2021/22, the Board carried out its activities in accordance with the approved plan and budget. The Board nurtured its human resource by facilitating staff training, workshops and seminars to equip staff with necessary skills and knowledge that enhanced attainment of the Board's objectives. Also, the Board continued monitoring Road Agencies' operations through internal capacities and private consultants.

1.3.1. Financial Performance

The approved Roads Fund budget for the FY 2021/22 was TZS 975,140 million. Sources of revenue for the budget were:

- (i) TZS 902,356 million from fuel levy;
- (ii) TZS 6,000 million from transit fees;
- (iii) TZS 7,500 million from overloading-related fees; and
- (iv) TZS 28,020 million from road reserve user charges.

Development Partners were expected to contribute TZS 28,263 million, rental revenue from RFB building was estimated at TZS 304 million, carry-over funds from previous year was TZS 2,267 million and TZS 430 million as non-cash budget for depreciation of assets.

Allocation of the budget to the Road Agencies during the FY 2021/22 is as summarised in Table 1.8 below. The budget allocation was equivalent to only 40% of maintenance requirement.

Table 1.8: Budget Allocation to Road Agencies in the FY 2021/22 (TZS Millions)

	TANROADS	TARURA	PO-RALG	MoWT	RFB	Special Allocation	Total
Roads Fund Allocation	567,343	243,147	27,016	63,038	7,812		908,356
Development Partners							
European Union			22,263				22,263
World Bank					6,000		6,000
Sub-total	567,343	243,147	49,279	63,038	13,812		936,619
Others							
Funds from the FY 2021/22 - Board Contribution to RICS					2,000		2,000
Funds from the FY 2020/21					267		267
Rent from RFB Building					257		257
Service Charge					47		47
Depreciation Expense resource					430		430
Miscellaneous (Vehicle Overloading Charges)					1,500	6,000	7,500
Miscellaneous (Vehicle Parking Fees)						23,020	23,020
Miscellaneous (Road Reserve User Charges)						5,000	5,000
Sub-total						34,020	38,521
Total	567,343	243,147	49,279	63,038	13,812	34,020	975,140

Source: RFB

The total collection of appropriated revenue as at the end of the FY 2021/22 was TZS 1,027,035 million against an estimate of TZS 908,355.8 - equivalent to 113 percent of the total appropriated budget. The good performance registered was due to high demand and consumption of fuel in implementation of ongoing big strategic projects and recovery of the economy from COVID-19 pandemic as well as improved economic performance in neighbouring countries which transit their cargo through Tanzania's ports.

With regards to miscellaneous revenue, TZS 32,109.1 million was collected during the year – equivalent to 90 percent of the estimated miscellaneous revenue during the year. The shortfall in collection of miscellaneous revenue was caused by the decision of not transferring car parking fees to Roads Fund account. Table 1.9 shows the status of revenue collection for the FY 2021/22.

Table 1.9: Performance of Revenue Collection in the FY 2021/22 (TZS)

Description	Fuel Levy	Transit Fees	Total Appropriated Revenue	Overloading Charges	Road Reserve User Charges Utilisation	Road Reserve User Charges Car Parking	Total Miscellaneous	Total
Annual Budget	902,355,896,000	6,000,000,000	908,355,896,000	7,500,000,000	5,000,000,000	23,000,000,000	35,500,000,000	920,855,896,000
Annual Collection	980,338,073,522	46,697,486,399	1,027,035,559,922	25,478,199,879	6,631,682,123		32,109,882,002	1,059,145,441,923
Commutative Annual	109%	778%	113%	340%	133%	0%	90%	115%

Source: TRA, TANROADS & RFB

1.3.2. Disbursements of Funds to Road Agencies

During the year under review, TZS 930,498.7 million, equivalent to 102.4 percent of the annual appropriated budget of TZS 908,355.9 million, was disbursed to Road Agencies.

Table 1.10: Disbursement of Appropriated Revenue in the FY 2021/22 (in TZS)

	Road Agencies					
	TANROADS	TARURA	MoWT	PO-RALG	RF Admin	Total
Approved Budget	567,342,742,235	243,146,889,529	63,038,082,471	27,016,321,059	7,811,860,706	908,355,896,000
1st Quarter	83,896,956,473	35,955,838,488	9,321,884,053	3,995,093,165	1,155,194,715	134,324,966,894
2nd Quarter	153,803,397,432	55,434,949,434	17,089,266,381	6,159,438,826	2,016,732,548	234,503,784,621
3rd Quarter	179,364,933,530	87,351,478,121	19,929,437,059	9,795,719,791	2,570,731,783	298,922,300,283
4th Quarter	164,107,490,025	70,331,781,439	18,234,165,558	7,814,642,382	2,259,630,304	262,747,709,708
Total	581,172,777,459	249,074,047,482	64,574,753,051	27,674,894,165	8,002,289,349	930,498,761,507
Achievement	102.4%	102.4%	102.4%	102.4%	102.4%	102.4%

Source: Roads Fund Board

The difference between the collected and the disbursed amount is due to the fact that collections are reported in the FY (i.e. July - June), while funds collected in June are usually disbursed in the next financial year.

1.3.3. Collection and Disbursement of Miscellaneous Revenue

Apart from fuel levy and transit charges, other sources of revenue for the Fund include collections from miscellaneous sources (i.e. overloading fees, abnormal load permits and charges from use of road reserve). The Board allocated collection from miscellaneous sources to Road Agencies to finance implementation of road works that were not included in the budget.

In the FY 2021/22, TZS 35,520 million was estimated to be collected from miscellaneous sources. TZS 32,109.8 million was collected from the sources, while the disbursed funds was TZS 27,008.7 million - equivalent to 84 percent of the collections.

The Board approved TZS 42,256.1 million to finance projects and road-related activities under special requests. The approved amount exceeded the collection by TZS 10,146.3 million. The approved excess requests were proposed to be financed through miscellaneous collections for the FY 2022/23.

Table 1.11: Approved and Disbursement of Miscellaneous Revenue

Road Agency	Approved Miscellaneous Allocation	Disbursed Miscellaneous Revenue
TARURA	2,920,000,000	2,920,000,000
RFB	7,280,000,000	2,280,000,000
TANROADS	16,986,479,500	9,186,479,500
MoWT	11,900,000,000	10,150,000,000
PO-RALG	3,169,623,591	2,472,299,591
Total	42,256,103,091	27,008,779,091

Source: Roads Fund Board

1.3.4. Disbursement of Development Partner's Support Fund

1.3.4.1. Monitoring

To enhance efficiency and effectiveness, the Road Fund Board appointed agents to collect roads fund revenue from different sources. In this case, fuel levy and overloading charges are collected by TRA and TANROADS, respectively, while charges for abnormal load permits are collected by MoWT. The Board conducts regular monitoring to ensure collected amounts from each source are transferred to the Fund's account.

In addition to revenue monitoring, the Board also conducts utilisation of funds disbursed to Road Agencies to ensure they are properly used with a view of

obtaining value for money. The appropriate utilisation is monitored in terms of planning, design, procurement, contract management, project closure and quality of works. The basis of the monitoring is the Annual Performance Agreements that the Board signs with the Agencies. The monitoring is conducted through in-house capacities, financial auditing conducted by the Controller and Auditor General and preventive technical auditing by contracted consultants.

During the FY 2021/22, the Board performed preventive and technical audits in 10 regions as planned and conducted six in-house monitoring for both the fund utilisation and revenue collection.

Other activities performed were verification of implementation of technical audit report recommendations for the FY 2020/21, review of fuel levy and transit charges-related reports, review of emergency works guidelines; and preparation of guidelines for preparation of annual operational plans and budgets for Road Agencies.

1.3.5. Meeting Road Maintenance Needs

As indicated in Table 1.12, total disbursements to TANROADS and TARURA to finance road maintenance works in the FY 2021/22 was TZS 830.2 billion compared to maintenance needs of TZS 2,050 billion. The total disbursement, therefore, was equivalent to 40.5 percent of total maintenance needs during the year. This implies road maintenance works of the value of TZS 1,219.8 billion were not executed due to financial constraints. This has continued exposing unattended road sections to further deterioration due to lack and/or inadequate maintenance.

Table 1.12: Maintenance Needs Vs Disbursement (TZS Billion)

	Maintenance needs	Disbursement	Financing Capacity
2017/18	1,561.0	700.0	44.8%
2018/19	1,586.0	680.5	42.9%
2019/20	1,838.0	694.9	37.8%
2020/21	1,967.0	818.0	41.6%
2021/22	2,050.0	700830.00	40.5%

Source: Roads Fund Board

The overall demand for funds to finance maintenance needs have been increasing over the years. The increase is due to expanding roads network, upgrading of roads, increased traffic volume and the impacts of climate change, particularly abnormal heavy rains. This increase in funding requirement do not match with revenue collections due to limited sources and therefore, the noted budget deficit.

As a measure to enhance the funding adequacy, during the year, the Board presented to the Ministry of Finance and Planning a proposal for new sources of revenue, including levy on compressed natural gas used for propelling vehicles and weight distance charges for heavy vehicles. However, the proposal was not approved. During the FY 2021/22, the Board continued studying other sources, including road and bridge tolls with a view of presenting another proposal in the FY 2022/23 for consideration. Other strategic considerations included enhancing effectiveness in collection of road reserve user charges and promoting the use of low-cost and appropriate technologies for road works.

1.3.6. Roads Maintenance Initiative Performance Indicators

The Road Maintenance Initiative (RMI) is a strategy among Sub-Saharan African countries for improving road maintenance practices. A number of indicators are set for countries to measure improvement in management of road maintenance in each country.

The performance of the Board is assessed by how it solicits funds and meets the objectives using pre-set indicators. In assessing the efficiency and effectiveness of the Board in relation to the Fund, the indicators are used along with RMI indicators. The performance of the Fund is, therefore, assessed in terms of resource allocation by looking at:

- (a) Level of commitment to reforms measured by:
 - (i) Share of Roads Fund to the road user charges;
 - (ii) Share of fuel levy to Roads Fund; and
 - (iii) Share of annual disbursement against budget.
- (b) Asset preservation measured by:
 - (i) Coverage of periodic maintenance needs;
 - (ii) Coverage of Routine maintenance needs; and
 - (iii) Coverage of total maintenance needs.

RMI performance targets and achievements for the FY 2021/22 are shown in **Table 1.13.**

Table 1.13: RMI Performance Indicators for the Roads Fund in the FY 2021/22

	Performance Indicator	Performance Target	Achieved Target in tge FY 2021/22	Means of verification	Objectives
1	Percentage share of Roads Fund to Road Users' Charges	100% share	87.6%	Annual Reports	To assess level of reforms as per Road Maintenance Initiative (RMI)
2	Percentage share of fuel levy to the Roads Fund	100% share	92.6%	Annual Reports	To assess level of reforms as per RMI
3	Percentage coverage of routine maintenance needs	100% coverage	91.6%	Annual Reports	To assess level of asset preservation
4	Percentage coverage of periodic maintenance needs	100% coverage	28.0%	Annual Reports	To assess level of asset preservation
5	Percentage coverage of total maintenance needs	100% coverage	40.5%	Annual Reports	To assess level of maintenance funding
6	Percentage of annual disbursed funds compared to budgets	100% of annual budget disbursed	102.4%	Annual financial statement	To assess fulfilment of annual maintenance budget

Source: RFB, TANROADS & TARURA

1.3.6.1. Share of Roads Fund to Road User Charges

This indicator measures the Government's readiness to commit taxes and levies paid by road users to roads maintenance. Currently, the revenue sources accruing to the Roads Fund include fuel levy, transit charges, overloading fees and road reserve utilisation charges.

The roads user charges (RUC) consist of all taxes, levies and charges paid by virtual of using road or for virtue that will use roads. The performance of the Board in relation to RUC is shown in **Table 1.14**.

Table 1.14: Roads Fund Revenue Compared to Total Road User Charges (TZS billion)

		2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
1	Fuel Levy	744.1	791.2	747.2	780.6	868.4	980.3
2	Transit charges	11.6	14.9	22.8	25.8	30.8	46.7
3	Overloading fees	10.1	11.9	9.5	21.7	12.0	25.5
4	Roads Reserve User Charges				21.7	4.0	6.6
	Total Roads Fund Revenue	765.8	818.0	779.4	849.8	915.2	1,059.1
5	Other motor vehicle taxes	256.8	256.8	96.8	111.8	124.7	149.9
	Total Road User Charges	1,022.6	1,074.8	876.2	961.6	1,039.9	1,209.0
	% share of Roads Fund to RUC	74.9%	76.1%	89.0%	88.4%	88.0%	87.6%

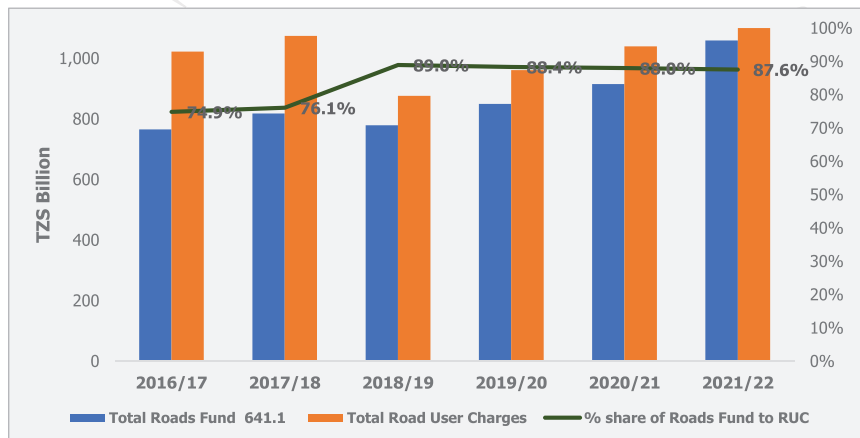
Source: RFB and TRA

The Roads Fund share to all road user charges was 87.6 percent. This implies there are other road user-related charges whose collections are not remitted to the Fund's account to finance road maintenance works.

These charges include motor vehicle registration fees and motor vehicle license fees that are paid to the Consolidated Fund to meet expenditure of other equally important recurrent and development activities.

The percentage share of Roads Fund to total road user charges almost remained constant over four years from the FY 2018/19 to the FY 2021/22 as shown in **Figure 1.1**. This implies no change in taxation on roads-related bases.

Figure 1.1: Roads Fund Revenue Vs Total Road User Charges (TZS billion)



Source: RFB

1.3.6.2. Share of fuel levy to Roads Fund

This indicator measures the degree of Fund's dependency on fuel levy implying the risk associated with dependence on one major source of revenue. Fuel levy was established to be the main source of revenue for Roads Fund in Sub-Saharan Africa, hence the need for monitoring the risk of dependence on such a source.

