



**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON
THE AUDIT OF FINANCIAL STATEMENTS OF LAKE VICTORIA
ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP II) FOR
FINANCIAL YEAR ENDED 30 JUNE 2018**

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March 2019

AR/LVEMP II/2017/18

Abbreviations

PAC	Public Accounts Committee
IESBA	International Ethics Standards Board for Accountants' Code of Ethics for Code Professional Accountants
IPSAS	International Public Sector Accounting Standards
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
LVEMP II	Lake Victoria Environmental Management Project Phase II

1.0 GENERAL INFORMATION

1.1 Mandate

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005) and in Section 10 (1) of the Public Audit Act No.11 of 2008.

1.2 Vision, Mission and Core Values

Vision

To be a highly regarded Institution that excels in Public Sector Auditing.

Mission

To provide high quality audit services that improves public sector performance, accountability and transparency in the management of public resources.

Core Values

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

- ✓ **Objectivity:** We are an impartial public institution, offering audit services to our clients in unbiased manner.
- ✓ **Excellence:** We are professionals providing high quality audit services based on standards and best practices.
- ✓ **Integrity:** We observe and maintain high standards of ethical behaviour, rule of law and a strong sense of purpose.
- ✓ **People focus:** We value, respect and recognize interest of our stakeholders.
- ✓ **Innovation:** We are a learning and creative public institution that promotes value added ideas within and outside the institution.
- ✓ **Results Oriented:** We are an organization that focuses on achievement based on performance targets.
- ✓ **Team work Spirit:** We work together as a team, interact professionally, and share knowledge, ideas and experiences.

We do this by:

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

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1.3 Audit Objectives

To obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error and are prepared in accordance with an applicable financial reporting framework; and whether laws and regulations have been complied with.

1.4 Audit Scope

The audit was carried out in accordance with, the International Standards of Supreme Audit Institutions (ISSAIs) and other audit procedures as were deemed appropriate under the circumstances. This covered the evaluation of the effectiveness of the financial accounting system and internal control over various activities of Lake Victoria Environmental Management Project phase II (LVEMP II).

The audit was conducted on a sample basis; therefore the findings are confined to the extent that records, documents and information requested for the purpose of the audit were made available to me. Audit findings and recommendations arising from the examination of the accounting records, appraisal of the activities as well as evaluation of the Internal Control System which requires management's attention and actions, are set out in the management letter issued separately to LVEMP II.

As an auditor, I am not required to specifically search for fraud and therefore, my audit cannot be relied upon to disclose all such matters. However, my audit was planned in such a way that I would have reasonable expectations of detecting material errors and misstatement in the financial statements resulting from irregularities including fraud. The responsibility for detection, prevention of irregularities and the maintenance of an effective and adequate system of internal control rests with the management of LVEMP II.

1.5 Audit Methodology

My audit approach included tests of the accounting records and other procedures in order to satisfy the audit objectives. My audit procedures included the following:

- Planning the audit to identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the entity and its environment, including the entity's internal controls.
- Obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks.
- Form an opinion on the financial statements based on conclusions drawn from the audit evidence obtained.
- Follow up on the implementation of the previous year's audit findings and recommendations and directives issued by Public Accounts Committee (PAC) to ensure that proper action has been taken in respect of all matters raised.

2.0 REPORT OF THE CONTROLLER AND AUDITOR GENERAL

National Project Coordinator,
Lake Victoria Environmental Management,
Maji-Igogo,
P.O. Box 211,
MWANZA.

Report on the audit of financial statements for the financial year ended 30 June 2018

Unqualified Opinion

I have audited the accompanying Financial Statements of Lake Victoria Environmental Management Project phase II (LVEMP II) which comprise the Statement of Financial Position as at 30 June 2018 and the Statement of Financial Performance, the Statement of Changes in Net Assets/Equity, the 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 LVEMP II as at 30th June, 2018, 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 in the manner required by the Public Finance Act, 2001 revised 2004.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of LVEMP II Board in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Tanzania, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises of the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and our auditor's 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 there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. 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 IPSASs, 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.

Auditor's Responsibilities 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 auditor's 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 ISAs 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.

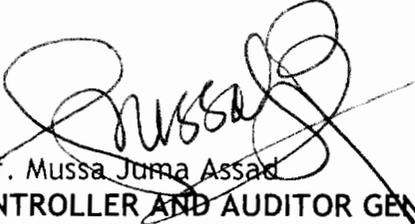
In addition, Section 10 (2) of the Public Audit Act No. 11 of 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement (amendment) Act 2016 requires me to state in my annual audit report whether or not the audited entity has complied with the provisions of the Law and its Regulations.

Report on other legal and Regulatory Requirements

Compliance with the Public Procurement (amendment) Act, 2016

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that, for LVEMP II procurement transactions and processes have generally complied with the requirements of the Public Procurement (amendment) Act 2016 and its underlying (amendment) Regulations of 2016.


Prof. Mussa Juma Assad
CONTROLLER AND AUDITOR GENERAL

31 March 2019

Prof. Mussa Juma Assad

CONTROLLER AND AUDITOR GENERAL

31 March 2019

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**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER AND IRRIGATION (VOTE 49)**



**THE FINANCIAL STATEMENTS OF LAKE VICTORIA ENVIRONMENTAL
MANAGEMENT PROJECT (LVEMP II) FOR THE YEAR ENDED 30TH JUNE, 2018**

REVISED 10TH February 2018

CREDIT NUMBER 56410 - TZ

**Lake Victoria Environmental Management Project (LVEMP II),
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CLEAN FS.

28th September, 2018

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**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER AND IRRIGATION (VOTE 49)
LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (PHASE II)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018**

STATEMENT BY THE NATIONAL PROJECT COORDINATOR

EXECUTIVE SUMMARY

Lake Victoria Environmental Management Project Phase II (LVEMP II) is a regional project implemented in selected sub-catchments and hotspots in the five Partner States within the Lake Victoria Basin and it is regionally coordinated by the Lake Victoria Basin Commission. The project was designed to mitigate the environmental challenges facing Lake Victoria and its degraded catchments (priority catchment for Tanzania is Simiyu Catchment). Main environmental challenges facing the LVB ecosystem includes (i) Deteriorating water quality as the result of increased sedimentation, pollution and eutrophication (ii) Declining Lake levels (iii) Overexploited natural resources (iv) Resurgence of Water Hyacinth and (v) Climate change.

This is the Annual report for the Lake Victoria Environmental Management Project-LVEMP II Tanzania, covering the period from July 2017 to June 2018. Contained in this report is the detailed physical and financial performance of planned activities that were implemented by the project during the financial year 2017/2018 as per Annual Work Plan and Budget.

Major achievements in this financial year 2017/2018 include: Procurement and handing-over of three (3) Patrol Boats to the Fisheries Development Department in Mwanza for strengthening Fisheries Surveillance in Lake Victoria; Establishment of the LVFTF; Completion of rehabilitation of the three (3) Water Quality laboratories in Mwanza, Bukoba and Musoma; Reduction of water hyacinth coverage by approx. 12% (i.e. from 121 ha in April 2016 to 106 ha 2017); finalization of preparation of a draft Integrated Simiyu Wetland Management Plan; Accomplishment of construction of Sabasaba and Kakukuru Markets; Completed rehabilitation of the Mwanza City Abattoir; Construction of artificial wetland integrated with biodigester by 100%; Completed house connection to main sewer line in Mwanza by 100%; Training of 120 community members and 18 Technical staff on value addition of the CDD products; Training of 929 villagers on contours/terraces making; Completed implementation of 81 CDDs; Completed implementation of CMI sub-projects; Production of LVEMP II Environmental Atlas; Production of twelve (12) TV programs for awareness creation; assessment of CDDs sustainability status; Holding four (4) stakeholders meetings as an initial stage in the preparation of LVEMP III; Evaluation of about 147 completed CDDs; Handing-over of 87 completed CDD Sub-projects to LGAs; and Production of the fourth issue of the "Lake Victoria Our Heritage" Magazine.

1 INTRODUCTION

The project started in the year 2009 through IDA support under Adaptable Program Landing 1 (APL1) and was planned to run for four years from 2009 to 2013 but extended to June 30, 2015 during the Midterm review of the project conducted in April 2012. In June 2015, it was realized that still there are pending activities and led to further 2.5 years extension with additional financing from July to December 2017 in order to accomplish the pending activities and facilitate preparation of APL3. The Additional Financing represented roughly 20% of the original project financing, which was expected to increase most of the key quantitative results by about 30%. The project was successfully completed in December, 2017 and officially closed in 30th April, 2018. Currently the project team is working on preparation of the next phase of the project (LVEMP III), which is in good stage.

The objectives of the Project are to contribute to: (i) The improvement of the collaborative management of the trans-boundary natural resources of the LVB among the Partner States; and (ii) The improvement of environmental management of targeted pollution hotspots and selected degraded sub-catchments for the benefit of communities who depend on the natural resources of LVB.

1.1 Vision of the Lake Victoria Environmental Management Project Phase II

LVEMP II is a regional project which enhance environmental management of the Lake Victoria Basin and to contribute in meeting the EAC's Vision and Strategy Framework for Management and Development of the Lake Victoria Basin to have – “a prosperous population living in a healthy and sustainably managed environment providing equitable opportunities and benefits”. The project is contributing to a broad-based poverty alleviation and improvement of livelihoods of people, by supporting sustainable management of shared natural resources of the Lake Victoria Basin which many communities depend upon. The project also addresses issues related to national development strategies of the LVB countries, which includes Vision 2025 and the National Strategy for Growth and Reduction of Poverty (NSGRP), which emphasize on healthy ecosystems, poverty reduction, and sustainable economic growth, and further identifies degradation of natural resources as a key impediment to attainment of results and improved livelihoods.

1.2 Mission of the Lake Victoria Environmental Management Project Phase II

LVEMP II contributes to the Mission of the Lake Victoria Basin Commission which is to promote, facilitate and coordinate activities of different actors towards sustainable development and poverty eradication of the Lake Victoria Basin.

