



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



**TANZANIA FOREST SERVICES AGENCY
(TFS)**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2025**

Controller and Auditor General
National Audit Office
Ukaguzi House
Mahakama Road, Tambukareli
P.O. Box 950
41104 Dodoma, Tanzania
Tel: +255 (026) 2161200-9
Email: ocag@nao.go.tz
Website: www.nao.go.tz

March 2026

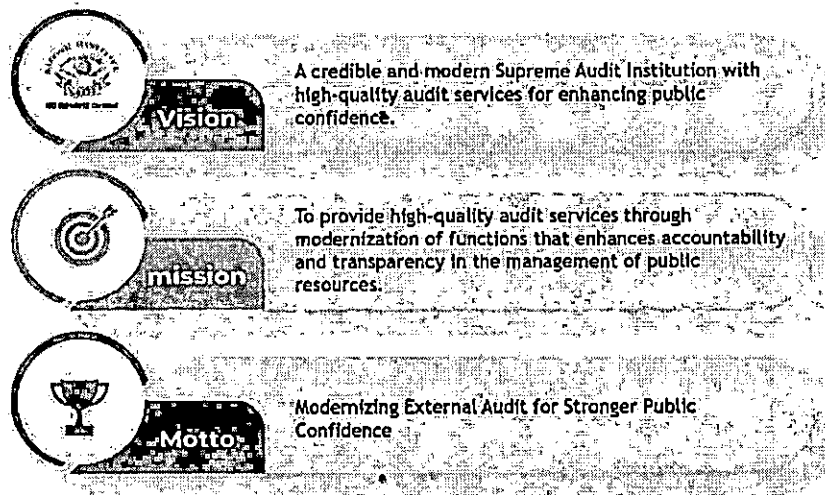
AR/MNRT/TFS/2024/25

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap. 418.

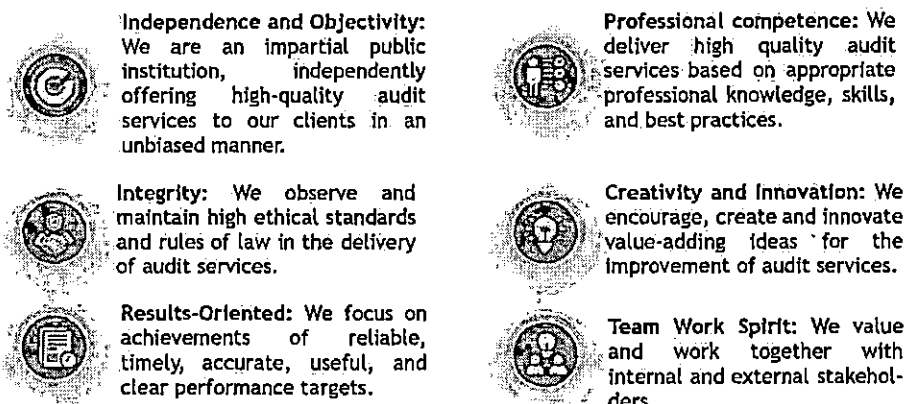
NAOT Vision, Mission & Motto



The graphic consists of three horizontal bars, each with a circular icon on the left and text on the right. The top bar features a circular icon with a scale of justice and the text 'Vision: A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.' The middle bar features a circular icon with a target and the text 'Mission: To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.' The bottom bar features a circular icon with a trophy and the text 'Motto: Modernizing External Audit for Stronger Public Confidence.'



Core Values



The graphic displays six core values arranged in two columns. Each value is accompanied by a circular icon and a brief description. The values are: Independence and Objectivity (scale icon), Professional competence (gears icon), Integrity (scales icon), Creativity and Innovation (lightbulb icon), Results-Oriented (bar chart icon), and Team Work Spirit (group of people icon).

Independence and Objectivity: We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Professional competence: We deliver high quality audit services based on appropriate professional knowledge, skills, and best practices.

Integrity: We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation: We encourage, create and innovate value-adding ideas for the improvement of audit services.