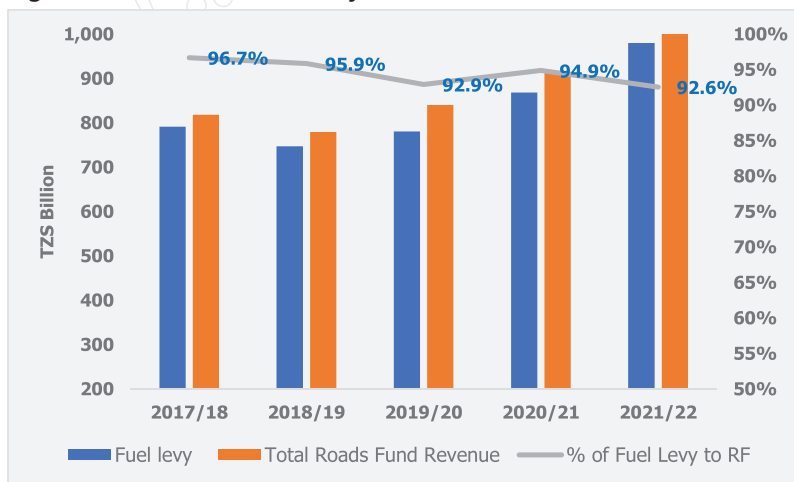
Table 1.15: Share of Fuel Levy to Roads Fund (TZS billion)

Source	2017/18	2018/19	2019/20	2020/21	2021/22
Fuel levy	791.2	747.2	780.6	868.4	980.3
Transit charges	15.0	22.8	25.8	30.8	46.7
Overloading Fees	12.0	9.5	12.0	12.0	25.5
Roads Reserve User Charges			21.7	5.0	6.6
Total Roads Fund Revenue	818.2	779.5	840.1	915.2	1,059.1
% of Fuel Levy to RF	96.7%	95.9%	92.9%	94.9%	92.6%

Source: RFB and TRA

As indicated in Table 1.15 and Figure 1.2, fuel levy continued being the dominant source of revenue in the FY 2021/22, accounting for more than 92.6 percent of total revenue for the Fund. However, there was slight decline of the dependence of 2.3 percentage points in the FY 2021/22. The decline mainly resulted from good performance in collections from transit charges and overloading fees during the year.

Figure 1.2: Share of Fuel Levy to Total Roads Fund



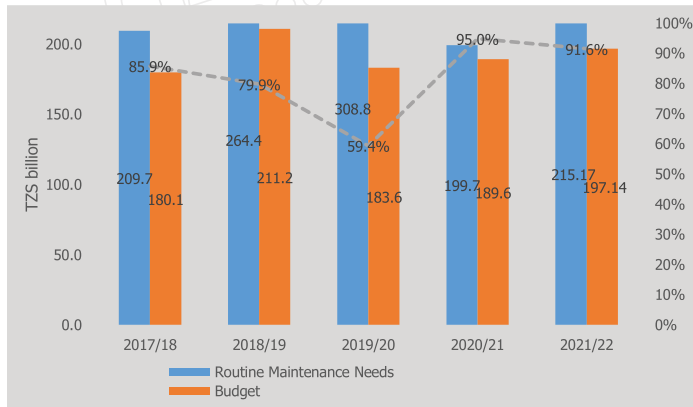
Source: Roads Funds Board

1.3.6.3. Coverage of routine maintenance needs

Routine maintenance is a critical intervention in road asset preservation and it is done continuously on annual basis. This indicator assesses the level of road asset preservation by comparing routine maintenance requirements against annual budget allocated for the purpose.

As indicated in Figure 1.3, in the FY 2021/22, the road agencies recognised the importance of routine maintenance where 91.6 percent was allocated for the purpose. The allocated budget for routine maintenance increased from TZS 189.6 billion in the FY 2020/21 to TZS 197.1 billion in the FY 2021/22.

Figure 1.3: Routine Maintenance Needs, Budget and % Coverage



Source: RFB, TANROADS and TARURA

1.3.6.4. Coverage of Periodic Maintenance Needs

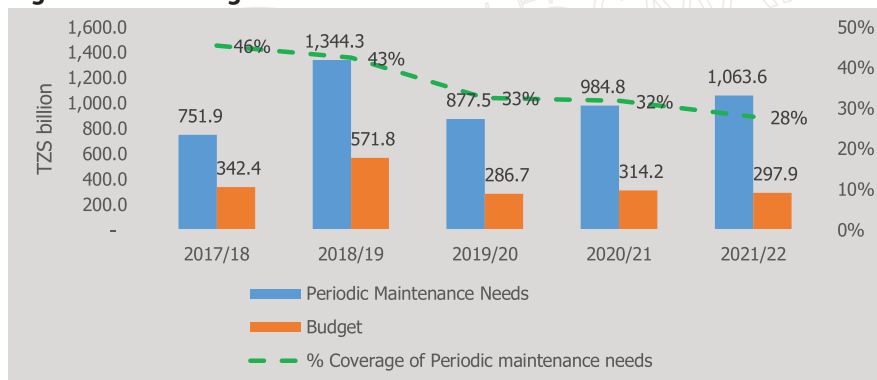
Periodic Maintenance is another critical intervention in road asset preservation. It is carried out in intervals of several years depending on design of pavement for the purpose of prolonging the life span of the road. This indicator assesses the level of asset preservation by comparing periodic maintenance needs against its budget. **Figure 1.4** shows comparison between periodic maintenance needs and the allocated budget and its percentage relationship.

¹Activities done under routine maintenance budget include grass cutting, drain cleaning, culvert and bridge cleaning and maintenance, road furniture and bridge guide rails maintenance, paved road patching, edge repair, crack sealing, and line remarking, and also unpaved road grading, shaping, and pothole repairs.

²Activities done under periodic maintenance, on paved roads include resealing, overlays of less than 100 mm, fog sprays and shoulder re-forming.

As depicted in Figure 1.4, the percentage of coverage of periodic maintenance has been erratic with coverage below 50 percent of the requirement. Such coverage reflects continued deterioration of roads due to age that may lead to expensive reconstruction.

Figure 1.4: Coverage of Periodic Maintenance Needs



Source: Roads Fund Board, TANROADS and TARURA

1.3.6.5. Coverage of Total Maintenance Needs

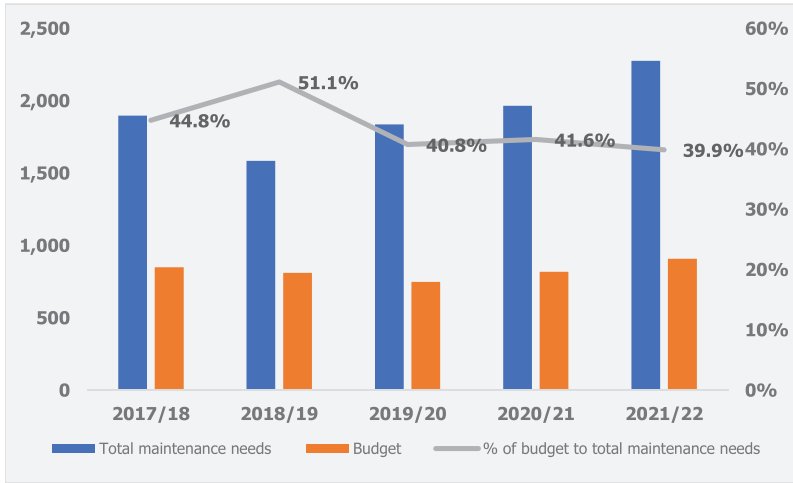
This indicator assesses the level of overall asset preservation costs. It covers all aspects of roads maintenance with respective supervision costs.

Over the years, there has been remarkable improvement in financing of road maintenance in terms of annual financial outlay to finance the maintenance. The size of the Fund has increased from TZS 316 billion in the FY 2011/12 to estimated TZS 987.7 billion in 2021/22, signifying over 211 percent increase in a span of 11 years.

However, financial requirement to finance road maintenance works has been increasing due to, among others, expansion of road network. The network in Tanzania Mainland has increased by 109 percent from 86,472 km in 2008 to 180,792 km in the FY 2021/2022. Over the past five years, average annual financial requirements for road maintenance have been TZS 1,800 billion against annual average allocation of TZS 870 billion – equivalent to 48 percent of the requirements. Therefore, on average, the annual financing deficit was TZS 930 billion – equivalent to annual average of 52 percent financing deficit.

As depicted in **Figure 1.5**, budget allocation for financing maintenance needs in the FY 2021/22 covered only 39.9 percent of the requirements compared to 41.6 percent in the FY 2020/21. This implies more effort is required to adjust rates for existing sources and broaden the base by introducing new sources.

Figure 1.5: Total Maintenance Needs Against Budget



Source: TARURA and TANROADS

1.3.6.6. Disbursed Funds compared to Approved Budgets

The objective of this performance indicator is to assess the Government’s commitment to ensure the approved annual road maintenance budgets are implemented. In the FY 2021/22, funds that were disbursed to the Road Agencies were equivalent to 102.4 percent of total approved maintenance budget. Such disbursement marks the highest proportion of budget disbursement for the past five years. This reflects the Government’s commitment to ensure all collections are remitted to the Roads Fund Board’s account. The annual analysis is as shown in **Table 1.16** below.

Table 1.16: Annual Approved Budget, Collections and Disbursement (TZS billion)

Source	2017/18	2018/19	2019/20	2020/21	2021/22
Annual Budget	917.6	908.8	839.1	916.8	908.4
Annual Collection	806.2	784.9	806.5	899.1	1027
Disbursement	783.1	763	778.8	867.2	930.5
% of collection to budget	87.9%	86.4%	96.1%	98.1%	113.1%
% of disbursement to budget	85.3%	84.0%	92.8%	94.6%	102.4%
% of disbursement to collection	97.1%	97.2%	96.6%	96.5%	90.6%

Source: RFB

As indicated in Table 1.16, percentage of disbursement over annual budget for the FY 2021/22 increased to 102.4 percent from 95 percent in the FY 2020/21. On the other hand, percentage of collection to annual budget increased to 113.1 percent compared to 98 percent in the FY 2020/21. The amount that was disbursed in the FY 2021/22 was 90.6 percent of total collection during the year since the collections for June 2022 were disbursed in the FY 2022/23.

1.3.7. Solvency

The Board of Directors confirms that applicable standards have been properly followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Roads Fund Board has adequate resources (human and capital) to continue with operations in the near future.

1.3.8. Future Plans

The Board's future plans will be guided by the new five-year strategic plan that covers the period of 2021/22 - 2025/26. To facilitate implementation of its mandate, the Board has set the following five key objectives:

- (i) HIV/ AIDS infections reduced and non-communicable diseases interventions improved;
- (ii) National Anti-Corruption Strategy enhanced, sustained and effectively implemented;
- (iii) Funding adequacy for road maintenance enhanced;
- (iv) Value for money on operations of road agencies enhanced; and
- (v) RFB capacity to undertake its mandate improved.

The plan will be implemented through annual plans and budgets that will be implemented to achieve the above objectives.

1.3.9. Post Balance Sheet Events

The Directors are not aware of any significant matter or circumstances during the financial year which had significant effect on the financial position of the Roads Fund Board and results of its operations as laid out in these financial statements.

1.3.10. Serious Pre-Judicial Matters

During the year ended 30th June, 2022, there was no any serious prejudicial matter worth reporting.

1.3.11. Accounting Policies

A summary of significant accounting policies is provided in Note 2 of the financial statements.

1.3.12. Capital Management

The Board capital includes capital fund, accumulated surplus and Development Partners' financial support. The primary objective of the Board's capital management is to ensure it maintains a strong assets base in order to support its objectives and maximise achievement of stakeholders' expectations. In the FY 2021/22, this objective remained intact.

1.3.13. Statutory Auditors

The Controller and Auditor General (CAG) is the statutory Auditor of the Roads Fund Board by virtue of Article 143 of the Constitution of the United Republic of Tanzania, the Public Audit Act No. 11 of 2008, and the Road and Fuel Tolls Act, CAP 220.

1.3.14. Auditors' Opinion on Financial Statements

The Controller and Auditor General performed the audit for the FY 2021/22 Roads Fund Board Financial Statements and obtained unqualified opinion as shown below.

By the Order of the Board



.....
Chairman of the Roads Fund Board

30th September, 2023
Date

Independent Report of the Controller and Auditor General for RFB

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

The Manager,

Roads Fund Board,

P.O. Box 993,

DODOMA, TANZANIA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Roads Fund Board, which comprise the Statement of Financial Position as at 30 June 2022, and Statement of Financial Performance, Statement of Changes in Net Assets and Cash Flow Statement and the Statement of Comparison of Budget and Actual Amounts for the year then ended, as well as the Notes to the Financial Statements, including a summary of Significant Accounting Policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Roads Fund Board as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Roads Fund Board (RFB) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Other Information

Management is responsible for the other information. The other information comprises the Report by those charged with governance, Statement of the Roads Fund Board Member's responsibilities and the Declaration by the Head of Finance but does not include the financial statements and my audit report.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance Audit on Procurement of Works, Goods and Services As per the Public Procurement laws, I performed a compliance audit on procurement of works, goods and services in the Roads Fund Board for the financial year 2021/22.

Conclusion

Based on the audit work performed, I state that the procurement of goods, works and services of Roads Fund Board (RFB) is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget Formulation and Execution

I performed a compliance audit on budget formulation and execution in Roads Fund Board for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that the Budget formulation and execution of in Roads Fund Board is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Salhina M. Mkumba
Ag. Controller and Auditor General,
Dodoma, United Republic of Tanzania



April 2023

SECTION TWO

PERFORMANCE REVIEW OF THE MINISTRY OF WORKS AND TRANSPORT

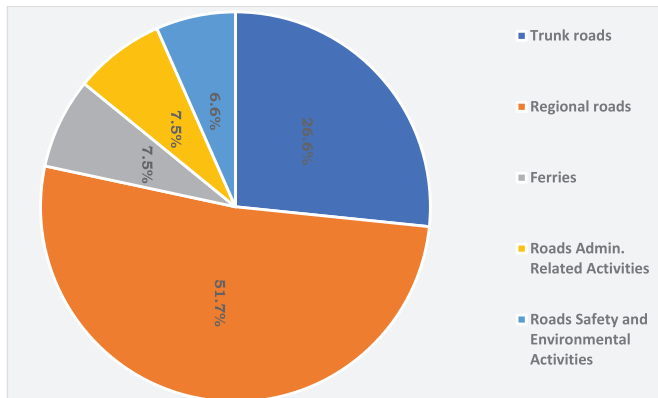
2.0 Introduction

This section presents the status of implementation of various Roads Fund's funded development projects under the Ministry of Works and Transport for the FY 2021/22. The report covers trunk and regional roads, ferries, roads related activities, road safety and environment activities and cross-cutting issues.

2.1 Annual Budget

During the FY 2021/22, a total of TZS 63,038.1 million was approved to finance implementation of development projects and roads-related administrative activities under Roads Fund financing. The financial allocation for trunk roads and studies, regional roads, ferries, road safety and roads-related activities is depicted in **Figure 2.1**.