1.3 Core Values:

The LVEMP II is guided by the following core values.

- Team Work:** Ensure team work spirit in the provision of quality services to the communities.
- Timeliness:** Ensure adherence to work schedule and work plan.
- Transparency:** Deliver quality service to the Community with openness

- Excellence:** Execute our duties with merits
- Integrity:** Deliver quality services to our clients honestly.
- Accountability:** Perform our duties in compliance with the agreed rules, regulations and standards.
- Selflessness:** Deliver services to our clients without prejudice.

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LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (PHASE II)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018
STATEMENT BY THE NATIONAL PROJECT COORDINATOR (Cont....)

1.4 Strategy of the Lake Victoria Environmental Management Project (Phase II)

The project development/global environmental objectives are to contribute to improvement of the collaborative management of trans-boundary natural resources of LVB and reduction of the environmental stress in Lake Victoria. The project aims at boosting the basins cultural and economic value by involving communities in natural resources management, balancing environmental protection and economic growth demands and improving economic growth and equity among riparian communities.

The project comprises of four (4) components namely: (i) Strengthening institutional capacity for managing shared water and fisheries resources; (ii) Point sources pollution control and prevention; (iii) Watershed management; and (iv) Project coordination and management.

The project is designed to: (a) Assist the Partners States to implement her commitment to harmonize policies, legislation, and standards for shared natural resources and environmental management in the LVB; (b) Further strengthen the capacity of the nationals, locals, and community-level institutions responsible for lake basin management and development; (c) Update information on ecosystem health, especially on the water and fishery resources, which underpins resource management decisions; (d) Refine analytical tools for ecosystem monitoring developed under LVEMP II; (e) Implement infrastructure projects on pollution control and prevention, and safety of Lake navigation, based on the existing feasibility studies; (f) Scale up successful community-driven pilot interventions to control point and non-point sources of pollution; and (g) Mobilize new communities and build their capacity to prepare Community Demand-Driven (CDD) natural resources management and income generating subprojects.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018
STATEMENT BY THE NATIONAL PROJECT COORDINATOR (Cont....)

STRATEGY OF THE LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT PHASE II (Continued)

Finally, it is my pleasure to express my appreciation to all Environmental stakeholders and Development Partners including the World Bank, GEF and Sida for extending financial and technical assistance to the government endeavors in improving the performance of LVEMP II.

Let me give my assurance that the Lake Victoria Environment Management Project Phase II in collaboration with all its Stakeholders will continue to put more efforts towards achieving project objectives and targets.


Omari Iddi Myanza
National Project Coordinator

Date:
28th September, 2018

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF WATER AND IRRIGATION (VOTE 49)

LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (PHASE II)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

STATEMENT BY THE NATIONAL PROJECT COORDINATOR (Cont....)

2 INTRODUCTION

The following is the general overview of the budget implementation of the (LVEMP II) for the financial year 2017/2018.

2.1 Management Structure

The LVEMP II is headed by a National Project Coordinator who is an Accounting Officer of the Project and is managing the day to day activities of the project assisted by the staff of the project namely National Project Coordination Team (NPCTs). The NPCT team consists of 13 professionals and a number of support staff including drivers, cleaners and watchmen.

2.2 Overall Financial Performance for the Year Ended 30th June 2018

During the financial year 2017/2018 the project had the sum of **TZS 5,837,621,031.94** available for implementation of project activities. The sum of **TZS 1,200,000,000.00** was budgeted as counterpart funds from the Government of the United Republic of Tanzania. The balance from the previous year was **TZS. 4,004,058,812.55**. During the financial year under review **TZS 690,062,400.00** was received from WB, and **TZS 1,143,499,819.39** was received as Government contribution. However, the project spent a total of **TZS 5,815,079,113.47** from both IDA and local funds as at 30th June, 2018, the remaining balance was **TZS 22,541,918.47**.

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STATEMENT BY THE NATIONAL PROJECT COORDINATOR (Cont....)

2.2.1 INTERNAL CONTROL SYSTEM

Accounting System is operating under Accounting procedures based on manual guided with Public Finance Act of 2001 (amended, 2017) and the Public Procurement amendment Act 2016 together with their accompanying Regulations.

2.2.2 INTERNAL AUDIT

Regulation 28 of the Public Finance Regulations of 2001 requires the Accounting Officer to establish an effective Internal Audit Unit. The Internal Audit Unit is required to appraise the soundness and application of accounting financial and operational controls within the Project. Currently the Project is using the Internal Audit Unit from the Ministry of Water to oversee the controls instituted in the Project.

2.2.3 PROCUREMENT MANAGEMENT UNIT

Section 37 of the Public Procurement amendment Act 2016 requires the Project to establish the Procurement Management Unit (PMU). The Lake Victoria Environmental Management Project (Phase II) is utilizing the Procurement Management Unit (PMU) from the Ministry of Water which is effective.

2.2.4 COMMITTEES OF THE PROJECT AND THEIR ROLES

In compliance with the Public Finance Act of 2001 (amended, 2017) and Public Procurement amendment Act 2016, LVEMP II is using the Ministerial committee.

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STATEMENT BY THE NATIONAL PROJECT COORDITOR (Cont.....)

2.2.1.1 Ministerial Tender Board (MTB)

Section 31 of the Public Procurement amendment Act 2016 provides for the establishment of Ministerial Tender Board in each entity. However, LVEMP II utilizes the Ministry of Water Tender Board to carry out project procurements. The board is responsible for adjudication of recommendations from Procurement Management Unit (PMU) and award of contracts, Contracts review and procurement approval.

2.2.1.2 GOODS INSPECTION AND ACCEPTANCE COMMITTEE

Goods inspection and acceptance committee is an ad-hoc committee formed to inspect goods and items procured by the Project as needs arises.

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STATEMENT BY THE NATIONAL PROJECT COORINATOR (Cont....)

3 ANNUAL PHYSICAL PERFORMANCES

Component 1: Strengthening Institutional Capacity for Managing Shared Water and Fisheries Resources.

Rehabilitation of Water Quality Laboratories in Mwanza, Musoma and Bukoba: Physical work for rehabilitation of water quality laboratories in Mwanza, Musoma and Bukoba was successfully completed.

Monitoring for water hyacinth and Mats: Water hyacinth control activities continued in the main lake, satellite lakes, rivers and dams. Weevils release continued as well as manual removal of water hyacinth. During the period under review, a total of 200 tons of water hyacinth was removed from the lake in Musoma (133 tons), Chato (42.9 tons) and Mwanza gulf (24 tons). Current weed coverage records stands at 106 Ha.

Preparation of Integrated Simiyu Wetland Management Plan: The plan to enhance sustainability of Simiyu Wetland has been prepared in collaboration with Magu District Council and NEMC Mwanza Office. It was approved on 25th September 2017 by CMT and Full Council meetings of Magu District Council. It has been suggested that, the plan be implemented during LVEMP III

Component 2: Point Sources Pollution Control and Prevention

Rehabilitation of Mwanza City abattoir: The contract activities were completed as planned and the facility handed over to the Mwanza Municipal Council for operationalization.

Construction of artificial wetland integrated with bio-digester for treatment of abattoir wastewater: Construction completed and the facility is in operational. Macrophytes (Cyperus Papyrus) have been planted in the constructed wetlands and fabrication of the bio-digester is completed.

Commissioning of abattoir waste water treatment plant (artificial wetland integrated with bio digester): Commissioning of bio digester, associated units and artificial wetland has further proceeded, but still the exercise has not yet been completed due to unavailability of power units since 18th June up to 31th June, 2018.

The supervisor who is the School of Materials, Energy, Water, Environmental Science and Engineering (MEWEs) of Nelson Mandela African Institute of Science and Technology (NM-AIST) requested extension of commissioning time, subject to consistent availability of electricity. On the other hand, the contractor is finalizing rectification of identified snags including painting of the aeration tank and bio-digester metal supports, replacement of effluent recycling tank and bio-digester non-return valve.

Construction of Public toilets and bio-toilets: construction of the nine (9) units of public toilets at Buzuruga, Nyambiti and Isenga primary schools in Mwanza were completed. The toilets are now being in use by students and teachers in the respective schools and were handed over to Illemela Municipal Council on 19th January 2018. During handing over the schools were provided with initial packages of tools/equipments for ensuring cleanness and hygiene in the toilets and the schools management were sensitized on ensuring sustainability and consistent cleanness of the toilets. Now all toilets are operational.

House connections to main sewer line in Mwanza City was Completed and handed over on 14th July 2017. However, some snags also were identified during inspection and rectified within 180 days of the defect liability period. Therefore the total number of connected households are 300, the targeted objectives was achieved by 100%.

Social Safeguard Assessment for Simiyu and Littoral zones: Social Safeguard Assessment for ongoing and completed CDD sub-projects was done in five regions (Mwanza, Mara, Simiyu, Geita and Kagera) with 26 districts. The assessment showed that majority (60%) of the CDDs were implemented on-time i.e. Implementation started immediately after signing the MoUs and completed within the allocated time. It was observed that some CDDs could not perform well due to various reasons including land disputes, political interference and misunderstanding. Grievance redress Committees were established by group members and most of the groups used constitution to resolve their grievances. The group committees handled most of the complaints, and if they couldn't resolve the problem, they consulted Village Executive Officers (VEOs); and if the problem was beyond VEOs capability; then it had to be forwarded to Ward leaders and to the district level.

Component 3: Watershed Management

Value Addition training on bee products: The project facilitated training on value addition of bee products to 120 community members mainly from Simiyu Region. The training took place at Beekeeping Training Institute, Tabora from 28th August to 2nd September of 2017. It was also attended by one (1) TFS beekeeping staff (Magu District) and seven (7) Beekeeping Officer from Bariadi, Busega, Kwimba, Itilima, Maswa, Meatu and Ukerewe Districts. The training focused on: Group dynamics and their challenges, addition of value to bee products, processing and packaging of bee

and value-added products, Overview on the TBS and TFDA Guidelines and drafting of group business plan. At the end of the training; participants were awarded with certificates of attendance.