Results-Oriented: We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.

Team Work Spirit: We value and work together with internal and external stakeholders.

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Abbreviations

CAG	Controller and Auditor General
CC	Conservation Commissioner
CG	Central Government
DBSS	Director of Business Support Services
DMRU	Director of Marketing and Resources Utilisation
DRM	Director of Resources Management
FITI	Forest Industries Training Institute
FTI	Forest Training Institute
GN	Government Notes
GPSA	Government Procurement and Supplies Agency.
Ha	Hectare
HIV	Human Immunity Virus
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
LGA	Local Government Authority
MAB	Ministerial Advisory Board
MNRT	Ministry of Natural Resources and Tourism
NMB	National Microfinance Bank
PE	Personal Emoluments
PPP	Public-Private Partnership
PSSSF	Public Service Social Security Fund
TaFF	Tanzania Forest Funds
TFS	Tanzania Forest Services Agency
TTSA	Tanzania Tree Seed Agency
TWPF	Tanzania Wildlife Protection Fund
UNDP	United Nations Development Program
WWF	World Wildlife Fund

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Conservation Commissioner,
Tanzania Forest Services (TFS) Agency,
P.O. Box 2228,
Misitu House - Itenga,
DODOMA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania Forest Service Agency, which comprise the statement of financial position as at 30 June 2025, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Tanzania Forest Service Agency as at 30 June 2025, 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, as issued by the International Public Sector Accounting Standards Board (IPSASB) and in the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

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

I believe the audit evidence I have obtained is sufficient and appropriate to support my opinion.

Emphasis of Matter

I draw attention to Note 18 and the Summary of Significant Accounting Policies to the financial statements, which describe the valuation of Biological Assets. As of 30 June 2025, the Agency reports Biological Assets with a carrying value of TZS 1,279,692,974,517. This balance represents approximately 90% of the Agency's total assets of TZS 1,417,626,607,377.

The valuation of these assets is determined using fair value less costs to sell based on advanced modelling techniques. This valuation requires Management to make significant estimates and

assumptions, including rotation ages (e.g., 18 years for Pines and 20 years for Teak), growth increments, and the application of discount rates derived from Treasury Bills plus a risk element. Given the magnitude of this balance and the inherent uncertainty in the assumptions applied, this matter is of fundamental importance to the users' understanding of the financial statements.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the Statement by Those Charged with Governance, the Statement by the Conservation Commissioner, the Statement of Management Responsibility, and the Declaration by the Head of Accounting and Finance. It does not include the financial statements and my audit report thereon, which I obtained prior to the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods, and services

I conducted a compliance audit of the procurement of works, goods, and services at the Tanzania Forest Service Agency for the year ended 30 June 2025, in accordance with the Public Procurement Act, 2023, the Public Procurement Regulations, 2024, and related directives. I examined each phase of the procurement life cycle, including tender advertising, bid evaluation, contract award, and contract management, to confirm that the entity issued competitive solicitations, applied approved evaluation criteria, secured authorisations before award, and maintained complete transaction records.

Based on the audit procedures performed, I conclude that the Tanzania Forest Service Agency generally complies, in all material respects, with the requirements of the Public Procurement laws in Tanzania.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I conducted a compliance audit of budget formulation and execution at the Tanzania Forest Service Agency for the year ended 30 June 2025, in accordance with the Budget Act, Cap. 439, and the Budget Guidelines issued by the Ministry of Finance. I reviewed budget submissions, approval memoranda, commitment registers, ledger entries and variance analyses to confirm that the entity prepared estimates in the prescribed format, obtained timely authorisations

before incurring obligations, recorded transactions accurately and reported variances as required.