Figure 2.1: The Distribution of Roads Fund Development Budget



Source: MoWT

2.2 Physical and Financial Performance

2.2.1 Disbursed Funds

A total of TZS 64,574.7 million was disbursed to the Ministry in the FY 2021/22. The amount was equivalent to 102.4 percent of the annual approved budget. The Board approved the use of funds in excess of the approved budget as submitted by the Ministry. The details of the disbursed budget are given in **Table 2.1**.

Table 2.1: Summary of Funds Released in the FY 2021/22

Quarter	Amount Released
First Quarter	9,321,884,053
Second Quarter	17,089,266,381
Third Quarter	19,929,437,059
Fourth Quarter	18,234,165,558
Total Releases	64,574,753,051

Source: RFB

2.2.2 Financial Expenditure

During the FY 2021/22, a total amount of TZS 64,574.7 million – equivalent to 102.4 percent of the annual budget - was spent on trunk roads, regional roads, ferries, roads administrative-related activities and road safety and environmental-related activities. Table 2.2 indicates the summary of expenditure in the FY 2021/22.

Table 2.2: Approved Budget, Disbursed Amount and Expenditure (TZS)

Budget Item	Approved Budget	Disbursed Amount	Actual Expenditure	% of Expenditure to Disbursed Amount
Trunk roads	16,784,830,349	16,090,699,500	10,876,472,000	67.6%
Regional Roads	32,612,466,000	31,512,238,297	20,253,404,398	64.3%
Ferries	4,740,226,000	4,559,067,254	4,559,067,254	100.0%
Road Administrative Related Activities	4,738,982,546	7,697,593,419	7,697,593,419	100.0%
Road Safety and Environmental Activities	4,161,577,576	4,586,408,203	4,253,144,205	92.7%
Total Roads Fund Allocation	63,038,082,471	64,574,753,051	47,639,681,276	73.8%

Source: MoWT & RFB

The Board approved the use of amount of funds in excess of the approved budget as submitted by the Ministry.

2.3 Status of Projects Implementation

2.3.1 Trunk Roads

During the FY 2021/22, the Ministry allocated TZS 16,784.8 million to finance implementation of the following trunk roads activities:

- (i) Carrying out ongoing feasibility studies and detailed design for 39 road projects;

- (ii) Carrying out feasibility studies and detailed design for four (4) new road projects;
- (iii) Reviewing and preparing standards, specifications and manuals;
- (iv) Software for Highway/Transport Planning and Design - including training of TANROADS' staff;
- (v) Capacity building in construction industry - including harmonisation of activities being carried out by ICoT and Development of Guidelines of Asphalt Hot Mix Design for Central Materials Laboratory;
- (vi) Facilitating and supervising road projects; and
- (vii) Monitoring and evaluation, and other road-related activities.

During the FY 2021/22, TZS 16,090.6 million - equivalent to 95.9 percent of the annual budget - was released for implementation of trunk roads projects. By the end of the FY 2021/22, total expenditure was TZS 10,876.4 million - equivalent to 67.6 percent of the planned annual budget.

2.3.2 Regional Roads Projects

TZS 32,612.4 million was approved to finance implementation of Regional Road projects in the FY 2021/22. The planned activities under Regional Roads were to rehabilitate and upgrade 456.8 km, out of which 426 km were rehabilitated to gravel standard, 30.8 km were upgraded to bitumen standard and 32 bridges were constructed. Other activities included training of road technicians, drivers and plant operators at ICoT – Morogoro and ICoT – Mbeya; support to Women Participation Unit (WPU) and the Tanzania Technology Transfer (TANT2) Centre.

By the end of the financial year, 291.9 km of roads were rehabilitated to gravel and 21.5 km were upgraded to bitumen standard - equivalent to 68.5 percent and 71.4 percent, respectively. Other implemented activities under regional roads included training activities at ICoT- Morogoro and Mbeya Branch; WPU and TanT2. Implementation of most of planned activities was satisfactory.

Table 2.3 Summary of Physical Progress for Regional Roads

Project Name	Annual Plan (Km)	Implemented (Km)	Achievement (% of Annual Plan)
Gravel Roads (Km)	426	291.86	68.50%
Bitumen Roads (Km)	30.8	21.49	71.40%
Construction of Bridges (%)	32	11.28	35.20%

TZS 20,253.4 million was spent on implementation of Regional road projects in the FY 2021/22. The spent amount was equivalent to 62.1 percent of the approved budget for the projects. Low progress in implementation of regional road projects was partly caused by delays in issuance of VAT exemption certificates.

Out of funds spent, TZS 17,090.6 million was spent by TANROADS for Regional Road projects and TZS 3,162.7 million for monitoring of projects and other specific programme i.e. ICoT – Mbeya Campus, ICoT - Morogoro Works Training Institute, TanT2 Centre and Women Participation Unit conducted by the Ministry.

2.3.3 Implementation of Specific Road-Related Programmes

Status of implementation of specific programmes under ICoT – Mbeya Campus, ICoT - Morogoro Works Training Institute and Women Participation Unit is summarised in Tables 2.4(a), (b) and (c).

Table 2.4(a): Planned and Implemented Activities at ICoT, Mbeya, in the FY 2021/22

No.	Planned Activities	Approved Budget	Actual Expenditure	Remarks
1	Development and Dissemination of Appropriate Labour Based Technology			
1.1	Administrative including ICoT Training activities, Coordination and visit training and demonstration sites for supervision and monitoring of works implementation.	190,000,000	216,260,000	Staffs cost incurred during follow-up trips in lieu of LBT Support and payment to LBT Training Staff.
1.2	Review and Dissemination of Standards Specifications for Appropriate Labour Based Technology in Road Works.	50,000,000	33,770,000	Cost incurred to review LBT curriculum and disseminate standards specification for Appropriate Labour Based Technology in Road Works.
1.3	Rehabilitation and repair of light equipment and vehicles	50,000,000	65,403,489	Cost incurred for repair of LBT vehicles for sites supervision, monitoring and demonstrations works.
1.4	Procurement of training materials, equipment and motor vehicle.	160,000,000	333,101,260	333,101,260 Cost incurred for procurement new motor vehicle, purchases of fuel, stationaries and training materials.
2	Develop and Implement Programme for Capacity Building Training in LBT			
2.1	LBT knowledge and techniques exchange and transfer through Training in Road Rehabilitation and Maintenance and visits in regions and districts	140,000,000	253,584,751	Cost incurred to cover expenses for training activities conducted at ICoT Mbeya, while other cost incurred for visitation Dodoma & Dar es salaam region for training purpose.
2.2	Advertisement, and institute promotional materials (circulation of prospectus and other training Materials).	50,000,000	59,147,258	Cost incurred for advertisement courses offered by ICoT – Mbeya through newspaper.
2.3	3 Cost to cover pilot/Trial construction of cobble stone road.	35,000,000	-	No cost incurred to cover pilot/Trial contracture of cobble stone road.
3	Infrastructure Rehabilitation			
3.1	Buildings repair, renovations, fumigations, water and Security services, Asset Verification and coding	160,000,000	59,140,380	Cost incurred for purchase building materials used for road maintenance and rehabilitation.
4	Capacity Building			
4.1	Training to staff (local and international).	40,000,000	2,110,000	Cost incurred for participation of short course and workshop.
	Total	875,000,000	1,022,517,137	

Note: TZS 102,850,000 allocated in the FY 2020/2021 was received in the FY 2021/22. TZS 117,727,922 from carry-over funds was spend on postponed activities.

Table 2.4(b): Planned and Implemented Activities at ICot - Morogoro in the FY 2021/22

	Budget Item	Approved Budget (TZS)	Disbursed Amount (TZS)	Actual Expenditure (TZS)	Remarks
1	Training and Administrative	579,180,000	860,954,132	932,901,286	Payment for training materials, tutor's remuneration, training 41 and 25 for NTA Level 4 and 5 respectively trainees, Basic Technicians and VET short course on PROKON in Design and Construction of bridge and box culvert, Training for LBT, 104 on basic driving courses and related roads trades, facilitated payment for external tutors, purchased training materials, conducted Exhibition and Institute advertisement, payment for contractual liability for security services, paying fuels suppliers, procured various office furniture and consumables.
2	Infrastructure Rehabilitation	200,000,000	223,430,541	223,430,541	Rehabilitation of classrooms, toilets, and building has been conducted, follow up on acquisition of Title Deed of Land Ownership are under final process, payment for cleanliness and Environment and fumigation for students dormitories, offices, rehabilitation of one conference room.
3	Routine Maintenance & Services	140,820,000	115,320,066	115,320,066	The Institute has facilitated Maintenance and service of Motor vehicles and motor grader for Administration and Training procurement of Spare parts, Tyres, Lubricant and oil
4	Capacity Building	55,000,000	19,986,761	19,986,761	Four (4) staffs attended Annual Engineer's Day Organized by ERB, One Staff participated on Budget and Taxation issue jointly organized by NBAA and TRA, One staff attended National Annual conference for record and archives management professional Association and two staffs participation on front office service management.
	Total	975,000,000	1,219,691,500	1,291,638,654	

TZS 1,219,691,500 released included TZS 264,150,000 for the previous year budget. The actual total release of funds for the FY 2021/22 was TZS 955,541,500

Table 2.4(c): Planned and Implemented Activities by Women Participation Unit in the FY 2021/22

	Budget Item	Planned Activities		Implementation Status	
		Physical	Financial (TZS Million)	Physical	Financial (TZS Million)
1	Raise awareness to stakeholders on the PPA for excluding the 30% the PPA and regulations of the annual procurement plan for special group to the stakeholders including Ministry and TANROADS	Raise awareness to stakeholders on the PPA and regulations	20	Workshop to 27 Regional Coordinators on PPA, Use of TANEPS and Contractors registration requirements conducted	20
		To conduct mentorship and coaching workshops to ladies pursuing engineering and construction related courses in Universities	30	Coaching and Mentorship was conducted at University of Dodoma (UDOM) and Mbeya University of Science and Technology (MUST) to ladies pursuing engineering and related courses	30
		To conduct an outreach programme to girls in secondary school to take interest in science and mathematics subjects.	40	An Outreach programme to girls in secondary school to take interest in science and mathematics subjects was conducted	21
2	Monitoring and Evaluation	To conduct Follow - up visit to /on works done by trained women groups and contractors including updating Women Participation Database	20	Follow up Visits to/ on works done by trained women groups and contractors including updating women participation database	93
3	Capacity Building	To conduct capacity building trainings on Labour Based Technology to women groups and contractors	80	Training on LBT for 80 women from Mwanza, Gita, Mara, Simiyu and Kagera was conducted	86
		Capacity Building to women contractors on building rates and preparation of competitive bids	60		0
Total		250			250

2.3.4 Ferries Projects

In the FY 2021/22, TZS 4,740.2 million was allocated for financing procurement of ferries, construction of ferry ramps, rehabilitation of ferries and Monitoring and Evaluation of ferry projects. Planned ferry projects during the financial year are as follows:

- (i) Construction of a new ferry infrastructure (Ticket room, waiting lounge, office and toilet) at Kayenze and Bezi Island in Mwanza;
- (ii) Construction of a new ferry infrastructure (Ticket room, waiting lounge, office and toilet) at Itungi Port in Mbeya;
- (iii) Expansion of waiting lounge for Kigamboni ferry terminal;
- (iv) Design, develop, supply, install, configure and commission Electronic Ferry Management Information System (EFMIS) at TEMESA and MoWT;
- (v) Construction of ferry ramps for Mlimba and Malinyi;
- (vi) Procurement of tools for ferry maintenance;
- (vii) Rehabilitation of road work plants at TEMESA Morogoro Workshop and Institute of Construction Technology (ICoT);
- (viii) Rehabilitation of MV Misungwi, MV Kome II and MV Tegemeo;
- (ix) Rehabilitation of MV Ruhuhu, MV Tanga and Old MV Ruvuvu; and
- (x) Ferry-related administrative activities, monitoring and evaluation of ferry projects.

Physical and financial performance of implementation of the planned ferry projects during the financial year is summarised in **Table 2.5**.

Table 2.5: Physical Performance for Ferry Projects in the FY 2021/22

	Planned Project / Activity and Budget			Financial Progress		Physical Progress	Remarks
	Project Activity Name	Approved Budget	Actual Released Funds (TZS)	Actual Expenditure (TZS)	Plan	Status	
1	Construction of new ferry infrastructure (Ticket room, waiting lounge, office and toilet) at Kayenze and Bezi Island in Mwanza.	200,000,000	200,000,000	200,000,000	100%	100%	Construction was completed.
2	Construction of new ferry infrastructure (Ticket room, waiting lounge, office and toilet) at Itungi Port in Mbeya	220,000,000	220,000,000	220,000,000	100%	95%	Construction on final stage
3	Expansion of waiting lounge for Kigamboni ferry terminal	250,000,000	250,000,000	250,000,000	100%	100%	Completed
4	To design, develop, supply, install, configure and commissioning of Electronic Ferry Management Information System at TEMESA and MoWT	1,419,638,700	1,378,479,954	1,378,479,954	100%	20%	Design, develop, supply, install, configure and commissioning of EFMS was at procurement stage.
5	To construct ferry ramps for Mlimba - Malinyi,	1,026,016,210	1,026,016,210	1,026,016,210	100%	45%	Construction was ongoing.
6	Procurement of Tools for ferry maintenance	150,000,000	150,000,000	150,000,000	100%	95%	Was on progress
7	Rehabilitation of road work plants at TEMESA Morogoro Workshop and ICoT	500,000,000	360,000,000	360,000,000	100%	100%	Completed
8	Rehabilitation of ferries; MV Misungwi, MV Kome II and MV Tegemeo	400,000,000	400,000,000	400,000,000	100%	46%	MV Misungwi was on progress, MV Kome II was at contract stage waiting for replacement ferry, MV Tegemeo was completed.
9	Rehabilitation of ferries; MV Ruhuhu, MV Tanga and Old MV Ruvuvu.	337,559,790	337,559,790	337,559,790	100%	45%	Rehabilitation was ongoing.
10	Ferry related administrative activities, monitoring and evaluation of ferry projects.	237,011,300	237,011,300	237,011,300	100%	100%	Monitoring and evaluation conducted in Kagera, Mwanza, Mtwara and Mara region.
	Total	4,740,226,000	4,559,067,254	4,559,067,254			

2.1.1 Roads-Related Administrative Activities

In the FY 2021/22, a total of TZS 4,738.9 million was allocated from Roads Fund to facilitate implementation of roads-related administrative activities. The status of implementation of the activities is summarised in **Table 2.6:**

Table 2.6: Planned and Implementation Status of Road-Related Administrative Activities