Community Driven Developments (CDDs) Implementation: Out of the 341 CDDs established, 317 CDDs were successfully implemented, three (3) CDDs were dropped in the course of implementation due to land dispute and reluctance of the community members and the remaining 21 CDDs could not start implementation for various reasons including land disputes, political interference and misunderstanding and they were also dropped.

Component 4: Project Coordination and Management

Outreach Activity: the project participated in commemoration of the 6th **Mara Day** which was held from 12th to 15th September 2017 in Tarime, Mara Region with the theme “**Healthy Mara River for Sustainable Development**”. This is an annual event by the United Republic of Tanzania and the Republic of Kenya to emphasize on the importance of Mara ecosystem to the economies of the two Partner States. During the event, various activities were done including marking the 60m buffer zone of Mara River on Tanzania side, planting of trees, exhibitions, workshop and seminars. Also, various communication materials were shared to the public to increase community awareness on environmental issues and LVEMP II initiatives in environmental conservation.

Awareness creation: the project has been producing TV programs to increase community awareness on environmental conservation. In the year under review, the project managed to produce (5) TV programs focused on increasing community awareness on alternative livelihood improvement activities which improve economic welfare of the communities and at the same time conserve the environment. These activities include Dagaa processing, beekeeping, water hyacinth control, improved farming practices, reforestation and sanitation. The TV and Radio programs were expected to be aired on local radios and TVs from early November 2017.

Training on Environmental and Social Management Planning (ESMP); ESMP as an approach advocated by the World Bank, serves to safeguard the community and environment from the adverse impacts/effects, risks and liabilities identified during the ESIA process. In order to improve capacity in preparation and implementation and monitoring of ESMP, the project (LVEMP II) conducted a training on ESMP to Local Government Authorities and government institutions implementing LVEMP II from 23rd to 25th August, 2017 in Mwanza. The training focused mainly on raising understanding of the implementation and monitoring of Environmental and Social Management Plans. The training was attended by 78 Environmental Management and Community Development Officers from 26 LGAs of Mwanza, Mara, Geita, Simiyu and Kagera Regions. Staff from LVB RAS, Ministry of Water and Irrigation,

NEMC, LVBWB, MWAUWASA, BUWASA and NPCTs of LVEMP II also attended the training.

Experience sharing: The project received a number of visitors who mainly visited the project for learning purpose and fetching experience and lesson learnt in the implementation of LVEMP II activities. Firstly, early July 2017, the project received a team of Scientists from Ngorongoro National Park Authority who came to learn how to control water hyacinth and other invasive species in the National Park. Secondly, from 14th to 16th August 2017 the project received delegation of MPs from the Republic of Uganda (i.e. Members of Parliamentary Committee of Finance). The delegation visited the Bukoba sludge disposal facility, the artificial wetland with an integrated bio-digester and the designated site for construction of MRCC. They appreciated the interventions and promised to adopt the technology applied at the artificial wetland to address environmental challenges experienced in Kampala City. Lastly, from 21st to 26th August 2017 the project received other visitors from Ruvu and Zigi Catchments, Eastern Arc Region who were technical staff of the project namely “*Securing Watershed Services through Sustainable Land Management in the Ruvu and Zigi Catchments*”. The main focus of the visit was to learn on the best practices applied by LVEMP II which can be adopted in their project for improving the environment in the Ruvu and Zigi ecosystem

On 18th December 2017 the project received visitors from the Republic of Burundi who visited the project for learning purpose especially on the area of biological control of water hyacinth and to get some insight of other interventions accomplished by LVEMP II Tanzania on environmental conservation. A delegation was comprised of 16 officials from various institutions in the Republic of Burundi led by the Assistant Minister of the President's office responsible for East African Community Affairs. The delegation visited different areas where the project has interventions including the weevil rearing unit and fish hatchery -FETA, Water hyacinth control and dagaa processing - Sweya, water hyacinth control and dagaa fishing – Mkuyuni, Mwanza Water Quality Laboratory– Maji Igogo, Water Hyacinth Control and Sustainable Fishing at Buyagu and Katunguru both in Sengerema, Public Toilet at Isenga Primary in Mwanza and Mwanza City Abattoir and Artificial Wetland – Nyakato.

Preparation of Project Completion and Results Report (PCRR): the main PCR was completed and has been submitted to the WB for review. The other four (4) volumes supporting the PCR (i.e. the volumes detailing achievement of the four (4) components of the project) were also completed by the NPCT and were finalized in April 2018. An Economic Analysis of some of LVEMP II interventions has been incorporated in the PCRR accompanied by Water quality synthesis report, Watershed synthesis report, Lessons learnt and case studies.

Evaluation of completed CDDs: between October and December 2017 a participatory evaluation exercise for the completed CDDs was undertaken to explore whether work carried out has contributed to the desired outcomes, and whether the

strategies employed, and the desired changes were the most appropriate ones for achievement of the outcomes. Specifically, the evaluation assessed the sub project in terms of Effectiveness, Efficiency, Impact and Sustainability. A total of 62 CDDs in Kwimba, Maswa, Bariadi, Itilima and Meatu Districts were evaluated and preliminary findings shows that most of the intended outputs for each CDD were attained but sustainability for some of the CDD subprojects is still uncertain. Individual reports for each CDD were prepared and archived for reference.

The Economic Assessment of LVEMP II sub-projects: This assessment was done by LVEMP II staff in February 2018 following the requirement by the WB to assess the economic viability of the sub-projects. Specifically, the assessment, tried to examine whether the interventions had net economic benefits to the communities as stipulated in the project objective that it should contribute to a broad-based poverty alleviation and improvement of livelihoods of people. The assessment based on a simplified cost and benefit analysis by taking into consideration the baseline situation (i.e. situation during appraisal) and the current situation after project implementation. The analysis was conducted for five (5) different sub-projects analyzing the benefits and costs for the period of about 15 years. The results have shown that about 80% of the sub-projects had a positive net economic benefit (i.e. the B/C ratio was >1). Also, the calculated NPV had positive value with the EIRR ranged from 20.5% to 69.29%.

Updating of the LVEMP II MIS: Updating of the LVEMP II MIS and Website was conducted in January 2018 where the following features were added according to the demand of users of the system: Spatial location Maps and photos for Sanitation facilities (Public Toilets), Wastewater Treatment Facilities and Water Hyacinth Hotspots. Also, Links to CDD & CMI records were modified for improved efficiency. The project website was also modified to capture the changes.

Project Publicity: The project produced four articles, published in the *Daily News* and *Habari Leo* newspapers. The articles aimed at increasing community awareness on LVEMP II interventions and highlighted some of the project achievements. In summary the context of the stories were about *Good outcomes of the water-hyacinth battle*, *Environmental conservation and sanitation improvement in landing sites- Case of Mkuyuni landing site*, and *Prospects of Economic gains from the rehabilitated Mwanza City Abattoir*.

Preparation of LVEMP III: Preparation of the next phase of the project (i.e. LVEMP III) continued. A series of workshops and meetings have been conducted in preparation of the Project Concept Note (PCN). The extra ordinary NTAC meeting was held from 13th – 15th July, 2017 in Mwanza to review the draft PCN and provide comments for improvement. After incorporation of the comments, the draft PCN was shared in the Regional Working Meeting held in Entebbe, Uganda from 23rd – 29th July 2017 for further improvement. The PCN has now been approved by the World Bank.

LVEMP III Preparation Activities

Preparation of Justification Documents for the proposed LVEMP III interventions:

(i) Pollution Control in Mirongo River; Consultations and meetings were held with MWAUWASA, Mwanza City Council, Ilemela Municipal Council and LVBWB, NEMC and Mwanza WQL to discuss on the current status, environmental challenges and interventions of Mirongo River. Field visits were done to Mirongo river and bordering streams to get the general picture of environmental status and extent of degradation, identify interventions in place and propose viable interventions. It was found out that, Mirongo River which is meant to be a storm water channel is highly contaminated with solid waste, plastic bags and bottles and many other domestic, business, office, markets and garage rubbish. The upper catchment is challenged with soil erosion and dip/big gullies, misuse of the river e.g. Laundry activity within the river, connection of sewage, solid waste dumping, horticultural farming and grazing, sand mining in the river, and farming up to the river edges. Similar challenges were observed to streams bordering Mirongo river.

Water samples and GPS coordinates were taken from the river for analysis and checking the present status of water quality in the river. Samples were collected from nine (9) strategic points along the Mirongo River (i.e. Buruzurga bridge, Mwananchi bridge, Mabatini bridge, Mlangommoja bridge, Mlangommoja market, Mission bridge, Uhuru bridge, Nkurumah bridge and Mirongo River mouth). The justification report has been prepared based on the analysis results, indicating the need for pollution control interventions in the river. Also, a map showing some proposed intervention areas along the river has been prepared.

(ii) Sustainable Land & Water Management Activities in Simiyu Catchment; During the World Bank Mission held on 31st January, 2018 which mainly focused on identifying appropriate areas for intervention during the next phase of the project (i.e. LVEMP III), a number of catchments were identified as possible areas for intervention during LVEMP III. However, it was proposed to continue working in Simiyu River Catchment due to relatively high intensity of land degradation compared to other catchments. A study to determine the potential sources of sediments in Simiyu Catchment was conducted in February 2018 by experts from Pangani River Basin using Sediment Fingerprint Approach. The study revealed that sediment loading in Simiyu catchment is still a problem. The percentage contribution of sediment in the river from the sub-catchments due to improper farming, deforestation and over-grazing ranges between 25% to 75%. This study stressed on the need to embark on intensive environmental conservation initiatives in the Simiyu River catchment and thus the need to focus LVEMP III watershed conservation initiatives in Simiyu River catchment.

From the study and various surveys by LVEMP II and LGA staff the following sub catchments were prioritized for SLWM interventions during LVEMP III: Bukingwaminze and Mwangulu Rivers covering Bukingwaminze, Kabale, Zanzui, Mlimani villages in Itilima District; Kabondo River covering Sayusayu, Dodoma, Kizungu and Inenwa villages in Maswa; Sandai river micro catchment includes Isuyu, Mwabukwaya and Gilya villages in Bariadi District; Nyamatembe – Lwangwe Hills in Busega District and Ngudama micro catchment that includes Mahaha, Kabale, Nyasato, Nh'obola, Bugatu and Mwabulenga villages in Magu District.

Technical Assistance to Integrate Climate Resilience into the Third Phase of Lake Victoria Environmental Management Project Activities:

The WB conducted a study on integrating climate resilience into the third phase of Lake Victoria Environmental Management Project activities during the mission held from 12 – 16 February 2018. The study was funded by the GFDRR and was led by Mr. Michael Hammond (World Bank Consultant) accompanied Mr. Fidelis Kaihura and LVEMP II staff. The objectives of the study were to analyze climate change risks, assess the gaps of climate resilience, and propose climate resilience investments to be considered under LVEMP III. During the study, the team met a number of stakeholders in Mwanza Region for information gathering. Among the stakeholders met include Mwanza City Director and other Officers, fishing community, SUMATRA, MRCC, TPA, MWAUWASA, LVBWB, NEMC, TAFIRI, ZLUP, TMA and TAFIRI. The study report is under preparation by the lead expert.

1. ***Preparation of Technical Notes on Implementation of LVEMP II & Proposed Interventions for LVEMP III:*** Technical notes detailing LVEMP II implementation gaps, proposed areas for LVEMP III, significant achievements and spatial location of LVEMP II interventions was prepared by LVEMP II staff in January 2018 and shared to the World Banks to enhance and inform the preparation process for LVEMP III.

2. ***SLWM Technologies Assessment in Simiyu Catchment:*** The assessment was done by a team of external experts led by Mr. Fidelis Kaihura from 6th to 18th March 2018 under LVEMP II support. The assessment adopted WOCAT approach (i.e. World Overview of Conservation Approaches and Technologies) and was conducted in Shigala and Nyamatembe villages in Busega District. Among issues assessed were evidence of land degradation, causes of land degradation, applied SLWM technologies in the Simiyu Catchment which includes Contour bunds, Tie-ridges, Farmyard manure application, Ngitiri (Conserved woodlot), Rice bands and Gully Plugging. Assessment of these technologies revealed the following impacts:

- (i) ***Socio-economic impacts:*** Very positive increase in crop production has been documented, e.g. from 300 without technology to 1200 kg with technology for cotton production; crop quality also improved; the risk of

production failure remains because of unreliable rainfall while use of technologies has led to increased areas of cultivation due to increase in yields and knowledge;

- (ii) **Ecological impacts:** Water quality has increased; soil moisture retention has improved; surface runoff has slightly decreased; surface cover has improved; sediment load on farms has decreased;
- (iii) **Adaptation of the technologies:** To strengthen technologies effects e.g. adding farmyard manure, tie-ridges between contour bunds; adhering to recommended spacing to improve canopy cover; and constructing boarder strips to improve water retention on farm.

In the assessment, the following challenges were identified with regards to the implementation of SLWM technologies: Improper construction of some SLM structures (more degradation!!); Conservation of farms than landscapes; and Limited involvement of local government (Missing land use plans and by-laws to support SLM activities).

The above assessment was followed by a WB mission which was conducted from 20th to 28th March, 2018. The mission was led by Guoping Zhang (Sr. WRM specialist, Co-TTL for the SLWM study) accompanied by Prof. Majaliwa Mwanjalolo and Fidelis Kaihura (SLWM consultants). The purpose of the mission was to assess the results of SLWM interventions under LVEMP II and develop cost-effective SLWM measures for LVEMP III to reduce environmental stresses resulting from land degradation in the Simiyu catchments. The mission visited three (3) districts of Maswa, Itilima and Busega and came out with the following observations/suggestions:

- (i) There is a need for enforcement of laws in order to sustain LVEMP II achievements especially encroachment of 60m.
- (ii) There is a need to intensify sensitization during LVEMP III in order to raise community awareness in relation to environmental protection.
- (iii) Major sedimentation comes from both river banks and farms.
- (iv) The justification for continual watershed intervention in the Simiyu Catchment needs to be improved by stating clearly what the achievements were made during LVEMP II and what the gaps for intervention are during LVEMP III.
- (v) Good work was done by LVEMP II team to protect 60m through provision of alternative livelihood sub projects.

3. **Updating of the social safeguards' instruments:** Updating the social safeguard instrument is going hand in hand with the preparation of the next phase of the project i.e. LVEMP III. It was agreed during the WB Mission that each participating country should prepare environmental and social safeguards instruments, which are Environmental and Social Management Frameworks (ESMFs), Integrated Pest Management Plans (IPMPs), Resettlement Policy

Frameworks (RPFs) in line with the proposed components and investments. The aim of updating the existing Environmental and Social Management Framework (ESMF), Integrated Pest Management (IPM) and the Resettlement Policy Framework (RPF) is to accommodate various changes of National Policies, Laws, regulations and guidelines in the period from 2008 to 2017, ministerial arrangements, and lessons learnt during LVEMP II implementation and World Bank Guidelines. During LVEMP II it was noted that IPM was hardly utilized, it was therefore proposed to include pest management aspects as part of the ESMF for LVEMP III.

The process of updating the existing safeguards documents started by preparing ToR as guided by World Bank guidelines for updating/preparation of ESMF, IPMP and RPF. The team worked on the existed frameworks and produced first drafts which were reviewed by stakeholders from 22nd - 23rd March 2018 in Mwanza. The workshop was attended by 46 participants from local government authorities, ministries and institutions involving the sectors of environment, community development, agriculture, livestock, fisheries, forest, valuation and representatives from RAS offices in the LVB regions.

A technical review meeting was then conducted from 27th – 28th March 2018 to critically review the draft documents, provide comments and own them at higher level. Seven (7) experts from MoWI, VPO, MoLHHSD, MoA, MoLFD, AG and Private sector (Eng. B. Baya, experienced official in the areas of environment) were invited. Updating of the frameworks/documents is at final stages.

The project has brought up incremental benefits, both monetary and non-monetary, particularly to community groups and institutions supported by the project in the Basin. The benefits include better protected natural environment, increased coverage of sanitation facilities, improved income at household level and access to social services such as water supplies/availability for domestic and agricultural purposes.

4. **Preparation of the Project Concept Note (PCN):** the draft PCN for LVEMP III has been prepared and submitted to the World Bank on 15th March, 2018 for review. The PCN has summarized the achievements under LVEMP II and identified major gaps which needs further intervention in the proposed LVEMP III. Apart from that the PCN has proposed an implementation arrangement and provided justification for the proposed interventions under LVEMP III.

5. **Technical Assistance to Integrate Climate Resilience into the Third Phase of Lake Victoria Environmental Management Project Activities:** The World Bank in close collaboration with LVEMP II staff (NPCT) have been conducting a study on integrating climate resilience into the third phase of Lake Victoria Environmental Management Project since January 2018. Field data collection was done during the WB mission which was held from 12th – 16th February 2018. Since then, stakeholders' consultations have been going-on and by early June 2018 a draft

report was produced which is now under review by stakeholders before it is finalized and adopted. The objectives of the study are to analyze climate change risks, assess the gaps of climate resilience, and propose climate resilience investments to be considered under LVEMP III.

6. **Updating of the social safeguards' instruments:** Updating the social safeguard instrument (i.e. ESMFs, IPMPs, RPFs) started in the third quarter of this financial year and updated draft documents completed in this fourth quarter after a series of stakeholders' consultation. The drafts were submitted to national TTL for review and comments though some slight changes may be inevitable due changes in the project design.

7. **Stakeholders consultations on the proposed LVEMP III's sanitation investments in Mwanza:** As part of the preparations of LVEMP III, a stakeholder's consultation meeting was held on 1st June 2018 at the Regional Commissioner's (RC) Conference Hall in Mwanza. The meeting was chaired by the Regional Commissioner Hon. John Mongella and attended by representatives from Mwanza City Council, Ilemela Municipal Council, CPCT, MWAUWASA, NEMC, LVBWB, Mwanza WQL and LVEMP II staff. The resolutions of the meeting were as follows: the stakeholders should propose priority interventions, appropriate implementation modalities, activities and provide justification and evidence of their commitment in the proposed interventions.

8. **Survey on socioeconomic impacts of water hyacinth control in Lake Victoria:** LVEMP II staff conducted a survey on socioeconomic impacts of water hyacinth control in some parts of the Lake Victoria with active water hyacinth control activities in June 2018. The survey was conducted in the Mwanza Gulf to assess the impacts particularly on fisheries, lake navigation/transportation and water supply. Among stakeholders consulted during the survey were MWAUWASA, NYEHUNGE port, Marine Police, Tanzania Port Authority – Mwanza South port and Kirumba Kati CDD group in Ilemela Municipal Council. The survey came out with positive results indicating improved efficiency in marine transportation and significant reduction of operational costs for both water supply authorities and marine transporting companies as a result of reduction of water hyacinth coverage. It also shows an increase in business opportunities due to an increase of landing sites and fishing activities.

9. **Participation in the 19th SECOM meeting;** The National Project Coordinator and Water Resources Specialist attended the 19th SECOM meeting which was held in Entebbe, Uganda. Major issues discussed was about the preparation of LVEMP III and steps to take in securing the project preparation advance (PPA). Also, the Partner States were requested to process request for GEF fund to support LVBC, which Tanzania finalized and submitted to WB.