	Project/Activity Name	Planned Activity	Implementation Status
1	Support to Roads Monitoring and Evaluation activities, Review of Sectoral Database, preparation of Ministerial Monitoring and Evaluation System	Conduct Monitoring and Evaluation for Development Projects annually as per Ministry's (Works) Action Plan	Conducted monitoring of roads, bridges and ferries projects for the FY 2021/22
		Acquisition of Motor Vehicles, Maintenance and Fuel for Monitoring of Development projects	Maintenance of vehicles and procure fuel for monitoring of development projects for the FY 2021/22 conducted
		Review Sectoral Data Base and Develop Ministerial Monitoring and Evaluation System	Ministry in collaborations with Agencies are in stages of user test of the system before start in operation
		Collect data, compile, analyze, publishing and disseminate 200 copies of works Sector Statistics Book and Prepare Sectoral Economic Survey 2021	Sectoral Economic Survey 2021 prepared and submitted to the Ministry of Finance and Planning Sectoral Statistics Books 2021 published
2	Enforcement of Strategic Plan result framework facilitated	To coordinate preparation of annual performance agreement between Ministry and respective Institutions	Annual Performance Agreement for the FY 2022/23 between the Roads Fund Board and Ministry of Works and Transport (Works) was prepared and signed
3	Participation in East Africa Co-operation Road Network meetings, COMESA-EAC- SADC Tripartite Free Trade Area and Sub Saharan African Transport Policy (SSATP) meetings	Attending COMESA-EAC-SADC Tripartite Free Trade Area meetings and Joint Permanent Commissioner (JPC)	The Ministry (Works) participated in Joint Permanent Commissioner (JPC) between Tanzania and Oman, Tanzania and Rwanda, held on April and June, 2022
4	Coordination of Ministerial Plans and Budget for works sector and review of sectorial policies	Preparations of the Ministry's (Works) Annual Budget and Plans	Sectorial Annual Plan and Budget Estimates (Vote 98) for the FY 2022/23 was prepared, discussed and approved by the Parliamentary
5	Preparations of Ministry's Annual Financial Statement Responses to Audit Quarries for Roads Fund Accounts; Preparations of Roads Fund Operational Plan; and Preparations of Roads Fund Progress Reports	Prepare quarterly, Mid-Year and Annual Roads Fund Progress Reports	4th Qty Progress Report prepared and Submitted to the Road Fund Board
6	Promotion and awareness activities on implementation	Advertising and Publication (Budget Speech)	Budget speech FY 2022/23 advertised and published to the media
7	Establish Roads Record Management and Files Tracking System	Supply and Installation of Information and Communication Technology facilities for works Sector Record Management and File Tracking System, internet expenses and introduction of e-filing system in the Ministry offices in Dodoma	System update and upgraded

8	Institutional Support	Payments for office Accommodation for the Ministry (Works) Acquisition of Office Equipment and Other Related Working Facilities (Computers, Scanners etc)	Payment for office rent the FY 2021/22 Payments to supplier of office Equipments and Working facilities done
9	Maintenance of Office Accommodation for the Ministry at Moshi Street, Uhindini, Dodoma	To do Maintenance Office Accommodation for the Ministry of Works and Transport (Works) at Moshi Street, Uhindini, Dodoma	Office Accommodation for the Ministry at Moshi – Street - Uhindini, Dodoma maintained.

2.1.2 Roads Safety and Environmental Activities

In the financial year 2021/22, a total amount of TZS 4,161.6 million was allocated for financing implementation of the following road safety and environmental-related activities:

- (i) Operationalisation of an electronic system for issuing abnormal load permit (e-permit), Road Accident Information System and 24-hour weighbridge management system;
- (ii) Design, supply and install Automated Vehicle Weighing System at 42 weighbridge stations along the Trunk road;
- (iii) Conduct road safety awareness campaigns;
- (iv) Conduct a study on road safety assessment of traffic accidents and establish a Collision Costing Model;
- (v) Conduct simulation of the impact and cost of vehicle overloading on pavement damage;
- (vi) Review and print a guide to road traffic signing;
- (vii) Printing of a guide to road safety audit;
- (viii) Road environmental monitoring and audit;
- (ix) Preparation of Coordination of Ministerial Plans and Budget for works sector and review of sectorial policies Works Sector Disaster Management Strategy;
- (x) Training of top management on environmental assessment and management;
- (xi) Attending national and international conferences, meetings and training on environment and climate change;
- (xii) Develop Environmental Information Management System (EIMS) and conduct on job training;
- (xiii) Conduct environmental management awareness campaigns for road users and developers during World Environment Day;
- (xiv) Improvement of road safety by reducing road crashes at signalised and non-signalised intersections by carrying out micro-simulation;
- (xv) Participate in local and international meetings and professional training on road transport safety;

- (xvi) Conduct professional training on road transport safety and axle load control; and
- (xvii) Monitoring and evaluation of roads, vehicles and ferries safety, maintenance of supervision vehicles, fuel and other related road safety administrative cost.

Physical and financial implementation status of the planned road safety and environmental-related activities is summarised in Tables 2.7(a) and (b).

Table 2.7 (a): Physical Implementation Status of Road Safety and Environmental – Related Activities

Project Name/Activity	Annual Plan	Progress
1	Operationalization of an Electronic System for issuing Abnormal Load Permit (e-permit), Road Accident Information System, 24 hours weighbridge management system and speed control camera along the	Conducted monitoring in 24/7hrs for 13 weighbridges which are connected CCTV camera Management System and Maintenance services for the e-permit system RAIS and other IT equipment related
		Conducted monitoring 24/7hr for 13 weighbridges which connected to CCTV Management System and continue investigating different cases which were identified by the system
		Maintenance services were provided to different equipment for the e-permit system
2	Design, Supply and Installation of Automated Vehicle Weighing System at forty two (42) weighbridge stations along the Truck Road	Installation of an electronic load cells and CCTV weighbridge management system at forty two (42) weighbridges
		Installation of an electronic load cells at Sixteen Pilot sites were on going. Weighbridges currently installed with electronic load cells are Mpemba, Nala, Njuki, Makuyuni, Himo II, Mikese South, Mikumi, Mikese North, Mingoyo and Mutukula
3	Conduct Road Safety Awareness Campaigns	Prepare and participate in road safety week
		Participate in road safety awareness from 23rd November, 2021 up to 27th November, 2021
4	Conduct a Study on Road Safety Assessment of Traffic Accidents and Establish a Collision Costing Model	Conduct a Study on Road Safety Assessment of Traffic Accidents and Establish a Collision Costing Model
		Preparation of ToR to procure Consultant for conducting of Study to Determine Socio-Economic impacts of Traffic Accidents is ongoing
5	Conduct Simulation of the Impact and Cost of Vehicle Overloading on pavement Damage	Conduct simulation of the impact and cost of vehicle overloading on pavement damage along TANZAM highway
		Preparation of Terms of Reference (ToR) to procure consultant for simulation of the impact and cost of vehicle overloading on pavement damage along TANZAM highway is ongoing
6	Review and printing of a guide to road traffic signing	To review and printing 1000 copies of a Guide to Road Traffic Signing based on Stakeholders inputs.
		Internal review and Preparations for printing 1000 copies of a Guide to Road Traffic Signing were ongoing
7	Printing of a guide to road safety audit	To print 1000 copies of a guide to road safety audit
		Preparations for printing of 1000 copies of a Guide to Road Safety Audit is ongoing

8	Road Environmental Monitoring and Audit	To conduct Environmental Monitoring and Audit in 8 regions	Environmental Monitoring and Audit conducted in Lindi and Dar es Salaam regions
9	Preparation of works Sector Disaster Management Strategy	To prepare of Works Sector Disaster Management Strategy	TOR to procure consultant prepared
10	Training of Top Management on Environmental Assessment and Management	Conduct training of Top Management on Environment Assessment and Management	Preparation of Materials for Training of Top Management on Environmental Assessment and Management is ongoing
11	Develop Environmental Information Management (EIMS) and conduct on job training	To develop Environmental Information Management System (EIMS) and conduct on job training	The process of procuring of consultant for development of Environmental Information System ongoing
12	Conduct Environmental Management Awareness Campaigns for road users and developers during world environment day	Prepare and participate in world environment day	Participated in world environment day from 01st to 5th June, 2022
13	Improvement of Road Safety by Reducing Road Crashes at Signalized and Non-Signalized Intersections by Carrying out Micro-simulation	To improve two Signalized and Non-signalized Intersections by Carrying out Micro-simulation to improve Road Safety by Reducing Road Crashes in three cities	Preparation of documents and materials for carrying out Micro-simulation at two Signalized and Non-signalized Intersections in ongoing
14	Participate in local and International meetings and professional training on road transport safety	To participate local and International meetings on road safety	In this quarter, no staff participated in local and international meetings and professional training on road transport safety
15	Conduct Professional training on road transport safety and axle load control	Participate in professional training on road transport safety and axle road control	One staff Participate in professional training on road transport safety and axle road control from 27th to 30th June, 2022 in Njombe region
16	Monitoring and evaluation of roads, vehicles and ferries safety, maintenance of supervision vehicles, fuel and other related road safety administrative cost	Conduct Monitoring and Evaluation of Rods and Vehicle Safety	Monitoring and Evaluation Roads and Vehicle Safety on lake zone was conducted

Table 2.7 (b): Financial Implementation Status of Road Safety and Environmental – Related Activities

	Project Name/Activity	Approved Budget	Release Funds	Actual Expenditure	% of Expenditure to Approved Budget
1	Operationalization of an Electronic System for issuing Abnormal Load Permit (e-permit), Road Accident Information System, 24 hours weighbridge management system and speed control camera along the TANZAM Highway	1,300,000,000	1,317,842,200	1,317,842,200	101%
2	Design, Supply and installation of Automated Vehicle Weighing System at forty two (42) weighbridge stations along the Truck Road	2,000,000,000	2,140,000,000	2,000,000,000	100%
3	Conduct Road Safety Awareness Campaigns	60,000,000	230,000,000	230,000,000	383%
4	Conduct a Study on Road Safety Assessment of Traffic Accidents and Establish a Collision Costing Model	70,000,000	0	0	0%
5	Conduct Simulation of the Impact and Cost of Vehicle Overloading on Pavement Damage	70,000,000	0	0	0%
6	Review and Printing of a guide to road traffic signing	30,000,000	30,000,000	30,000,000	100%
7	Printing of a guide to road safety audit	20,000,000	10,000,000	10,000,000	50%
8	Road Environmental Monitoring and Audit	30,000,000	25,000,000	25,000,000	83%
9	Preparation of Works Sector Disaster Management Strategy	70,000,000	70,000,000	70,000,000	100%
10	Training of Top Management on Environmental Assessment and Management	60,000,000	75,000,000	30,000,000	50%
11	Attending National and international Conferences Meeting and training on Environment and Climate change	30,000,000	3,342,200	3,342,200	11%
12	Develop Environmental Information Management System (EIMS) and conduct job training	30,000,000	35,268,429	35,268,429	118%
13	Conduct Environmental Management Awareness Campaigns for road users and developers during world environmental day	15,000,000	0	0	0%
14	Improvement of Road Safety by Reducing Road Crashes at Signalized and Non-signalized Intersections by Carrying out Micro-simulation	96,577,576	96,577,576	96,577,576	100%
15	Participate in local and International meetings and professional training on road transport safety	30,000,000	30,000,000	30,000,000	100%
16	Conduct Professional training on road transport safety and axle load control	50,000,000	150,000,000	150,000,000	100%
17	Monitoring and Evaluation of roads, vehicles and ferries safety, maintenance of supervision vehicles, fuel and other related road safety administrative cost	200,000,000	225,113,800	225,113,800	113%
	TOTAL	4,161,577,576	4,438,144,205	4,438,144,205	102%

2.1.3 Issuance of Special Load Permit

In the FY 2021/22, the Ministry issued Special Load Permits worth TZS 17,693,080,421. The collected revenue was disbursed to Road Agencies to finance execution of road projects that were submitted and approved by the Board.

2.2 Policy and Cross Cutting Issues

During the FY 2021/22, the Ministry continued with the implementation of various crosscutting issues, which are pertinent to roads sector. Such policy and crosscutting issues are as described below:

2.2.1 Environmental Issues

The Ministry is aware of the potential negative effects of roads programmes could have on the environment. To mitigate the effects, the Ministry continued to mainstream environmental concerns into road sector programmes, plans and budget. The Ministry will continue monitoring the design and implementation of all road projects and include appropriate mitigation measures to ensure road projects do not have significant adverse impacts on the environment. The Ministry conducted environmental monitoring and audit in Lindi and Dar es Salaam regions.

2.2.2 Gender Issues and Employment Creation

The Ministry has established a gender focal point to coordinate mainstreaming of gender in the Ministry's plans and budgets. Various initiatives were taken to raise awareness to women contractors to participate in the road works. Women were encouraged to participate in road works as contractors and women groups are involved in routine and recurrent maintenance of roads. Maintenance works are executed by the private sector, who are largely local contractors employing local labour. These initiatives have contributed positively to raising income generation in local communities, thus contributing to reducing income poverty in the country. The Ministry conduct mentorship and coaching workshops to female students pursuing engineering and construction-related courses at the University of Dodoma, and Mbeya University of Science and Technology also conducted training on labour-based technology for 80 women from Mwanza, Geita, Mara, Simiyu and Kagera regions.

2.2.3 Road Reserve Management

The Ministry through TANROADS continued ensuring encroachment of road reserves is minimised. Some initiatives to minimise encroachment include the following:

- (i) Educate the public on importance of respecting road reserve whose length is 30 metres on either side of the Trunk and Regional Roads;

- (ii) Embark on public education to have voluntary eviction of the road reserve for those who are already within the reserves;
- (iii) Marking 'X' all structures and billboards erected in the road reserves so that owners can voluntarily demolish them when the area is required for roads construction or rehabilitation; and
- (iv) Demolition of structures within the right of way for ongoing rehabilitation, construction or maintenance projects, and installation of road reserve marker post.

2.3 Implementation Challenges and Measures Taken

During the FY 2021/22, the main challenge that faced the Ministry was delays on concluding procurement of contractors and consultancy services for some of roads projects.

To address the above challenge, the Ministry advised TANROADS to fast-track the procurement process in order to achieve the planned targets as per Annual Performance Agreement for the FY 2021/22.

Independent Report of the Controller and Auditor General for MoWT

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

The Permanent Secretary,
Ministry of Works and Transport,
Government City- Mumba
1 Ujenzi Street
P. O. Box 2888,
40470 DODOMA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Ministry of Works and Transport (Vote 98) for Funds received from Roads Funds Board, which comprise the Statement of Financial Position as at 30 June 2022, and Statement of Financial Performance, Statement of Changes in Net Assets, Cash Flow Statement, and the Statement of Comparison of Budget and Actual Amounts for the year then ended, as well as the Notes to the Financial Statements, including a Summary of Significant Accounting Policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Ministry of Works and Transport (Vote 98) as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Ministry of Works and Transport (Vote 98) in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Statement by the Permanent Secretary and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter

should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In addition, Section 10 (2) of the Public Audit Act, 2008 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement Act, 2011 (as amended in 2016)

Subject matter: Compliance Audit on Procurement of Works, Goods and Services performed a compliance audit on procurement of works, goods and services in the Ministry of Works and Transport (Vote 98) for the financial year 2020/21 as per the Public Procurement Act, 2011 and its regulation of 2013 (as amended in 2016).

Conclusion

Based on the audit work performed, I state that procurement of goods, works and services of Ministry of Works and Transport (Vote 98) is generally in compliance with the requirements of the Public Procurement Act, 2011 and its underlying Regulations of 2013 (as amended in 2016).

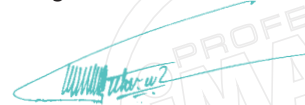
11.2.2 Compliance with the Budget Act and Other Budget Guidelines

Subject matter: Budget Formulation and Execution

performed a compliance audit on budget formulation and execution in the Ministry of Works and Transport (Vote 98) for Funds received from Roads Funds Board for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of Ministry of Works and Transport (Vote 98) for Funds received from Roads Funds Board is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



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



March 2023

SECTION THREE

PERFORMANCE REVIEW OF TANZANIA NATIONAL ROADS AGENCY

3.0 Introduction

This section presents the performance of TANROADS with respect to road maintenance programmes carried out in the FY 2021/22. Maintenance is carried out on the national road network specified in the Road Act 2007 and any other roads falling under the category.

3.1 Road Network

The national roads network by the end of December 2021 was 36,361.9 km - comprising 12,215.5 km of Trunk roads and 24,146.3 km of Regional roads. Table 3.1 shows the lengths for each class of roads.

Table 3.1: Roads Lengths as at December 2021

Road Type		Length (km)	Total Length (km)
Trunk	Paved	9,058.22	12,215.58
	Unpaved	3,157.36	
Regional	Paved	2,127.94	24,146.37
	Unpaved	22,018.43	
Total		36,361.95	36,361.95

Source: TANROADS

3.2 Road Network Condition

The overall road network condition was assessed in December 2021. Table 3.2 and Table 3.3 show road network condition in June 2022 and June 2021, respectively.

Table 3.2: Road Network Condition Summary as of June 2022

Road Class	Good		Fair		Poor		Total	
	(km)	% age	(km)	% age	(km)	% age	(km)	% age
Trunk Paved	5,602.47	63	1,853.48	21	1,450.96	16	8,906.91	100
Regional Paved	816.31	45	473.15	26	540.19	30	1,829.65	100
Trunk Unpaved	699.55	32	1,304.99	60	157.25	8	2,161.79	100
Regional Un-paved	5,557.65	27	13,800.31	66	1,466.20	7	20,824.16	100
Total Road Network	12,675.65	38	17,431.93	52	3,614.60	10	33,722.50	100

Source: TANROADS

Road condition of 2,639.45 km was not assessed because some roads were under construction, impassable and others were managed by TANAPA.

Table 3.3: Road Network Condition Summary as of June 2021

Road Class	Good		Fair		Poor		Total	
	(km)	% age	(km)	% age	(km)	% age	(km)	% age
Trunk Paved	5,437.34	67	1,556.78	19	1,166.54	14	8,160.66	100
Regional Paved	716.58	44	434.71	27	480.77	29	1,632.06	100
Trunk Unpaved	838.51	39	1,116.03	51	216.09	10	2,170.63	100
Regional Un-paved	5729.99	28	12,392.71	62	1,988.95	10	20,111.65	100
Total Road Network	12,722.42	40	15,500.23	48	3,852.35	12	32,074.99	100

Source: TANROADS

Road maintenance is funded fully by the Roads Fund. The total maintenance budget in the FY 2021/22 was TZS 567,342.7 million. Table 3.4 shows the breakdown of the roads' maintenance budget.

Table 3.4: Allocation of Road Maintenance Budget for the FY 2021/22

Works Components (Regions)	Amount (TZS Million)	Percentage (%)
Trunk Roads	172,399.42	30.39
Regional Road	269,176.68	47.45
Sub-total - Works Components (Regions)	441,576.10	77.84
Works Components (HQ)		
Emergency Works	26,097.77	4.6
PMMR Projects Phase II for 2 Regions	1,851.54	0.33
PMMR Project for BRT	1,942.77	0.34
Weighbridge Maintenance & Improvements	8,330.00	1.47
HQ Based Activities	7,586.15	1.34
Sub-total: Works components (HQ)	45,808.22	8.07
Total works component	487,384.32	85.91
Non-works components		
Administration Costs	26,522.66	4.67
Supervision Costs	25,218.31	4.44
Weighbridge Operation Costs	28,217.44	4.97
Total non-works components	79,958.42	14.09
Total Roads Fund	567,342.74	100

Source: TANROADS

TZS 581,172.17 was disbursed to TANROADS in the FY 2021/22 to finance the road maintenance programme and other road-related activities. The disbursed amount was equivalent to 102.4 percent of the approved maintenance budget. The Board approved the use of funds in excess of approved budget as submitted by TANROADS. Table 3.5 shows allocation of funds for various interventions.

Table 3.5 Allocation of Funds for the FY 2021/22 (TZS Million)

Budget Item	Budget allocation	% of Annual Budget	Allocation of disbursed funds
Road Maintenance Works	441,576.1	77.8	427,756.0
Emergency Works	26,154.6	4.6	12,468.1
PMMR Projects Phase 2	3,794.3	0.7	3,000.0
Wighbridge Improvement and Major Repair	8,330.0	1.5	7,630.0
HQ Based Activities	7,586.2	1.3	6,566.2
Administration and Supervision Costs	51,741.0	9.1	46,741.0
Weighbridge Operations	28,160.6	5.0	25,660.6
Borrowed Funds (Upgrading to bitumen standard to TISS roads - Dodoma)			1,374.0
Total	567,342.7	100.0	581,172.8

Source: TANROADS

3.4 Status of Implementation of Road Maintenance Programme

3.4.1 Procurement of Contracts for Road Maintenance Works

By the end of the FY 2021/22, TANROADS had procured contracts for maintenance works of TZS 429,108.12 million. Therefore, the whole amount of funds that was allocated for road maintenance works was committed.

A total of 1,079 maintenance contracts were submitted to the Tanzania Revenue Authority for VAT exemptions. Up to the end of the financial year, VAT exemptions were issued for 1,053 contracts while the exemptions for the remaining contracts were issued in the FY 2022/23. Procured contracts and emergency works for the FY 2021/22 are presented in Annex 3.1.

3.4.2 Performance in Execution of Road Works

Up to the end of the FY 2021/22, the overall physical and financial performances were 87 percent and 76 percent, respectively. The Annual performance is shown in Table 3.6.

Table 3.6: The Annual Performance of Maintenance of National Roads

Activity	Unit	Physical			Financial (TZS Million)		
		Annual Plan	Actual	% Actual	Annual Plan	Actual	% Actual
Trunk Roads Performance							
Routine & Recurrent - Paved	km	9,226.12	8,406.32	91%	46,096.98	39,482.55	86%
Routine & Recurrent - Unpaved	km	2,292.12	1,956.40	85%	11,607.59	8,690.75	75%
Periodic maintenance - Paved	km	434.17	382.63	88%	80,651.66	62,847.80	78%
Periodic maintenance - Unpaved	km	409.07	364.16	89%	7,146.56	5,726.87	80%
Spot Improvement - Paved	km	17.6	15.19	86%	4,440.36	2,695.34	61%
Spot Improvement - Unpaved	km	49.57	44.72	90%	752.26	688.132	91%
Sub - total (km)		12,428.66	11,169.42	90%	150,695.40	120,131.45	80%
Bridges Preventive maintenance	Nos.	1,444	1,334	92%	3,520.91	2,889.92	82%
Bridges Major repairs	Nos.	58	56	98%	9,756.57	7,097.86	73%
Sub - total (bridges)	Nos.	1,502	1,390	93%	13,277.49	9,987.78	75%
Overall Percentage				91%	163,972.89	130,119.22	77%
Regional Roads Performance							
Routine & Recurrent - Paved	km	2,337.54	1,972.12	84%	11,473.03	8,866.17	77%
Routine & Recurrent - Unpaved	km	20,985.59	18,524.55	88%	80,170.28	64,916.10	81%
Periodic maintenance - Paved	km	78.74	58.44	74%	16,784.36	12,509.23	75%
Periodic maintenance - Unpaved	km	3,889.59	3,499.65	90%	76,152.51	58,861.68	77%
Spot Improvement - Paved	km	66.05	58.04	88%	30,128.39	22,924.17	76%
Spot Improvement - Unpaved	km	813.36	700.52	86%	10,872.92	9,424.99	87%
Sub - total (km)		28,170.86	24,813.31	88%	225,581.49	177,502.33	79%
Bridges Preventive maintenance	Nos.	1,817	1,370	75%	5,184.10	4,776.78	92%
Bridges Major repairs	Nos.	220	176	80%	34,369.65	24,440.27	71%
Sub - total (bridges)		2,037	1,545.57	76%	39,553.74	29,217.05	74%
Overall Percentage				82%	265,135.23	206,719.38	79%
Grand total for RRM		34,841.37	30,859.39				
Grand total for PM & SI		5,758.15	5,123.33	87%	429,108.12	336,838.60	78%
Grand total for bridges		3,539.09	2,935.73				

Source: TANROADS

There was improvement by 78 percent in financial performance in the FY 2021/22 in terms of fund utilisation compared to 68 percent in the FY 2020/21. Timely issuance of GN for VAT exemptions for maintenance works largely contributed to the good performance, hence timely implementation of planned road works during the year.

3.5 Vehicle Load Control

The vehicle load control is a routine exercise undertaken by TANROADS to control vehicle overloading along the National road network. Vehicle load control programme in the FY 2021/22 comprised operations of weighing vehicles at 67 permanent stations and 22 mobile sites for surprise checks, repair and improvement of weighbridges and attending to awareness seminar on weighbridge operations.

Table 3.7: Axle Load Control in the FY 2021/22

Quarter	Weighed vehicles	Overloaded vehicles		Charges (TZS)	Collections (TZS)
		Number	%		
1 st	2,547,706	15,109	0.59%	2,455,745,643	2,017,862,356
2 nd	2,731,651	16,629	0.61%	1,980,855,866	2,003,175,077
3 rd	2,449,721	7,003	0.29%	1,724,476,588	1,804,898,722
4 th	2,615,736	10,312	0.39%	2,078,172,022	1,959,183,299
Total	10,344,814	49,053	0.47%	8,239,250,119	7,785,119,454

Source: TANROADS

3.5.2 Repair of Weighbridges

During the FY 2021/22, TANROADS' technical team continued providing technical services to weighbridges including services, maintenance and calibrations. Total cost for the maintenance and repair of the weighbridges was TZS 266.2 million.

3.5.3 Weighbridge Projects

During the FY 2021/22, TANROADS planned to construct two weighbridge stations, namely Kimokouwa at Namanga in Arusha Region and at Rubana in Mara Region. Construction at Kimokouwa Weighbridge station was done in January 2022, while at Rubana was planned to be completed in January 2023.

3.6 Road Safety, Environmental and Social Activities

3.6.1 Road Safety at TANROADS HQ

During the FY 2021/22, TANROADS carried out the following road safety activities:

- (i) Monitoring the implementation of road safety activities in the regions as per their action plans, including assessing condition of road signs, signs for disabled persons, road markings, and other road furniture;
- (ii) Carrying out road safety review/audit to the design reports submitted by the consultants for three (3) stages from feasibility studies, preliminary design and detailed engineering design;
- (iii) Monitoring the contractors' safety compliance during the implementation of construction works to the on-going road projects;
- (iv) Conducting road safety awareness campaigns to communities living along the project roads and at various national exhibitions on safe roads usage; and
- (v) Supervising five contracts of consultancy services for improvement of road safety, road safety audits, capacity building and baseline data collection.

3.6.2 Environmental and Social Issues at TANROADS

The Agency carried out several environmental and social activities during the FY 2021/22, including the following:

- (i) Review of environmental and social reports including: project registration and scoping reports, environmental and social impact assessment reports from consultants and follow-up on their approval by NEMC;
- (ii) Supervise consultancy services of sensitisation of HIV/AIDS, STI, TB mitigation and gender issues;
- (iii) Review, monitor, and approval of environmental and social plans including: environmental and social management plan, health and safety management plan and HIV prevention programme;
- (iv) Monitor the restoration of borrow pits in the regions; and
- (v) Conduct environmental and social impact assessment studies; environmental baseline data collection; monitoring of environmental and social mitigation programme; and resettlement action plans.

3.6.3 Road Reserve Management

Activities to protect the road reserve against encroachment were carried out in the FY 2021/22. These included marking of illegal structures, installing marker posts; awareness campaigns and demolition of unlawfully erected structures. TZS 669.4 million was spent on road reserve management during the financial year.

3.6.4 Road Safety Management

Various activities to enhance road safety for road users were carried by regional offices. These included road marking, installation of information signs, construction of rumble strips, installation or replacement of guardrails, and construction of standard road humps and installation or replacement of traffic lights. TZS 1,222.6 million was spent on road safety management activities in the FY 2021/22.

3.6.5 Vandalism and Damages to Road Furniture and Structures

Most of the regions continued experiencing the challenge of vandalism and damage of road furniture and structures in the FY 2021/22. The estimated cost for restoring the vandalised or damaged furniture and structures during the year was TZS 646.8 million. However, TANROADS managed to recover TZS 318.9 million from the culprits during the year. TANROADS continued exploring means of minimising vandalism including using fibre material for road signs.

3.7 Road Maintenance Management Systems

TANROADS uses Road Maintenance Management System (RMMS) to estimate annual road maintenance financial requirements and to prioritise maintenance interventions under budget constraints. The system is also used for distributing

road maintenance budget between Regions, maintenance activities and contract management.

Main activities carried out during the FY 2021/22 include:

- (i) Provision of various network data within TANROADS and to external stakeholders as requested;
- (ii) Supervision for installation of automatic traffic count machines;
- (iii) Procurement of consultant for feasibility study for upgrading RMMS into a fully integrated web-based Road Asset Management System (RAMS);
- (iv) Procurement for supply of Heavy Weight Deflectometer Equipment;
- (v) Carrying out second cycle unpaved condition survey and its quality assurance; and
- (vi) Carrying out Unpaved Condition, Traffic count, Spot Inventory and corresponding Quality Assurance.

3.8 Underlying Policies

During the FY 2021/22, TANROADS implemented the following underlying policies-related activities:

- (i) The Gender policy: During the year, TANROADS continued recruiting women in various positions in the organisation according to their qualifications and skills, and currently, 24.3 percent of staff are women;
- (ii) Employment generation: All maintenance works were executed by private sector contractors who, in turn, employ skilled, semi-skilled and unskilled local labour;
- (iii) HIV/AIDS pandemic: During the year, HIV/AIDS awareness campaigns and protection measures were carried out to TANROADS staff and other workers in various project sites; and
- (iv) Labor-based methods: This was used in maintaining roads through contracts or force account arrangement. Local labourers were employed, mostly from villages and community groups close to project sites. Specific contracts were issued to contractors registered as labour-based contractors.