3.1 FINANCING

Revenue from non-Exchange Transactions

During the financial year 2017/2018, the Lake Victoria Environmental Management Project (LVEMP II) had a total funds available of **TZS 5,837,621,031.94** to finance the planned activities as shown below:

Description	Amount (TZS)
Opening balance as on 1 st July, 2017	4,004,058,812.55
Receipts from Government of Tanzania (MoWI)	1,143,499,819.39
Receipts from World Bank (IDA funds)	690,062,400.00
Total Funds Available for the Year	5,837,621,031.94


Omari Iddi Myanza
National Project Coordinator

Date:
Date: 28th September, 2018

3.2 Procurement Performance

In the financial year 2017/18 significant progress has been made with regards to procurement issues. Some notable progress was made; contracts for sanitation investments (i.e. Rehabilitation of Mwanza City Abattoir, House connection to main sewer line in Mwanza, Construction of artificial wetland and construction of public toilets) were successfully completed the overall implementation of the contracts is 100% complete.

4 CHALLENGES, RISKS AND MITIGATION STRATEGIES

4.1 Challenges and proposed solutions

No.	Challenges	Proposed Solutions
1.	Dependency on rain fed agriculture when rain is erratic and unreliable.	Switch to drought resilient crops and opt for other activities alternative to agriculture
2.	Reluctance of some community members to abandon the 60m buffer zones	Mandated institutions should enhance the enforcement of the EMA, 2004 and WRMA, 2009.
3.	Delays disbursement of PPA funds for preparation of LVEMP III	Continuous follow up to MoFP
4.	High rate of deforestation particularly in Busega District.	Strengthen law enforcement

4.2 Risks and Mitigation Strategies

Risk	What we are doing to manage this risk.	Further action needed for improvement
Failure of the responsible institutions to enforce the existing environmental regulatory standards	Capacity building is more needed.	The project should put more efforts in the advocacy of the rule of law.
Failure to mainstream project activities in the budgets of the implementing institutions	The project has been holding regular meetings and workshops with the LGA leaders and other stakeholders to instil a sense of ownership to the sub-projects.	Build capacity of the community in mobilization of funds (E.g. expose the community to new windows of finance, train the community in preparing good project write-up for donor funding, enhance their

Risk	What we are doing to manage this risk.	Further action needed for improvement
Failure of the LGAs to effectively monitor and supervise the completed CDDs.	Capacity building is being done, e.g.: Provision of vehicles, motorcycles and marine vessels for monitoring and enforcement	<i>entrepreneur skills by exposing them to new methods of doing business)</i> The LGAs should allocate enough funds for monitoring and supervision
Communication/information break-down due to frequent reorganization of staff in the implementing institutions	The project advocate on: <ul style="list-style-type: none"> • Proper record keeping both at LVEMP II headquarter, LGAs and Village levels • Following the proper trend in reporting • Sharing of information 	Deploy at least one staff in each district to work hand in hand with the DLFO

5 PROJECT SUSTAINABILITY STRATEGIES

- The project has adopted participatory approach in the implementation of CDDs and CMI sub-projects. Communities are fully involved in the whole process of the project circle and implementation rests heavily on the communities. This approach has proven to instill the sense of ownership and has become self-motivation towards fulfilment of the project objectives.
- A sustainability plan for CDD and CMI sub-projects has been prepared to act as a roadmap towards attaining sustainability in all aspects (i.e. environmental, financial, organizational etc.). Also, sensitization of Council Management Teams in all LGAs in the Simiyu Catchment and Littoral zone has been done for the sake of mainstreaming LVEMP II sub-projects in Districts annual plans and budget for continued monitoring and supervision. Capacity strengthening and implementation oversight in financial management and procurement has been conducted to the communities to enhance their capacity in management of sub-projects.
- The project has designed project completion certificates for completed CDDs which have been shared with the LGAs and handed to the respective CDDs to mark the end of LVEMP II obligations and serve as instruments to rest the obligations to LGAs.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018
STATEMENT BY THE NATIONAL PROJECT COORDINATOR (Cont.....)

6 EMPLOYEES WELFARE

The LVEMP II advocates equal opportunities for all, irrespective of ethnicity, race, and gender; disability or religion. The LVEMP II accepts that only through the loyalty and dedication of the employees will be able to achieve goal and fulfill its obligation. LVEMP II provides various benefits to staff such as staff training to provide and develop staff career. The project believes that its employees should find working for the Project an enriching experience, and consequently accepts co-stimulating responsibility for the development of each employee to his/her full potential. Career progress is based on the contribution made by individual towards the fulfillment of the responsibilities of the Project and initiative; innovative thinking and professional expertise are therefore systematically developed and rewarded accordingly.

7 DISABLED PERSONS

The LVEMP II provides equal opportunities to all regardless of ethnicity, race, gender and disability.

8 CROSS CUTTING ISSUES

LVEMP II conducts sensitization and awareness on HIV/ AIDS issues through training on the importance of voluntary counseling and HIV test. It cares and supports the employees those are HIV /AIDS infected, and strives to maintain gender balance through mainstreaming and instituting gender equality.



Omari Iddi Myanza
National Project Coordinator

Date:
28th September, 2018

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER AND IRRIGATION (VOTE 49)
LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (PHASE II)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

STATEMENT OF MANAGEMENT RESPONSIBILITY

Section 25(4) of the Public Finance Act No. 6 of 2001 (revised, 2004) requires management to prepare Financial Statement of each reporting period which gives a true and fair view of the operations of the Project. The following Statements are required to be prepared by management: Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flow, Statement of Comparison of Budget against actual and the Statement of Changes in Net Assets of the reporting entity as at the end of the reporting period. It also requires management to ensure that, the reporting entity keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the reporting entity. They are also responsible for safeguarding the assets of the reporting entity.

Management ensures that the financial statements are prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IPSAS accrual Basis; and in the manner required by the Section 25 (4) of the Public Finance Act No. 6 of 2001 (amended, 2017).

Management believes that the financial statements give a true and fair view of the state of financial affairs of the LVEMP II.

Management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. Management is responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

THE UNITED REPUBLIC OF TANZANIA
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FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2018

STATEMENT OF MANAGEMENT RESPONSIBILITY (Cont....)

To the best of my knowledge, the systems of internal control has operated adequately throughout the reporting period and that the records and underlying accounts provide a reasonable basis for the preparation of the financial statements for the period ended 30th June 2018.

I accept responsibility for the integrity of the financial statements, the information contained, and their compliance with the Public Finance Act No. 6 of 2001 (amended, 2017) and instructions from the Ministry of Water. Procurement of goods, works, consultancy, and non-consultancy services which are reflected in these financial statements have been done in accordance with the Public Procurement amendment Act 2016 and World Bank Procurement Guidelines.



Omari Iddi Myanza
National Project Coordinator

Date:
28th September, 2018

THE UNITED REPUBLIC OF TANZANIA
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LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (PHASE II)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018
COMMENTARY ON THE FINANCIAL STATEMENTS

1.0 Introduction

The LVEMP II implemented its budget based on Project's objectives and targets. All planned activities had been implemented and successfully completed by 100% in an efficient and effective manner. Also, the LVEMP II team completed this phase by observing and the budget and expenditures accounts were properly maintained and managed.

2.0 Funds Received

The funds available for project operations during the period ended 30th June, 2018, were **TZS 5,837,621,031.94**

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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION.

The project is implemented in Mwanza, Geita, Simiyu, Kagera and Mara regions. Simiyu is the pilot catchment for watershed management activities. *LVEMP II offices are located at Maji Igogo, Mwanza. Telegrams "LVEMP II", Telephone +255-28-2502684/, Fax No. +255-28-2502523 P.O.Box 211 Mwanza, Email: info@lvemp.go.tz.*

Bankers: - Stanbic Bank Tanzania Limited
- Mwanza Branch,

Project Coordinator: - Omari Iddi Myanza

Auditors: - The Controller and Auditor General – National Audit Office

2. BASIS OF PREPARATION.

The Financial Statements have been prepared in accordance with Public Finance Act, 2001 (revised 2004) and comply with the requirement of IPSAS Accrual basis of Accounting.

3. AUTHORIZATION DATE

The Financial Statement was authorized for issue on 30th June, 2018

by:



Omari Iddi Myanza
National Project Coordinator

Date:
28th September, 2018

THE UNITED REPUBLIC OF TANZANIA
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LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (PHASE II)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018.
NOTES TO THE FINANCIAL STATEMENTS (Cont....)

4. REPORTING ENTITY.

The Financial Statements are for the Lake Victoria Environmental Management Project as per Section 25(2) of the Public Finance Act No. 6 of 2001 (revised, 2004).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

The Accounting policies adopted, which are consistent with those of previous years are shown below:

5.1 Foreign currencies translation

Functional and presentation currency

Items included in the Financial Statements of the Government are measured using the currency of the primary economic environment in which the Government operates ("the functional currency"). The financial statements are presented in Tanzanian shillings (TZS), which is the Government functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian shillings using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF WATER AND IRRIGATION (VOTE 49)

LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (PHASE II)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

NOTES TO THE FINANCIAL STATEMENTS (Cont....)

5.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.2 Employment benefits

Employee benefits include salaries, pensions and other related-employment costs. Employee benefits are recognized on accrual basis.

The Government operates defined benefit contribution plans. Different plans and contribution rates for employer and employee are detailed below;

No	Name of The Fund	Government (Employer) Contribution	Employee Contribution
1	National Social Security Fund	10%	10%

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NOTES TO THE FINANCIAL STATEMENTS (Cont.....)

5.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.3 Property, Plant and Equipment

Property, plant and equipment are stated at cost. The project had valued its assets in order to reflect the state of the entity which will be reflected in the next year's financial statement. However, all assets of the project are taken in their relevant ledger books for record purposes.

These are tangible assets that are held for use in supply of services and administrative purposes and are expected to be used during more than one reporting period. The PPE is reported at cost/fair value less accumulated depreciation.

During the year ended 30th June, 2018 the project had net book value of PPE of **TZS 563,742,502.67**. Depreciation charge for the year was **TZS 148,055,103.17** which was calculated through straight line method of depreciation.