3.9 Challenges

In the FY 2021/22, TANROADS faced following challenges during execution of road maintenance works.

(a) Inadequate Capacity among Contractors

Some of the local contractors have limited capacity to execute road projects. This is demonstrated in inadequate specialised equipment, limited capacity to manage contracts and limited operating capital.

To address this challenge, TANROADS implemented the following:

- (i) Packaging of contracts to sizes that could enable contractors realise reasonable profit that can enable them to invest in equipment and plants;

- (ii) Guaranteeing payment to suppliers for material and hired equipment; and
- (iii) Conducting on job training to contractors through instructions, site meetings and site inspections.

(b) Inadequacy of Overload Control

The current operations for overload control are mainly concentrated on major corridors. However, there are no weighbridges for some roads, therefore, are prone to damage.

As at the end of the FY2021/22, there were 67 operating permanent weighbridge stations and 22 mobile weighbridges. This is a notable increase when compared to nine permanent weighbridge stations and four mobile weighbridges in year 2000.

(c) Vandalism and Damage of Road Furniture and Structures

Damaging traffic lights, streetlights, road signs occur frequently, especially in urban. Furthermore, road furniture like road signs and guide rails are being vandalised or stolen. To address the challenge, TANROADS undertook the following measures:

- (i) Use of less attractive materials such as fibre and concrete elements; and
- (ii) Awareness campaigns through fora like the Road Safety Week, Regional Roads Board meetings and mass media.

(d) Speeding

Speeding and reckless driving is a major cause of accidents and also leads to loss of lives and damage of road furniture. To address the challenge, TANROADS undertook the following measures:

- (i) Construction of appropriate road humps with necessary signage where approved;
- (ii) Installation and replacement of damaged and vandalised speed limit signs at appropriate locations; and
- (iii) Conducting awareness campaigns through various fora like the Road Safety Week.

(e) Encroachment of Road Reserves

Encroachment of road reserves have continued becoming a major challenge. Cases of encroachment were noted during the FY 2021/22, including illegal erection of structures for businesses and settlement. Furthermore, the TANROADS encounter court injunctions that interrupt road reserve clearance exercises.

To address the challenge, TANROADS undertook the following measures:

- (i) Erecting end of road reserve marker posts;
- (ii) Marking 'X' on illegal structures; and
- (iii) Issuing relevant notices and handling of court cases.

Independent Report of the Controller and Auditor General for TANROADS

Chief executive,

Tanzania National Roads Agency,

P. O. Box 11364,

DAR ES SALAAM.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania National Roads Agency (TANROADS), which comprise the Statement of Financial Position as at 30 June 2022, and Statement of Financial Performance, Statement of Changes in Net Assets, Cash Flow Statement, and the Statement of Comparison of Budget and Actual Amounts for the year then ended, as well as the Notes to the Financial Statements, including a Summary of Significant Accounting Policies.

in my opinion, the accompanying financial statements present fairly in all material respects, the financial position of TANROADS as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of TANROADS in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Without qualifying my opinion, I draw the attention of the users of this report on Note 9.10.1, 9. 10.2 and 9. 10.3 to the financial statements, management has disclosed various pending legal cases filed by various individuals of which, preliminary hearings are in progress. The ultimate outcome of the cases cannot currently be determined. However, initial estimates indicate that the TANROADS may be obliged to pay a total of TZ5 162,237,958, 167.04 if the cases will be ruled in favour of the plaintiffs.

Further, there were 5 cases which have been filed by TANROADS against the contractors, the initial estimates indicate that the TANROADS will be paid a total of TZ 113,843, 165,496.03 if the cases will be ruled in favour of TANROADS.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods, and services I performed a compliance audit on the procurement of works, goods and services in TANROADS for the financial year 2021/22 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, except for the matters described below, the procurement of goods, works and services of TANROADS generally complies with the requirements of the Public Procurement laws.

1. Failure to Implement Roads Projects as Per Annual Procurement Plan

Section 49(182) of Public Procurement Act, 2011 requires the Annual Procurement Plan to be approved by appropriate budget approving authority and the procuring entities to observe the approved annual procurement plans.

TANROADS planned to implement 88 road projects financed by the Government for the allocated budget of TZS 2,914,813,070,000 during the year 2021/22. However, TANROADS awarded only one project leaving 87 projects with a budget of 2,914,113,070,000 (99.9%) not awarded.

2. Contracts Awarded Beyond the Budget - TZS 661,514,665

Regulation 16 (2) (e) of the Public Procurement Regulations 2013 requires a procurement entity to reject tender that exceeds the budgetary resources available. However, TANROADS awarded five contracts which exceed their budget by TZS 661,514,665.

3. Expired Performance Bank Guarantee - TZS 33,791,359,599.41

Regulation 29(5) of the Public Procurement Regulations 2013 requires that when the contract is amended, the procuring entity shall require the successful tenderer or consultant to provide additional performance security to cover any cumulative increase of more than ten percent of the contract price.

Further, Clause 60 of the General Conditions of the Contract requires performance security to be valid until 28 days and one year from the date of issue of the certificate of completion for a Bank Guarantee and Performance security respectively.

Contrary to the cited regulation, I found that the performance bank guarantees worth TZS 33,791,359,599.41 at TANROADS headquarters for ongoing projects were expired without being renewed up to the time of audit on 21 December 2022.

Further, in September 2022, I found construction and maintenance projects at 11.

TANROADS Regional Offices which were being executed with expired performance bank guarantees amounting to T25 2,121,350,530 while no measures have been taken by management to ensure contractors renew them.

4. Liquidated Damages not Charged for Delayed Construction Projects

Regulation 112 (1) of the Public Procurement Regulation of 2013 as amended by Regulation 6 of the Public Procurement Regulations (Amendment) Act 2016 requires a procuring entity to impose liquidated damages for the delayed works on a tenderer.

Contrarily, I found delayed road construction projects in 13 Reginal Offices for the periods ranging from 9 to 99 days and TANROADS and management was yet to charge (deduct) liquidated damages amounting to TZ5 367,977,689.68 from contractor's claims.


2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget Formulation and Execution

I performed a compliance audit on budget formulation and execution in TANROADS for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that the Budget formulation and execution of TANROADS is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.


Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2023



SECTION FOUR

PERFORMANCE REVIEW OF THE PRESIDENT'S OFFICE - REGIONAL ADMINISTRATION AND LOCAL GOVERNMENTS

4.0 Introduction

This section presents the status of implementation of roads development projects under the President's Office – Regional Administration and Local Governments (PO-RALG) for the FY 2021/22. It also summarises the performance of implementation of activities related to road safety, environmental and crosscutting issues.

4.1 Road Fund Budget Implementation

4.1.1 Budget and budget allocation to main activities

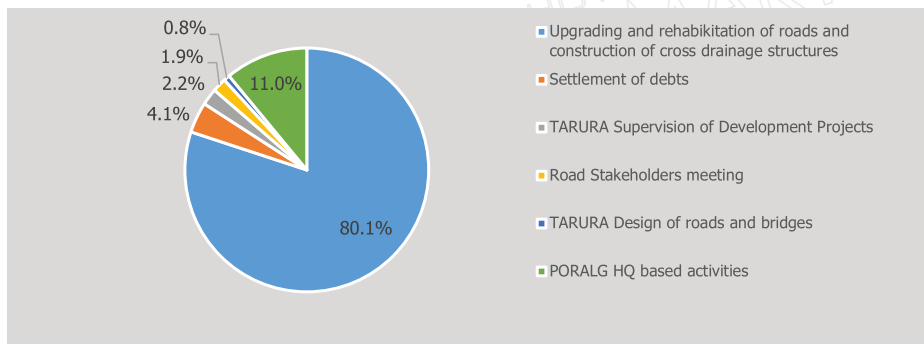
The budget allocated to finance road development and other road-related activities through Roads Fund in the FY 2021/22 was TZS 27,016.3 million. Table 4.1 summarises budget allocation, while Chart 4.1 shows percentage distribution of the budget for the year.

Table 4.1: Budget allocation and Disbursed Funds in the FY 2021/22

No	Budget Item	Budget (TZS)
(i)	Upgrading and rehabilitation of roads and construction of cross drainage structures	21,626,749,770
(ii)	Settlement of debts	1,100,000,000
(iii)	TARURA Supervision of Development Projects	600,000,000
(iv)	Road Stakeholders meeting	500,000,000
(v)	TARURA Design of roads and bridges	220,000,000
(vi)	PORALG HQ based activities	2,969,571,289
	Total	27,016,321,059

Source: PO-RALG

Chart 4.1: Percentage Distribution of Budget Allocated for the FY 2021/22



Source: PO-RALG

In the FY 2021/22, a total of TZS 27,674.8 million - equivalent to 102.4 percent of the budget - was disbursed to PO-RALG.

PO-RALG received TZS 10,650 million as special funds to finance special road projects in the FY 2021/22. During the year PO-RALG had a rollover projects funds with a value of TZS 17,893.5 million from the FY 2020/21. The distribution of the rollover funds was as follows:

- (i) TZS 11,072.1 million for development programme from the Roads Fund for the FY 2020/21; and
- (ii) TZS 6,821.4 million from European Union for Agri-Connect Programme.

4.1.2 Status of Implementation of Roads Fund Road Development Programme

TZS 27,016.3 million was allocated for roads development works and related administrative activities. The budget was allocated for road works, design, supervision and construction of offices, monitoring and road related activities.

In total, 43 contracts were planned for upgrading of 26.3 km of roads to tarmac standard, rehabilitation of 115.6 km of roads to gravel standard and construction of seven bridges.

By the end of the FY 2021/22, a total of 20.2 km of roads were paved, 103.8 km were rehabilitated to gravel standard and three bridges were constructed. Overall physical and financial performance was 78 and 62 percent, respectively.

The progress is summarised in Table 4.2.

Surface Type	Physical					Financial		
	Planned		Progress		%	Budget (TZS)	Expenditure	%
	KM	No	KM	No				
Paved	26.3		20.2		77%	14,545,000,000	9,245,322,367	64%
Gravel	115.2		103.8		90%	3,571,749,770	2,580,443,567	72%
Bridges		7		3	66%	3,510,000,000	1,773,200,705	51%
Payment of 2018/19 Debts Resulted from purchase of gravel test kits					0%	1,100,000,000	634,990,889	58%
Design of Roads and Bridges					0%	220,000,000	169,337,896	77%
Supervision of Development Projects					0%	600,000,000	512,555,857	85%
Total	141.5	7	124.0	3	86%	23,546,749,770	14,915,851,281	63%

Source: PO-RALG

4.1.3 Implementation of Rollover of Roads Funds from the FY 2020/21

In FY 2021/22, PO-RALG had a rolled over fund amounting to TZS 11,072.1 million from the FY 2020/21 for construction of 11 km of paved roads, 17 km of gravel roads and 11 bridges and culverts. TZS 9,266.3 million - equivalent to 84 percent of rollover funds - was spent. Execution of the following projects was in progress:

- (i) Construction of Kichangachui Road (1km) in Mafia DC to bitumen standard. By the end of the financial year, physical performance was at 60 percent.
- (ii) Construction of Rozana Bridge in Tarime DC along Rozana – Soroneta

Road. Physical performance was 25 percent at the end of the financial year.

- (iii) Construction of Ngashanda Bridge in Bariadi DC. Physical performance was at 17 percent.
- (iv) Construction of Nyathorogo Bridge along Kumbini – Ahero – Bukenye Road in Rorya. Commencement of implementation of this project was delayed due to inadequate funds.

4.2 Development Partners’ Supporting Programmes

4.2.1 The AGRICONNECT Programme

This is a three-year EU-funded programme with a budget of Euro 46.0 million. The purpose of the road component of the programme is to improve rural road transport by addressing transport bottlenecks in order to improve market access in selected districts in the Southern Highlands. Implementation of the programme started in the FY 2019/20.

During the First Phase, Euro 16 million - equivalent to TZS 42 billion - was transferred to Road Fund account for the implementation of selected rural roads of about 87.6 km to tarmac standard in Iringa and Mbeya regions where four councils were selected. In FY 2021/22, a total of TZS 20,071 million was disbursed to PO-RALG, making cumulatively disbursed amount to be TZS 42 billion.

During the Second Phase, Euro 15 million - equivalent to TZS 38,778.5 million - was transferred to Road Fund’s account in 2021/22 for financing upgrading of selected 63.9 km of rural roads in Iringa, Mbeya, Njombe, Ruvuma, Songwe, and Katavi regions. Fund disbursement for the second phase projects awaits execution of the road works.

4.3 Underlying Policies

PO-RALG continues following up implementation and adherence to underlying policies, including employment creation, HIV/AIDS awareness and environmental policies. TZS 22,640.22 million was spent on underlying policies activities.

In the FY 2021/22, a total 3,010 women were employed in road projects - equivalent to 19.6 percent of total number of labourers; 319 HIV/AIDS awareness campaign was conducted; and 15 borrow pits reinstated.

4.4 Challenges and Measures Taken

Challenges and respective measures taken are as indicated in Table 4.4:

	Challenges	Measures taken to address
(i)	Shortage of staff, especially engineers, technicians and procurement officers.	<ul style="list-style-type: none"> • In the FY 2021/22, TARURA employed 47 Engineers and 26 Procurement Officers; and • The PO-RALG submitted request for employment permit to the President’s Office - Public Service Management and Good Governance to employ 95 staff for TARURA in FY 2022/23.
(ii)	Insufficient supervision vehicles	<ul style="list-style-type: none"> • In the FY 2020/21, TARURA budgeted 2.8 billion for procuring 30 supervision vehicles. Ten vehicles were delivered in FY 2021/22; and • In FY 2021/22, TZS 17.8 billion was budgeted for procuring 130 supervision vehicles.

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Permanent Secretary,

President's Office Regional Administration and Local Government (PO-RALG),
Government City -Mtumba,

P. O. Box 1923,

41185 DODOMA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Roads Fund implemented by President's Office Regional Administration and Local Government (PO-RALG) which comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Roads Fund implemented by PO RALG as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Roads Fund under PO RALG in accordance with the International Ethics Standards Board for Accountants* Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to Issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication,

In addition, Section 10 (2) of the Public Audit Act, Cap 418 requires me to satisfy myself that the accounts have been prepared in accordance with the

appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods and services I performed a compliance audit on the procurement of works, goods and services of Roads Fund at PO RALG for the financial year 2021/22 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, procurement of goods, works and services of Roads Fund under PO RALG is generally in compliance with the requirements of the Public Procurement laws.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution of the Roads Fund implemented by PO RALG for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that the Budget formulation and execution of the Roads Fund implemented by PO RALG is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



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

March 2023



SECTION FIVE

PERFORMANCE REVIEW OF TANZANIA RURAL AND URBAN ROADS AGENCY

5.0 Introduction

Tanzania Rural and Urban Roads Agency (TARURA) is an Executive Agency under the President's Office-Regional Administration and Local Governments established under the Executive Agencies Act, Cap. 245. The Agency is mandated to develop and maintain rural and urban roads network.