The depreciation rates used were as per IPSAS 17 i.e Administration and Generator Blocks estimated economic useful life of 25 years, plant and machinery at 15 years, office furniture, office equipment and Motor Vehicles all having estimated economic useful life of 5 years and computer equipments having estimated economic useful life of 4 years, plant and machinery 15 years.

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LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (PHASE II)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018
NOTES TO THE FINANCIAL STATEMENTS (Cont....)

5.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.4 Intangible assets

Intangible assets (consisting of computer software) acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and expenditure is charged against surplus/deficit in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The expected useful life is approximately 5 years.

The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of financial performance.

THE UNITED REPUBLIC OF TANZANIA
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LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (PHASE II)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018
NOTES TO THE FINANCIAL STATEMENTS (Cont....)

5.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont....)

5.5 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

Raw materials – purchase cost on first in first out basis; first out basis.

Stationeries and other consumables – cost is determined on first in finished goods and work in progress – cost of direct materials and labor and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

5.6 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. It includes relationship with key Management personnel. Some of the Government's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER AND IRRIGATION (VOTE 49)

LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (PHASE II)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

NOTES TO THE FINANCIAL STATEMENTS

5.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont....)

5.7 Taxes

Value added tax

Revenues, expenses and assets are recognized gross of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is recoverable from the Taxation Authority, in which case the value added tax is recognized as a receivable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the Taxation Authority is included as part of receivables or payables in the statement of financial position.

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER AND IRRIGATION (VOTE 49)

LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (PHASE II)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

NOTES TO THE FINANCIAL STATEMENTS (Cont.....)

5.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The preparation of the Government's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

5.8 Foreign exchange risk

Foreign exchange risk refers to the risk of loss due to adverse movements in foreign exchange rates. A range of instruments is currently being used to minimize the government's exposure to foreign exchange risk which includes currency.

ORIGINAL AND FINAL APPROVED BUDGET AND COMPARISON OF ACTUAL AND BUDGET AMOUNTS

The approved budget is developed on the cash basis for the period from 01st July, 2017 to 30th June, 2018.

MINISTRY OF WATER AND IRRIGATION (VOTE 49)
LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP II)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018
STATEMENT OF FINANCIAL POSITION

Details	Notes	2017/2018 Tshs.	2016/2017 Tshs.
Assets			
Current Assets			
Cash at Bank	16	22,541,918.44	4,004,058,812.64
Inventories	18	5,913,462.00	17,194,176.00
Total Current Assets		28,455,380.44	4,021,252,988.64
Non-Current Assets			
Property, Plant and Equipments	17	2,341,028,691.54	720,206,954.06
Intangible Assets		0.00	0.00
Total Non - Current Assets		2,341,028,691.54	720,206,954.06
Total Assets		2,369,484,071.98	4,741,459,942.70
Liabilities			
Current Liabilities			
Trade and Other Payables		0.00	0.00
Deferred income - revenue		0.00	0.00
Deposits		0.00	0.00
Short term Loans		0.00	0.00
Total current Liabilities		0.00	0.00
Non-Current Liabilities			
Long term loans		0.00	0.00
Deferred income - Capital		0.00	0.00
Total non- current Liabilities		0.00	0.00
Total Liabilities		0.00	0.00
Net Assets/Equity		2,369,484,071.98	4,741,459,942.70
Capital Contributed by:			
Taxpayers Funds		2,761,211,949.64	2,761,211,949.64
Accumulated Surpluses/(deficit)		(391,727,877.67)	1,980,247,992.97
Total Net Assets/Equity		2,369,484,071.98	4,741,459,942.61


 Juma Seif Baitu
National Project Coordinator
 Date: 30th September, 2018

Omari Iddi Myanza
National Project Coordinator
 Date: 30th September, 2018

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF WATER AND IRRIGATION (VOTE 49)
 LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP II)
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018
 STATEMENT OF FINANCIAL PERFORMANCE

Details	Notes	2017/2018 Tshs.	2016/2017 Tshs.
Revenues			
Revenue from Non Exchange Transactions	6 & 8	1,833,562,219.39	8,970,308,575.02
Total Revenue		<u>1,833,562,219.39</u>	<u>8,970,308,575.02</u>
Expenses and Transfers			
Expenses			
Hamornization of Policies and Regulatory Standards	9	818,395,660.00	1,737,062,801.00
Ecosystem Monitoring	10	19,482,000.00	601,085,290.00
Rehabilitation of Waste water treatment facilities	11	1,665,870,151.63	3,668,738,755.28
Promotion of Cleaner Production technologies	12	224,576,000.00	330,025,500.00
Natural resources Conservation and Livelihoods Improvement	13	1,381,317,194.84	2,546,102,679.00
Project Coordination and Communication	14	1,548,821,060.00	3,030,666,280.12
Monitoring and Evaluation	15	160,531,000.00	293,100,000.00
Finance cost	20	5,040,979.00	13,706,047.87
Loss on Exchange Transactions	21	1,431,688.19	27,186,232.92
Depreciation for the year	19	285,723,586.17	124,073,051.77
Valuation loss	22	-	1,916,931,943.81
Supplies and Consumables used	23	11,280,714.00	-
Total Operating Expenses		<u>6,122,470,033.83</u>	<u>14,288,678,581.77</u>
Surplus/(deficit) for the period		<u>(4,288,907,814.44)</u>	<u>(5,318,370,006.75)</u>


 Juma Seif Baitu
 Project Accountant
 Date: 30th September, 2018

Omari Iddi Myanza
 National Project Coordinator
 Date: 30th September, 2018

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER AND IRRIGATION (VOTE 49)
LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP II)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

DESCRIPTION	TAX PAYER'S FUNDS	ACUMMULATED SURPLUS/(DEFICITS)	TOTAL
	Tshs	Tshs	Tshs
Opening Balance	2,761,211,949.64	1,980,247,992.97	4,741,459,942.61
prior year adjustment	-	1,916,931,943.81	1,916,931,943.81
adjusted opening balance	2,761,211,949.64	3,897,179,936.78	6,658,391,886.42
Change during the period	0.00	(4,288,907,814.44)	(4,288,907,814.44)
Closing Balance	2,761,211,949.64	(391,727,877.67)	2,369,484,071.98



Juma Seif Baitu
Project Accountant
Date: 30th September, 2018



Omari Iddi Myanza
National Project Coordinator
Date: 30th September, 2018

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 30TH JUNE, 2017

DESCRIPTION	TAX PAYER'S FUNDS	ACUMMULATED SURPLUS/(DEFICITS)	TOTAL
	Tshs	Tshs	Tshs
Opening Balance	3,011,084,749.64	7,298,617,999.72	10,309,702,749.36
Change during the period	(249,872,800.00)	(5,318,370,006.75)	(5,568,242,806.75)
Closing Balance	2,761,211,949.64	1,980,247,992.97	4,741,459,942.61

Note:

NOTE:

we have adjusted the previous opening balance for statement of change in net asset and PPE by reversing the amount of valuation loss/surplus which was erroneously reported in the FY 2016/17 as follows:

DR: PPE	1,916,931,943.81	
CR: SCNA		1,916,931,944

Being the amount of valuation loss reported in FY 2016/2017 (In the cost model no valuation gain /loss in PPE is expected to be recognised)

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018
STATEMENT OF CASH FLOW

Details	Notes	2017/2018 Tshs.	2016/2017 Tshs.
Cash flow From Operating Activities			
Receipts			
Revenue from Non exchange transactions (MoWI)	6	1,143,499,819.39	1,641,175,000.00
Revenue - transferred from DA (IDA)	8	690,062,400.00	7,219,599,035.68
Non exchange revenues from other Sources	7	0.00	109,534,539.34
Total Receipts		<u>1,833,562,219.39</u>	<u>8,970,308,575.02</u>
Payments			
Harmonization of Policies and Regulatory Standards	9	818,395,660.00	1,737,062,801.00
Ecosystem Monitoring	10	19,482,000.00	601,085,290.00
Rehabilitation of Waste water treatment facilities	11	1,665,870,151.63	3,668,738,755.28
Promotion of Cleaner Production technologies Natural resources Conservation and Livelihoods Improvement	12 13	224,576,000.00 1,381,317,194.84	330,025,500.00 2,546,102,679.00
Project Coordination and Communication	14	1,548,821,060.00	3,030,666,280.12
Monitoring and Evaluation	15	160,531,000.00	293,100,000.00
Finance cost	20	5,040,979.00	13,706,047.87
Loss on Exchange Transactions	21	1,431,688.19	27,186,232.92
Total Payments		<u>5,825,465,733.66</u>	<u>12,264,867,762.19</u>
Net Cash Flow From Operating Activities		<u>(3,991,903,514.27)</u>	<u>(3,294,559,187.17)</u>
Cash Flow From Investing Activities			
Purchase /Construction of non-current assets			151,362,300.00
Purchase of Intangible assets		0.00	0.00
Net Cash Flow From Investing Activities		<u>-</u>	<u>151,362,300.00</u>
Cash Flow From Financing Activities			
Interest Payments		0.00	0.00
Repayment of principal		0.00	0.00
Net Cash Flow From Financing activities		<u>0.00</u>	<u>0.00</u>
Net increase/(decrease) in cash		<u>(3,991,903,514.27)</u>	<u>(3,445,921,487.17)</u>
Cash at the beginning of the year		<u>4,004,058,812.55</u>	<u>7,449,980,299.72</u>
Cash at the end of the period		<u>22,541,918.44</u>	<u>4,004,058,812.55</u>

Juma Seif Baitu
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Date: 30th September, 2018

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THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER AND IRRIGATION (VOTE 49)
LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP II)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOT THE YEAR ENDED 30TH JUNE, 2018