This section presents the progress of maintenance works implemented by TARURA during the FY 2021/22.

5.1 Road Network and Conditions

The length of District road network under jurisdiction of TARURA is 144,429.7 km. Summary of road condition per surface type as of 30th June, 2021, and 30th June 2022, is as shown in Table 5.1, Table 5.2.

Surface Type	Road Condition (Km)			Total (Km)	(%)
	Good	Fair	Poor		
Paved	1,985.1	472.3	178.4	2,635.8	1.8%
Gravel	15,845.4	12,751.8	3,907.1	32,504.3	22.5%
Earth	16,225.5	35,460.3	57,604.0	109,289.8	75.7%
Total	34,056.0	48,684.4	61,689.4	144,429.8	100
(%)	23.6%	33.7%	42.7%	100%	

Source: TARURA

Table 5.2: Road Condition as of 30th June, 2021

Surface Type	Road Condition (Km)			Total (Km)	(%)
	Good	Fair	Poor		
Paved	1,754.9	466.0	184.0	2,404.9	2.2%
Gravel	10,617.7	13,282.0	5,266.9	29,166.6	26.8%
Earth	8,741.6	26,194.9	42,438.2	77,374.7	71.0%
Total	21,114.1	39,942.9	47,889.2	108,946.2	100%
(%)	19.38%	36.66%	43.96%	100%	

Source: TARURA

The increased percentage of roads in good condition from 19.4 percent on 30th June 2021, to 23.6 percent on 30th June 2022, reflects increased Government's investment in improvement of rural roads. However, the percentage of roads in bad condition remained relatively higher due to the fact that most of rural roads are unpaved and therefore susceptible to rainfall damages.

5.2 Budget Allocation

Approved Roads Fund budget to finance road maintenance programme and emergency works for District roads in the FY 2021/22 was TZS 243,146.8 million. The allocation was equivalent to 24 percent of the actual maintenance needs of TZS 1,002,581.4 million for District roads during the year.

In the FY 2021/22, TARURA planned to execute routine, spot and periodic maintenance works for 24,878.71 km of roads and structures worth TZS 195,357.9 million

Table 5.3: Planned Road Maintenance Programme in the 2021/22

Budget Item	Target (km)	Road Fund (TZS million)	%
A. Works		207,515.3	85
Routine maintenance	17,367.1	46,422.5	19
Spot improvement	4,835.7	60,397.3	25
Periodic maintenance	2,675.9	51,224.9	21
Bridges and culverts		37,313.2	15
Emergency		12,157.3	5
B. Non-works		35,631.6	15
Total (A + B)	24,878.7	243,146.9	100

Source: TARURA

5.3 Performance of the FY 2021/22 Maintenance Programme

During the FY 2021/22, TARURA received TZS 249,074.04 million - equivalent to 102.4 percent of the approved maintenance budget for the year. A total of 1,095 road maintenance contracts with a total value of TZS 185,537.4 million, VAT exclusive, were signed during the year.

Up to the end of the financial year, TARURA had implemented road maintenance works for 25,078.7 km and structures worth TZS 208,635.1 million. This includes TZS 38,795.3 million that was rolled over from the FY 2020/21. Physical and financial performance for planned works in the FY 2021/22 was 92 percent and 87 percent, respectively. Both physical and financial performance of implementation of rollover projects from the FY 2020/21 was physical 100 percent.

¹821 lines, 5 bridges repair, 8 new bridges, 69 box culverts, 10,348.91m drains, 3 culvert preventive, 312m concrete pavement and 67 drifts

Table 5.4: Performance of Execution of Road Maintenance Works for the FY 2021/22

	Maintenance Activity	Annual		Achieved		% of achievement	
		Physical	Financial (TZS million)	Physical	Financial (TZS million)	Physical	Financial
i	Routine Maintenance (km)	17,367.1	46,422.5	15,850.8	41,018.2	91%	88%
ii	Spot Improvement (km)	4,923.1	60,397.3	4,524.8	52,671.9	92%	87%
iii	Periodic Maintenance (km)	2,721.4	51,224.9	2,574.7	45,674.3	89%	89%
iv	Cross drainage structures	2,103 lines, 27 bridges repair & preventive, 50 new bridges, 206 box culverts, design, 62,745 m drain, 197 culvert preventive & repair, 38 drift repair, 1 concrete slab, 1 arch bridge	37,313.20	1,913 lines, 30 bridges repair & preventive, 58 new bridges, 187 box culverts, design, 57,097 m drain, 179 culvert preventive & repair, 34 drift repair, 1 concrete slab, 1 arch bridge	30,475.45	82%	82%
		25,011.5	195,358.0	22,950.4	169,839.9	92%	87%

Source: TARURA

5.3.1 Expenditure of funds for the FY 2021/22

As at the end of the FY 2021/22, TARURA had spent TZS 241,863.6 million on roads maintenance activities, monitoring and administration. The expenditure was 99.4 percent of the approved budget. Table 5.5 provides the detailed budget and expenditures for the FY 2021/22.

Table 5.5: Summary of Budget and Expenditure for the FY 2021/22

	Budget Allocation	Budget Road Fund (TZS Mil)	Allocation	% Allocation
1	Supervision Costs at Councils	11,232,459,063	11,232,459,063	100%
2	Administration Costs at Rec	2,450,000,000	2,450,000,000	100%
3	Administration Costs at Councils	6,570,026,528	6,570,026,528	100%
4	Road Inventory & Condition Survey	940,000,000	940,000,000	100%
5	Monitoring Costs-TARURA HQ	2,500,000,000	2,500,000,000	100%
6	Monitoring Costs-Regional Offices	1,824,679,106	1,824,679,106	100%
7	Administration Costs - TARURA HQ	2,500,000,000	2,500,000,000	100%
8	Emergency-Works	12,157,344,476	12,157,344,476	100%
9	Capacity Building	597,402,429	597,402,429	100%
10	Salaries for Contract Staff	2,800,000,000	2,800,000,000	100%
11	Operations of Road Research Centre	180,000,000	180,000,000	100%
12	Audit Fee (Nao)	429,965,418	429,965,418	100%
13	Review of Road Periodic, Sport Improvement Design	150,000,000	150,000,000	100%
14	Support to Road Research Activities under AFCAP	150,000,000	150,000,000	100%

15	Purchase of 30 Supervision Vehicles	2,800,000,000	2,800,000,000	100%
16	Office Rent for Council Manager's Offices	207,910,000	207,910,000	100%
17	Office Rent for Regional Coordinator's Offices	299,110,000	299,110,000	100%
18	Maintenance Fund FY 2021/2022	195,357,992,509	195,357,992,509	100%
	Sub total	243,146,889,529	243,146,889,529	100%
19	Special funds (Regional Roads Board Meeting)	580,000,000	580,000,000	100%
	Grand Total	243,726,889,529	243,726,889,529	100%

Source: TARURA

5.4 Revenue from Road Reserve Utilisation

During the FY 2021/22, TARURA projected to collect TZS 7,427.1 million from road reserve user charges. Total collection during the year was TZS 3,610.3 million - equivalent to 48.6 percent of the annual projected amount. TZS 3,474.7 million was remitted to Roads Fund bank account. Low performance was caused by delays of payments from telephone companies.

5.5 Contribution of Own Source from Council Offices

In the FY 2021/22, TARURA implemented road projects valued at TZS 546.7 million through financing from Council Offices. Total expenditure from the sources was TZS 533.2 million - equivalent to 98 percent of own sources revenue.

5.6 Emergency Works

A provisional sum of TZS 12,157.3 million - equivalent to 5 percent of the total annual budget - was allocated during the FY 2021/22 to finance emergency works. A total of TZS 12,157.3 million was disbursed to councils to finance emergency works. Up to the end of the financial year, TZS 8,817.6 million - equivalent to 73 percent of emergency budget was spent.

5.7 Underlying Policies

TARURA operations were guided by various policies set by the Government. These include Gender Policy, Employment Policy, HIV/AIDS Policy, Environmental Policy, and PPP Sector Policy. Summary of implementation status is as shown in Annex 5.1.

5.8 Use of Gravel Roads Test Kits

During the year under review, TARURA conducted 6,048 materials tests by using Gravel Road Testing Kits. The tests were linear shrinkage, grading, tretton impact, layer thickness, dynamic cone penetrometer and rapid compaction control device.

5.9 Road Safety

In the FY 2021/22, TARURA planned to carry out a number of road safety activities. Table 5.6 shows implementation status of the planned road safety activities.

Table 5.7: Annual Planned and Implemented Road Safety Activities

	Activities Planned	Unit	Annual Plan	Achieved	% Performance
i	Monitoring the implementation of Road safety activities in the Regions as per Action Plan including assessing the condition of road signs, signs for disabled persons, road markings, and other road furniture	Number of Regions monitored	26	26	100
ii	Carrying out Road Safety Design Review/Audit to the Consultants' design reports, including Feasibility Studies, Preliminary Design, and Detailed Engineering Design for Upgrading Road to bitumen Standard.	Number of Reports reviewed/ Audited.	30	30	100
iii	Monitor the Contractors' compliance with road safety issues during implementation of the ongoing road projects.	Number of Projects Monitored.	15	15	100
iv	Conduct Road Safety Audit (Pre-Opening and Post-Opening Stages RSA) to the newly completed road projects and propose improvement measures	Number of Road projects Audited	30	30	100
v	Conduct On-job Training to the TARURAS' staff (Engineers/ Technicians /Managers and Others) on Road Safety Audits, Standard Road signing and Black spots countermeasures.	Number of Training conducted	2	0	0
vi	Conduct Road Safety Awareness Campaigns on Road Safety issues to communities living along the roads and during the Safety week exhibitions	Number of awareness campaigns conducted	1	0	0
vii	Conduct road safety audit for the Government City project	Number of Projects audited	1	1	100

5.10 Environmental and Social Management Unit

In the FY 2021/22, TARURA planned to carry out a number of environmental and social activities. Table 5.7 shows implementation status of planned activities.

Table 5.7: Achievement of Environmental and Social Activities

	Activities Planned	Unit	Annual Plan	Achieved	% Performance
(i)	To conduct 1 HIV/AIDS, NCDs and Hepatitis awareness seminar and other related activities to 140 TARURA-HQ Staff by June, 2022.	Number of awareness seminar conducted	1	1	100
(ii)	To carryout Gender Mainstreaming, Community Involvement and Social awareness Campaign to 5 Regions by June 2022.	Number of regions provided with awareness.	5	7	140
(iii)	To undertake follow-up on social and policy issues compliance to 15 Regions by June 2022.	Number of Regions monitored and reports prepared	15	9	60
(iv)	To undertake four (4) monitoring of Environmental Compliance of development works in 30 Councils by June 2022.	Number of councils visited for Environmental monitoring	30	36	120
(v)	To carry out four (4) awareness campaigns on Environmental and road reserve management in 20 Councils implementing development works by June, 2022.	Number of councils visited for Environmental and road reserve management awareness	20	12	60
(vi)	Conduct 5 days Training on Environmental Management and Occupational Health and Safety (OHS) to 30 Engineers by June 2022.	Number of OHS awareness conducted	1	0	0
(vii)	Undertaking Training on Labour Based Technology in 2 Regions by June 2022.	Number of Labour Based Technology trainings conducted	2	0	0

5.11 Challenges and the Way Forward

In the course of implementation of works planned activities, the following challenges hampered smooth implementation of Works as detailed in Table 5.9.

Table 5.9: Challenges

	Challenges	Measures are taken to address
(i)	Shortage of staff especially.	In the FY 2021/22 TARURA employed 47 Engineers and 26 Procurement Offices; and The PO-RALG submitted request to President's Office, Public Service Management and Good Governance to employ 95 staff for TARURA in the FY 2022/23
(ii)	Limited capacity to manage road projects.	TARURA in the FY 2021/22 set aside a total of TZS 597 million for capacity building to staff.
(iii)	Insufficient budget for roads maintenance requirements.	TARURA continue engaging Roads Fund Board in securing more resources to finance road maintenance.
(iv)	Encroachment of road reserve areas.	Enforcement of bylaws is being done including putting in place demarcation signs in some places depending on the availability of Funds.
(vi)	Allocation of resources which doesn't consider prevailing challenges within the Councils e.g mountainous areas, swampy, e.t.c	TARURA is in the final process of finalizing the allocation formula which will provide equity to all Councils in resource allocation.

Independent Report of the Controller and Auditor General for TARURA

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
Tanzania Rural and Urban Roads Agency,
P.O. Box 11042,
DODOMA-TANZANIA

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania Rural and Urban Roads Agency (TARURA) which comprise the Statement of financial position as at 30 June 2022, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Tanzania Rural and Urban Roads Agency as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Tanzania Rural and Urban Roads Agency in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Statement of the Board Chairman and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to Issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Acelagament's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap. 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap. 410 (R.E 2022) requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods and services I performed a compliance audit on procurement of works, goods and services in the Tanzania Rural and Urban Roads Agency for the financial year 2021/22 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, except for the matters described below, procurement of goods, works and services of Tanzania Rural and Urban Roads Agency is generally in compliance with the requirements of the Public Procurement laws.

(i) Use of restricted tendering and single source method of procurement without justifications TZS 5,297,442, 111.27

I noted that TARURA used a restricted tendering method of procurement for eight projects in Mara Region worth TZS 2, 494,442, 870.31 and implemented another eight projects worth TZS 2,802,999,240.96 using a single source method all totaling TZS 5,297,442, 111.27 without providing proper justification contrary to Reg 152(1) and 159-160 of PPR, 2013.

(ii) Non-performance of post-qualification and due diligence TZS 9,897,533,681

I noted that TARURA awarded contracts for the implementation of projects worth TZS TZS 9,897,533,681 at Coast Region, Katavi Region, and Tabora Region without conducting post-qualification contrary to the requirements of Reg. 124 and Reg. 224 (2) of the Public Procurement Regulations, 2013. As a result, three contracts worth TZS 1,206,591,981 at Coast Region were terminated due to contractors' underperformance.

Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Tanzania Rural and Urban Roads Agency for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of Tanzania Rural and Urban Roads Agency is generally in compliance with the requirements of the Budget Act and other Budget Guidelines



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



March, 2023

SECTION SIX

EVALUATION OF ROAD AGENCIES' PERFORMANCE ON ROADS PROJECTS FOR THE FINANCIAL YEAR 2021/2022

6.0 Introduction

One of the mandates of the Roads Fund Board is to monitor use of funds disbursed to Road Agencies to finance execution of road works to ensure value for money. To undertake the mandated function, the Board conducts independent evaluation of performance of the Agencies to achieve the value for money (VfM).

6.1 Technical Audit Performance Evaluation in the FY 2021/22

The main objective of the audit during the year was to evaluate performance of the Agencies on implementation of road works in the FY 2021/22 in accordance with annual performance agreements between the Board and the Agencies. The specific objectives were:

- (i) To assess appropriateness in each stage of road project implementation for the FY 2021/22;
- (ii) To compare Agency's performance between the FY 2021/22 and the FY 2020/21;
- (iii) To compare performance between TANROADS and TARURA;
- (iv) To rank TANROADS Regional Offices according to their performance;
- (v) To rank TARURA Council Offices according to their performance; and
- (vi) To provide recommendations for improvement in management of road works.