	Original Budget	Balance b/d	Final Budget	Actual Amount	Difference
Revenue from non exchange transactions					
		4,004,058,812.55	4,004,058,812.55	4,004,058,812.55	-
Receipts from MoW	1,200,000,000.00	-	1,200,000,000.00	1,143,499,819.39	56,500,180.61
Receipts from WB - IDA	690,062,400.00	-	690,062,400.00	690,062,400.00	-
Total revenue	1,890,062,400.00	-	5,894,121,212.55	5,837,621,031.94	56,500,180.61
Payments					
Hamornization of Policies and Regulatory Standards	830,567,953.00	-	830,567,953.00	818,395,660.00	(12,172,293.00)
Ecosystem Monitoring and Applied Research	24,800,400.00	-	24,800,400.00	19,482,000.00	(5,318,400.00)
Rehabilitation of Waste water treatment facilities	1,683,500,700.00	-	1,683,500,700.00	1,665,870,151.63	(17,630,548.37)
Promotion of Cleaner Production technologies	227,700,000.00	-	227,700,000.00	224,576,000.00	(3,124,000.00)
Natural resources Conservation and Livelihoods Improvement	1,373,600,200.00	-	1,373,600,200.00	1,370,930,574.65	(2,669,625.35)
Project Coordination and Communication	1,556,451,959.55	-	1,556,451,959.55	1,548,821,060.00	(7,630,899.55)
Monitoring and Evaluation	190,000,000.00	-	190,000,000.00	160,531,000.00	(29,469,000.00)
Loss on Exchange Transactions for the year	1,500,000.00	-	1,500,000.00	1,431,688.19	(68,311.81)
Finance cost	6,000,000.00	-	6,000,000.00	5,040,979.00	(959,021.00)
Total Payments	5,894,121,212.55	4,004,058,812.55	5,894,121,212.55	5,815,079,113.47	(79,042,099.08)
Grand Total				22,541,918.47	135,542,279.69

Juma Seif Baitu
Project Accountant
Date: 30th September, 2018

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National Project Coordinator
Date: 30th September, 2018

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER AND IRRIGATION (VOTE 49)
LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP II)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE, 2018

Notes	Details Descriptions	Amount (Tshs.) 2017/2018	Amount (Tshs.) 2016/2017
	Revenue from Non exchange transactions		
6	Receipts from Government (MoWI)	1,143,499,819.39	1,641,175,000.00
7	Other revenues	0.00	109,534,539.34
	Total receipts from Government	1,143,499,819.39	1,750,709,539.34
	Receipts from World Bank (IDA)		
8	Revenue received during the year	690,062,400.00	7,219,599,035.68
	Total receipts from World Bank	690,062,400.00	7,219,599,035.68
	Total Revenue from Non exchange transactions	1,833,562,219.39	8,970,308,575.02
9	Hamornization of Policies and Regulatory Standards		
	Participation in various National and Regional Meetings	320,859,218.00	166,726,151.00
	Rehabilitations of Mwanza Water Quality Laboratory	64,188,288.00	782,749,164.00
	Rehabilitations of Bukoba Water Quality Laboratory	420,110,103.00	281,276,081.00
	Rehabilitations of Musoma Water Quality Laboratory	13,238,051.00	235,437,072.00
	Supervision of rehabilitation of Mwanza, Bukoba and Musoma Water Quality Laboratories	0.00	270,874,333.00
	Sub Total	818,395,660.00	1,737,062,801.00
10	Ecosystem Monitoring		
	Monitoring of forest cover, regeneration, damage, biodiversity in Simiyu catchment by implementing Agencies	0.00	18,162,000.00

LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP II)

Carry out 12 Meetings with 2 districts, 6 wards and 10 villages leaders to initiate preparation of management plan processes and awareness raising to communities	0.00	45,792,000.00
Identification of issues, propose management measures, preparation of budget and action plan, adoption of the plan at wards/village level. (10 meetings)	0.00	2,092,000.00
Quarterly Monitoring of water quality (P and N nutrients, TSS, Chlorophyll) at selected sites of LVB	0.00	36,212,000.00
Quarterly Monitoring of P and N nutrients, BoD in effluents from waste water treatment sites	0.00	15,620,000.00
Monitoring of water hyacinth (mat size, infestation incidence)	0.00	53,933,600.00
Conduct Fisheries surveillance and Fisheries Frame Survey	0.00	419,776,690.00
Monitoring of fish stock in satellite lakes, rivers, and rocky habitats and Hydro acoustic Survey	19,482,000.00	-
Monitoring of crop production	0.00	9,497,000.00
Sub Total	19,482,000.00	601,085,290.00

11 **Rehabilitation of wastewater treatment facilities**

Follow up implementation of Environmental Management Plans (for on-going CDDs, CMI and works)	0.00	117,258,000.00
Construct of public toilets in Mwanza, Musoma and Bukoba including at fish landing sites (Estimated Initial payment)	902,283,516.63	900,653,786.00
Supervision for Construction of 14 public toilets in Mwanza, Musoma, Bukoba and Geita Regions	0.00	119,425,000.00
Rehabilitation of Mwanza City Abattoir	302,661,094.00	717,169,156.00
Construct Artificial Wetland to treat Municipal effluents at selected site in Mwanza City	290,680,781.00	538,080,192.00
Update designs for House Connections and supervise construction of House Connections	0.00	179,124,588.28
House connection within Sewered Areas including Sewered area with no lateral extension in Mwanza City (Kirumba, Kitangiri, Nyamanoro and Pasiansi wards).	76,812,690.00	961,816,544.00

LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP II)

	Construction of Artificial Wetland at Mwanza City Abattoir	0.00	30,690,000.00
	Supervision of rehabilitation of Mwanza City Abattoir and construction of artificial Wetland	66,686,232.00	60,045,732.00
	Construction of Fish Market and Kakukuru landing site in Murutilima Village	26,745,838.00	44,475,757.00
	Sub Total	1,665,870,151.63	3,668,738,755.28
12	Promotion of Cleaner roduction tehнологies		
	Support for Cleaner Production Activities	224,576,000.00	330,025,500.00
	Sub Total	224,576,000.00	330,025,500.00
13	Natural resources Conservation and livelihoods improvement (Part 3 a) of the Project		
	Provision of grants for 116 Approved CDD sub-projects in Simiyu Catchment and littoral zone (not yet completed)	328,933,383.00	1,126,405,450.00
	Training on project Management (Book keeping, cost benefit analysis, value addition, post harvest handling and marketing, IPM, Sustainability of subprojects)	106,632,500.00	107,801,920.00
	Training on SLM (contour farming/ conservation agriculture/forest establishment and management/farming systems etc)	24,960,400.00	10,580,000.00
	Technical backstopping to implementing institutions and community members	19,200,000.00	9,175,000.00
	Support implementated CDDs sub projects sustainability, environmental monitorig on implementation and mitigation measures	455,839,600.00	1,043,261,489.00
	Identification of various hotspots areas to be considered in next phase of LVEMP III implementations	64,967,600.65	27,150,000.00
	Procure accessories for 5 tractors allocated to LGAs	0.00	89,966,102.00
	Support Implementation of CMI's sub projects	13,203,220.19	131,762,718.00
	LVEMP III preparation workshops and sensitizations	367,580,491.00	-
	Sub Total	1,381,317,194.84	2,546,102,679.00

LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP II)

14	Project Coordination and Communication		
	Deploy LVEMP II Support - Staff Salaries and travelling on leave	0.00	129,063,200.00
	Payment of staff/ NPCTs and Support Staff	124,760,000.00	293,650,000.00
	Procurement of stationeries and consumables	56,488,384.00	59,317,066.00
	Hold quarterly NPSC, NTAC Meetings	183,025,800.00	196,469,845.00
	Quarterly Regional Coordination Team meetings and regional events	0.00	40,690,479.00
	Attending LVBC Sectoral Council and 2 RPSC Meetings	146,300,000.00	176,886,573.00
	Maintenance of office equipment and services	60,657,949.00	4,532,771.00
	Prepare APL3 including relevant studies	152,544,058.00	853,470,814.00
	Support for NFPO's office in coordinating LVEMP II activities	24,800,000.00	96,000,000.00
	Maintenance of Project website, accounting package and operation of MIS	13,620,000.00	52,230,400.00
	Facilitation of staff requirements from various ministries to support project	287,116,445.00	422,331,659.30
	Support for Procurement activities and Contract Management.	81,500,922.00	132,555,323.82
	Hold meetings with DLFOs for harmonization of progress/results reporting format	2,533,898.00	31,328,000.00
	Dissemination of project activities through newspapers,TVs,radio talks shows, public dialogue, newsletter,annual	26,400,000.00	22,480,000.00
	Undertake Project Implementation Completion Reports and review of implementations	127,192,525.00	42,282,900.00
	Participation in National and International Public events	55,483,000.00	176,862,541.00
	Motor vehicles operations maintenance and services and cost of fuel for Project activities	206,398,079.00	300,514,708.00
	Sub Total	1,548,821,060.00	3,030,666,280.12
15	Monitoring and Evaluation		
	Monitoring/Supervisions and review meetings to 24 LGAs	0.00	76,220,000.00
	Carry out participatory evaluation of completed CDDs and CMI	160,531,000.00	196,664,000.00
	Maintenance of Project LAN	0.00	20,216,000.00
	Sub Total	160,531,000.00	293,100,000.00
	Grand Total	5,818,993,066.47	12,206,781,305.40

LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP II)

16	Cash at Bank		
	Cash at Bank in Local Account	22,541,918.44	1,788,443,681.79
	Cash at Bank in Designation Account	-	2,215,615,130.85
	Total	22,541,918.44	4,004,058,812.64
17	Property, Plant and Equipment		
	Office Furnitures	76,302,876.21	42,570,262.40
	Office Equipments	161,436,248.00	33,569,728.00
	Computer Equipments	214,764,154.38	42,919,635.38
	Plant and Machinery	13,206,111.11	42,684,444.44
	MV,MC,TRC	1,636,639,010.00	309,184,000.00
	Administartion Block	232,164,264.96	242,473,512.96
	Generator Block	6,516,026.88	6,805,370.88
	Total	2,341,028,691.54	720,206,954.06
18	Supplies and Consumables		
	Fuel		
	Diesel	1,192,731.00	9,174,711.00
	Petrol	4,720,731.00	2,377,205.00
	Stationeries	0.00	5,642,260.00
	Total	5,913,462.00	17,194,176.00
19	Depreciation for the year		
	Office Furniture	13,303,207.00	10,642,565.60
	Office Equipment	10,490,540.00	8,392,432.00
	Computer Equipment	19,075,393.50	14,306,545.13
	Plant and Machinery	3,266,666.67	3,048,888.89
	M/Vehicle,MC,Trcr	96,620,000.00	77,296,000.00
	Administrative Block	5,154,624.00	10,103,063.04
	Generator Block	144,672.00	283,557.12
	Total	285,723,586.17	124,073,051.77

LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP II)

20	Finance Cost		
	Bank Charges for the year	5,040,979.00	13,706,047.87
	Total	5,040,979.00	13,706,047.87
21	Exchange Losse		
	Loss on exchange transactions	1,431,688.19	27,186,232.92
	Total	1,431,688.19	27,186,232.92
22	Valuation Gain/Loss		
	Valuation loss	-	(1,916,931,943.81)
	Total	-	(1,916,931,943.81)
23	Supplies and Consumables		
	Supplies and Consumables	11,280,714.00	-
	Total	11,280,714.00	-
24	Adjustment for reported valuation loss in the financial statement for FY 2016/2017		
	We have adjusted the previous opening balance for statement of change in net asset and PPE by reve		
	DR: PPE	1,916,931,943.81	
	CR: SCNA		1,916,931,944
	Being the amount of valuation loss reported in FY 2016/2017 (In the cost model no valuation gain /loss		

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF WATER AND IRRIGATION (VOTE 49)
 LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP II)
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018
 NOTE 17: PROPERTY, PLANT AND EQUIPMENT

Economic Useful Life	25 years	25 years	5yrs	5yrs	4yrs	15yrs	5yrs	
Descriptions	Administration Block	Generator Block	Office Furniture	Office Equipments	Computer Equipments	Plant and Machinery	M/Vehicle, MC, TRC	Total
	Tshs.	Tshs.	Tshs.	Tshs.	Tshs.	Tshs.	Tshs.	p
At 1st July, 2017	242,473,512.96	6,805,370.88	102,909,290.21	182,417,328.00	252,914,941.38	19,739,444.44	1,829,879,010.00	2,637,138,898
Additions for the year (Deemed Cost)								
Total assets before depreciation	242,473,512.96	6,805,370.88	102,909,290.21	182,417,328.00	252,914,941.38	19,739,444.44	1,829,879,010.00	2,637,138,897.87
Depreciation for the year	5,154,624.00	144,672.00	13,303,207.00	10,490,540.00	19,075,393.50	3,266,666.67	96,620,000.00	285,723,586.17
Accumulated Depreciation	10,309,248.00	289,344.00	26,606,414.00	20,981,080.00	38,150,787.00	6,533,333.33	193,240,000.00	296,110,206.33
Balance at 30th June 2018	232,164,264.96	6,516,026.88	76,302,876.21	161,436,248.00	214,764,154.38	13,206,111.11	1,636,639,010.00	2,341,028,691.54

PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30TH JUNE 2017

Economic Useful Life	25 yrs	25 yrs	5yrs	5yrs	4yrs	15yrs	5yrs	25yrs	Total
Descriptions	Administration Block	Generator Block	Office Furniture	Office Equipments	Computer Equipments	Plant and Machinery	M/Vehicle, MC, TRC	Sailling Vessels	Tshs.
	Tshs.	Tshs.	Tshs.	Tshs.	Tshs.	Tshs.	Tshs.	Tshs.	Tshs.
At 1st July, 2016	123,710,976.00	3,472,128.00	113,551,855.81	190,809,760.00	267,221,486.50	22,788,333.33	1,907,175,010.00	382,355,200.00	3,011,084,749.64
Additions for the year	128,865,600.00	3,616,800.00	-	-	-	-	-	-	132,482,400.00
Total assets before Transfers and Valuation	252,576,576.00	7,088,928.00	113,551,855.81	190,809,760.00	267,221,486.50	22,788,333.33	1,907,175,010.00	382,355,200.00	3,143,567,149.64
Transfers	-	-	-	-	-	-	-	382,355,200.00	382,355,200.00
Total assets After Transfers	252,576,576.00	7,088,928.00	113,551,855.81	190,809,760.00	267,221,486.50	22,788,333.33	1,907,175,010.00	-	2,761,211,949.64
Valuation Gain/Loss	-	-	(60,339,027.81)	(148,847,600.00)	(209,995,306.00)	22,945,000.00	(1,520,695,010.00)	-	(1,916,931,943.81)
Total assets before depreciation	252,576,576.00	7,088,928.00	53,212,828.00	41,962,160.00	57,226,180.50	45,733,333.33	386,480,000.00	-	844,280,005.83
Accumulated Depn	10,103,063.04	283,557.12	10,642,565.60	8,392,432.00	14,306,545.13	3,048,888.89	77,296,000.00	-	124,073,051.77
Balance as at 30th June ,2017	242,473,512.96	6,805,370.88	42,570,262.40	33,569,728.00	42,919,635.38	42,684,444.44	309,184,000.00	-	720,206,954.06
prior year adjustment	0	0	60,339,027.81	148,847,600.00	209,995,306.00	(22,945,000.00)	1,520,695,010.00	-	1,916,931,943.81
Restated balance as 30th June 201	242,473,512.96	6,805,370.88	102,909,290.21	182,417,328.00	252,914,941.38	19,739,444.44	1,829,879,010.00	-	2,637,138,897.87

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF WATER AND IRRIGATION (VOTE 49)
 LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

SUMMARY OF ACTIVITES IMPLEMENTED DURING THE YEAR 2017/2018

CODE AND LINKAGES		ANNUAL PHYSICAL TARGET	CUMMULATIVE STATUS ON MEETING THE PHYSICAL TARGET	EXPENDITURE STATUS					
Components	Component Description	Sub Component Target Description/Outputs	Actual Progress	Final Budget	Actual Release 1st July 2017 to 30th June 2018	Cummulative expenditure 1st July 2017 to 30th June 2018	Variance(Approved Budget Vs Actual expenditure)	Actual Expenditure Vs Approved Estimates % (percentage wise)	
1	2	3	4	6	7	8	9	10	
Component I	Strengthening institutional capacity for managing shared watershed fisheries	1.1 Hamornization of Policies and Regulatory Standards	Completion of construction and rehabilitation of water Quality laboratories of Mwanza Musoma and Bukoba. Preperation of Intergrated Simiyu Wetland Management Plan, Water Quality monitoring and Fisheries	830,567,953.00	818,395,660.00	818,395,660.00	12,172,293.00	99	
		1.2 Ecosystem Monitoring	Frame survey, Water Hyacinth monitoring	24,800,400.00	19,482,000.00	19,482,000.00	5,318,400.00	79	
		Sub Total		855,368,359.00	837,877,660.00	837,877,668.00	17,490,693.00	98	
Component II	Point Sources Pollution Control and Prevention	2.1 Rehabilitation of Waste water treatment facilities	Completion of Rehabilitation of Mwanza City Abattoir, Construction of Artificial Wetland integrated with Bio digester for treatment of Abattoir waste water, construction of public toilets and Bio toilets and commission of abattoir waste water treatment	1,683,500,700.00	1,665,870,151.63	1,665,870,151.63	17,630,548.37	99	
		2.2 Promotion of Cleaner Production technologies	Support to Cleaner Production Centre of Tanzania	227,700,000.00	224,576,000.00	224,576,000.00	3,124,000.00	99	
		Sub Total		1,911,200,700.00	1,890,446,151.63	1,890,446,151.63	20,754,548.37	99	
Component III	Watershed Management	3.1 Natural resources Conservation and Livelihoods Improvement	Facilitaation of trainings on bee products aon value addition of bee products to 40 community members mainly from Simiyu region and drafting of group business plans.	1,373,600,200.00	1,370,930,574.65	1,381,317,194.84	(7,716,994.84)	101	
		Sub Total		1,373,600,200.00	1,370,930,574.65	1,381,317,194.84	(7,716,994.84)	101	
Component IV	Project coordination and management, monitoring and	4.1 Project Coordination and Communication, Monitoring and Evaluation	Preperation activities of next phase (LVEMP III), economic assessment of LVEMP II, Project publicity, Preparation of project completion report, evaluation of completed CDDs and training on Environmental and social Management Planning(ESMP)	1,556,451,959.55	1,556,451,959.50	1,548,821,060.00	7,630,899.55	100	
		Monitoring and Evaluation	Monitoring and evaluation of LVEMP II sub projects	190,000,000.00	175,442,018.97	160,531,000.00	29,469,000.00	84	

CODE AND LINKAGES		ANNUAL PHYSICAL TARGET	CUMMULATIVE STATUS ON MEETING THE PHYSICAL TARGET	EXPENDITURE STATUS				
Components	Component Description	Sub Component Target Description/Outputs	Actual Progress	Final Budget	Actual Release 1st July 2017 to 30th June 2018	Cummulative expenditure 1st July 2017 to 30th June 2018	Variance(Approved Budget Vs Actual expenditure)	Actual Expenditure Vs Approved Estimates % (percentage wise)
1	2	3	4	6	7	8	9	10
	evaluatio or tne project			1,746,451,959.55	1,731,893,978.47	1,709,352,060.00	37,099,899.55	98
		Finance cost		1,500,000.00	1,431,688.19	5,040,979.00	-	336
		Exchange Transaction Losses for the year	Transaction losses during transfer of funds from IDA to Local account	6,000,000.00	5,040,979.00	5,040,979.00	-	84
		Sub Total		7,500,000.00	6,472,667.19	10,081,958.00	-	134
		Grand Total		5,894,121,218.55	5,837,621,031.94	5,829,075,032.47	67,628,146.08	99