6.2 Preventive Technical Audit Report

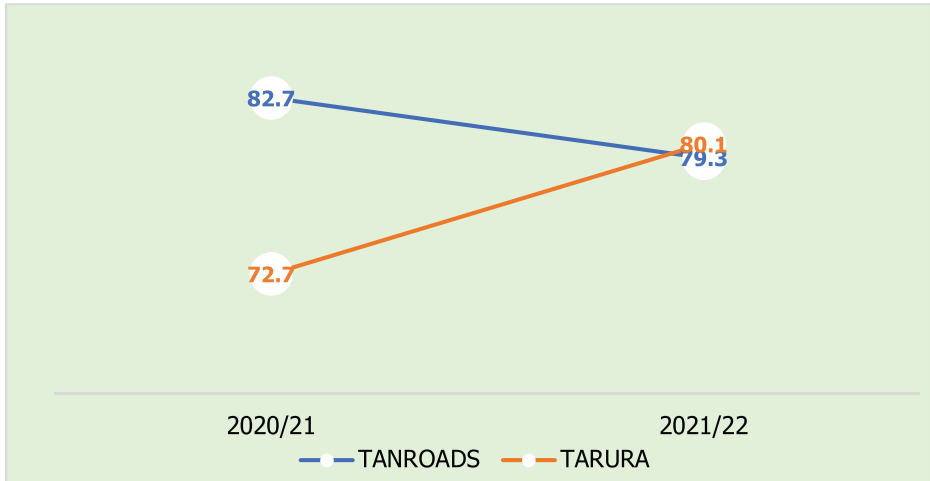
This section presents main comparative analysis between TANROADS and TARURA in undertaking roads maintenance projects. It also provides main findings and recommendations.

6.2.1 Stagewise Evaluation of Road Agencies' Performance

6.2.1.1 Planning, Designing and Tender Documentation

TANROADS' performance in planning, designing and tender documentation decreased by 3.4 percent from 82.7 percent in year 2020/21 to 79.3 percent in year 2021/22. However, TARURA's performance in this stage significantly increased by 7.4 percent from 72.7 percent in FY 2020/21 to 80.1 percent in FY 2021/22. Figure 6.1 summarises the performance trend of the two Agencies in planning, design and tender documentation in the FY 2020/21 and the FY 2021/22.

Figure 6.1: Planning, Design and Tender Documentation



On average, both TANROADS and TARURA's performance in planning, design and tender documentation increased by 2 percent from 77.7 percent in FY 2020/21 to 79.7 percent in FY 2021/22. However, in absolute terms, TARURA had been performing much better by 0.8 percent compared to TANROADS.

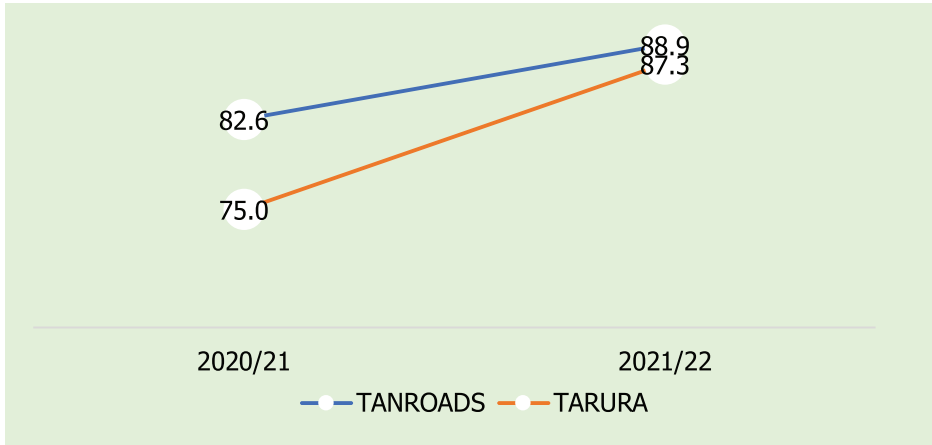
TARURA performed better on accuracy, appropriateness and completeness of technical specifications; overall appropriateness of the design in terms of economy and function; accuracy and completeness of BOQs for the works and their consistency with the drawings and technical specifications; accuracy of the engineer's estimates; and accuracy and completeness of tender documents. TANROADS only performed better on compliance of project planning with requirements of the PA; and accuracy and completeness of design calculations and technical drawings.

TARURA increased its performance in six parameters while decreased in accuracy and completeness of design calculations and technical drawings. However, TANROADS decreased performance in five parameters while increased in only two parameters.

6.2.1.2 Procurement Stage

Performance trend of TANROADS and TARURA at the procurement stage in the FY 2020/21 and FY 2021/22 is summarised in Figure 6.2. TANROADS' performance in this stage increased by 6.3 percent from 82.6 percent in FY 2020/21 to 88.9 percent in FY 2021/22, while TARURA's performance significantly increased by 12.3 percent from 75.0 percent in FY 2020/21 to 87.3 percent in FY 2021/22.

Figure 6.2: Procurement Stage



Source: RFB

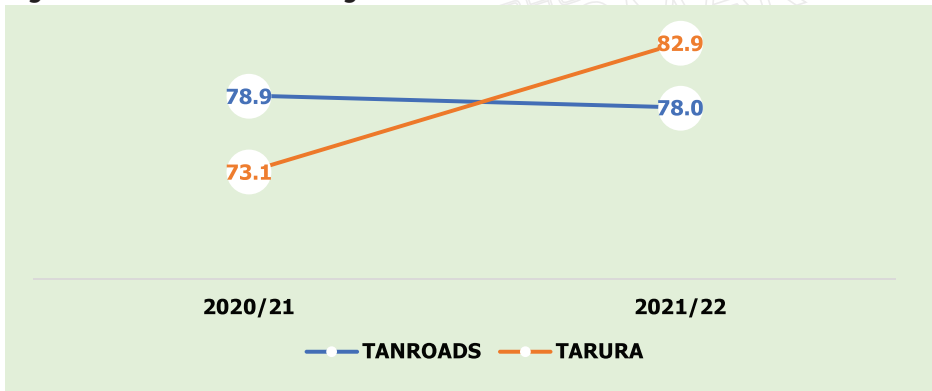
In general, both TANROADS and TARURA's performances in procurement stage significantly increased by 9.3 percent, from 78.8 percent in FY 2020/21 to 88.1 percent in FY 2021/22. However, TANROADS performed better by 1.6 percent compared to TARURA.

TANROADS' performance has increased in five parameters, while decreased in one parameter, namely compliance of the procurement process with PPA 2011 as amended in 2016 and its Regulations. TARURA has increased its performance in all parameters in this stage.

6.2.1.3 Construction Stage

Performance trend of TANROADS and TARURA at the stage of construction in FY 2020/21 and FY 2021/22 is summarised in Figure 6.3.

Figure 6.3: Construction Stage



Source: RFB

TANROADS' performance in construction stage decreased by 0.9 percent from 78.9 percent in the FY 2020/21 to 78.0 percent in the FY 2021/22. Specifically, TANROADS' performance decreased in seven parameters and increased in six parameters.

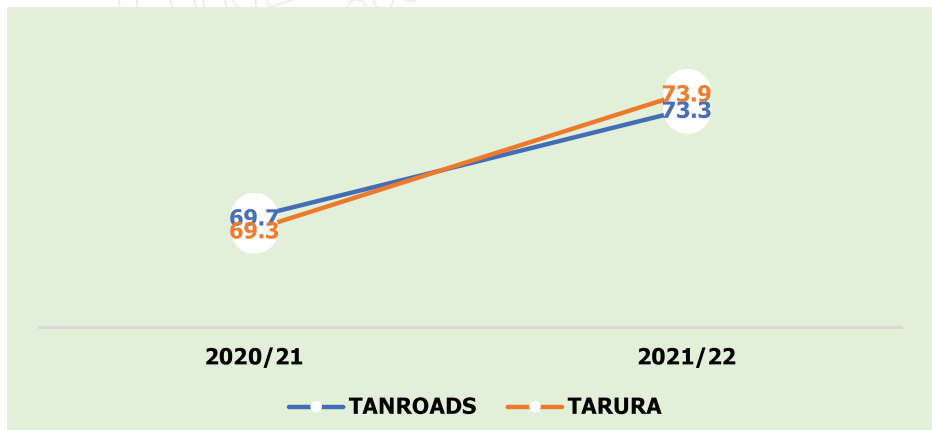
On the other hand, TARURA's performance in this stage significantly increased by 9.8 percent from 73.1 percent in the FY 2020/21 to 82.9 percent in the FY 2021/22. TARURA's performance increased in all parameters except on quality of supervising engineers' site staff; and adherence to quality assurance programme.

On average, both TANROADS and TARURA's performance in construction stage increased by 3.9 percent from 76 percent in the FY 2020/21 to 80.5 percent in the FY 2021/22. Both Agencies achieved excellent performance on timeliness of contract payments. With regard to specific policy issues, the Agencies had low performance on compliance with APA. However, TARURA had performed better than TANROADS by about 1.7 percent.

6.2.1.4 Project Completion and Closure Stage

TANROADS' performance in project completion and closure increased by 3.6 percent from 69.7 percent in the FY 2020/21 to 73.3 percent in the FY 2021/22. Meanwhile, TARURA's performance in this stage increased by 4.6 percent from 69.3 percent in the FY 2020/21 to 73.9 percent in the FY 2021/22.

Figure 6.4: Project Completion and Closure Stage



Source: RFB

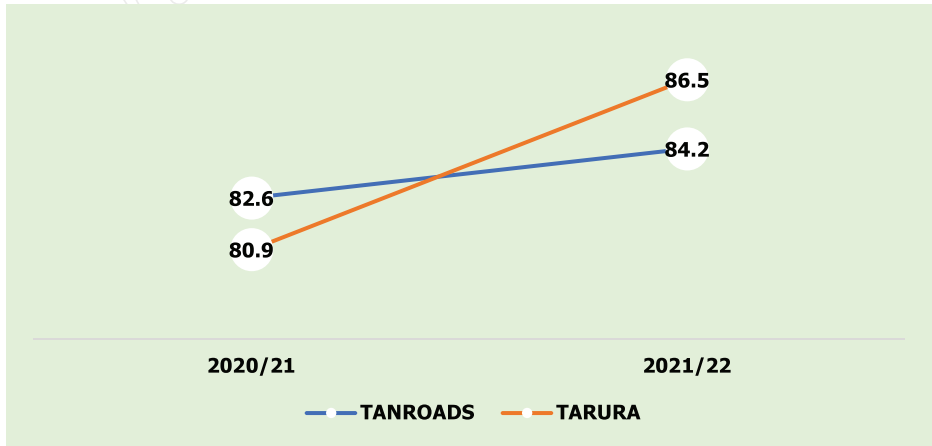
TARURA's performance was relatively better by about 0.6 percent compared to TANROADS'. TANROADS increased its performance in five parameters while decreased in three parameters. Whereas TARURA increased its performance in four parameters, while it decreased on other four parameters. Both Agencies

decreased their performance on compilation and management of snag list; compliance of final quantities paid for with those reflected by the actual investment as per as-built-drawings; and compliance of project cost as per final account with accepted tender price.

6.2.1.5 Quality of Executed Works

TANROADS' performance in quality of executed works increased by 1.6 percent from 82.6 percent in the FY 2020/21 to 84.2 percent in the FY 2021/22. Also, TARURA' performance in this stage increased by 5.6 percent from 80.9 percent in the FY 2020/21 to 86.5 percent in the FY 2021/22. TARURA's performance was much better at about 2.3 percent compared to TANROADS'.

Figure 6.5: Quality of Executed Works



Source: RFB

On quality of executed works, TARURA significantly increased its performance on all parameters except three parameters, while TANROADS increased its performance on eight parameters and decreased on six parameters.

Both Agencies decreased their performance on following parameters: Overall quality of materials used; compliance of quality of materials used in concrete and masonry works with the technical specification; and compliance of on-going construction activities with safety and EMP requirements.

6.2.2 Overall Performance of the Road Agencies

As indicated in Table 6.1, overall performance of both TANROADS and TARURA increased by 4.4 percent from 76.8 percent in 2020/21 to 81.4 percent in 2021/22. The increase of performances has been observed in all stages of execution of road projects.

Table 6.1: Overall Performance of Road Agencies

	Stages	2020/21	2021/22	Growth	Trend
1	Project Planning, Design and Tender Documentation	77.7	79.7	2	↑
2	Procurement	78.8	88.1	9.3	↑
3	Construction	76.0	80.5	4.5	↑
4	Project Completion and Closure	69.5	73.6	4.1	↑
5	Executed Works	81.8	85.3	3.5	↑
	Overall Performance	76.8	81.4	4.6	↑

Source: RFB

Increased Agencies' performance implies improvement in planning and management of maintenance and development projects. There was significant improvement of performance on procurement stage and compliance with PPA and its regulations in most of the projects. The performance on project completion and closure stage has been improved, but it was lower compared to other stages.

Annex 3.1 Procured Contracts for Maintenance and Emergency Works for National Roads in the FY 2021/22

	Revised Annual Budget	No. of Contracts	Total Works FY 2021/22	% Procured Work
Arusha	11,964.8	61	11,964.8	100%
Coast	24,785.5	38	24,785.5	100%
Dar es Salaam	23,802.6	33	23,802.6	100%
Dodoma	17,193.1	33	17,193.1	100%
Geita	11,155.7	39	11,155.7	100%
Iringa	12,076.3	50	12,076.3	100%
Kagera	12,086.3	55	12,086.3	100%
Katavi	11,728.8	29	11,728.8	100%
Kigoma	15,291.6	21	15,291.6	100%
Kilimanjaro	13,238.3	34	13,238.3	100%
Lindi	12,421.9	42	12,421.9	100%
Manyara	13,191.5	49	13,191.5	100%
Mara	20,131.6	29	20,131.6	100%
Mbeya	12,867.7	34	12,867.7	100%
Morogoro	21,966.1	52	21,966.1	100%
Mtwara	15,220.8	38	15,220.8	100%
Mwanza	15,231.6	42	15,231.6	100%
Njombe	12,373.1	37	12,373.1	100%
Rukwa	12,173.6	59	12,173.6	100%
Ruvuma	18,124.3	47	18,124.3	100%
Shinyanga	12,078.9	54	12,078.9	100%
Simiyu	10,172.0	35	10,172.0	100%
Singida	17,146.5	36	17,146.5	100%
Songwe	10,420.5	34	10,420.5	100%
Tabora	21,091.2	56	21,091.2	100%
Tanga	12,568.1	42	12,568.1	100%
Total	390,502.4	1,079	390,502.4	100%





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