Based on the audit procedures performed, I conclude that, except for the matters described below, Tanzania Forest Service Agency generally complies, in all material respects, with the requirements of the Budget Act and related Budget Guidelines.

i. Inadequate Funding for Budgeted Development Activities TZS 43,146,356,381

Section 7(4)(c) of the Budget Act, Cap. 439 (R.E. 2020) requires the Government and public entities to ensure that development projects are implemented in accordance with established priorities. During our review, I noted that of the approved development budget of TZS 53,082,887,146, only TZS 9,936,530,765 (19%) was released, leaving an under-release of TZS 43,146,356,381 (81%) for planned TFS development activities.

ii. Carryover Funds Remaining Idle for the year 2024/25 - TZS 2,532,799,309

Regulation 21(2) of the Budget Regulation, 2015 requires Accounting Officers to ensure that all undischarged commitments at the end of any financial year shall be spent within the first quarter of the subsequent financial year. Also, paragraph 48(i) of the Plan and Budget Guideline for 2024/25 requires accounting officers to ensure that funds received/collected are fully utilised within the financial year, as planned, to avoid carry-over funds. However, the audit revealed that a total of TZS 2,532,799,309 carried-over funds remained unutilised by the end of the financial year.


Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2026



2.0 FINANCIAL STATEMENTS

2.1 THE STATEMENT BY THOSE CHARGED WITH GOVERNANCE

Those Charged with Governance (TCWG) for the Tanzania Forest Service Agency (TFS) are pleased to present the Financial Statements for the financial year ending on 30 June 2025. This comprehensive Financial Statement provides a detailed overview of the Agency's financial activities, outcomes, and overall performance during the financial year ending June 2025. TCWG prepared this report in compliance with TFRS 1 - The report by those charged with governance issued by NBAA and became effective on 1 January 2021.

The Agency has thoroughly prepared this financial statement in accordance with internationally recognised accounting standards and regulatory guidelines. This document reflects a commitment to accurately present the Tanzania Forest Service Agency's financial position and performance, enabling stakeholders to make informed assessments of its operations. Key aspects in the statement include the Agency's revenue generation, expenditure management, asset utilisation, and adherence to financial regulations. It also highlights TFS's strategic initiatives to achieve sustainable financial growth and effective resource allocation.

Throughout the fiscal year, the Agency navigated a dynamic landscape marked by opportunities and challenges inherent to the forestry and beekeeping sector. As custodians of central government forest and bee resources, TFS remained steadfast in its mission to ensure their responsible and sustainable management.

The Agency extends its gratitude to its dedicated staff, partners, and stakeholders for their unwavering support in advancing its financial objectives. Collaboration and shared commitment are the keys to the Agency's continued success in its financial operations.

2.1.1 Agency's Culture

a) Vision

TFS's vision is to be a leading centre of excellence in the sustainable management of forest and bee resources in Africa.

b) Mission

The Mission is to manage national forest and bee resources through the development, protection and utilisation of the resources for the benefit of present and future generations.

c) Core Values

The following Core Values guide the Agency in pursuing its vision and mission: Professionalism, Integrity, Customer Focus, Innovation, Confidentiality, and Teamwork.

1. **Professionalism:** We provide high-quality services efficiently and effectively based on best practices and experience.

- ii. **Integrity:** We operate with the highest standard of competence, truthfulness, openness and accountability;
- iii. **Customer Focus:** We treat customers and colleagues fairly to meet their needs
- iv. **Innovation:** We consistently strive to invent and employ new techniques in the delivery of services.
- v. **Confidentiality:** We treat customers with trust and privacy, and
- vi. **Teamwork:** We employ diverse expertise and experiences to achieve success collectively.

2.1.2 Nature of the Operation

TFS is responsible for managing and conserving forests in Tanzania. Its main objective is to ensure the sustainable and efficient use of forest resources for environmental protection and economic development. Therefore, the main activities of TFS include: -

- a) **Forest Management and Conservation:** TFS implements policies, laws, regulations, and strategies for the management and conservation of Tanzania's forests. This includes activities such as protection in forest reserves, monitoring deforestation, planting trees on government farms, and protecting endangered species and habitats
- b) **Forest Resource Utilisation:** TFS manages the sustainable use of forest resources by issuing permits and licenses for various forest resource use activities, including timber harvesting, non-timber forest product collection, and ecotourism activities. Permits are issued based on environmental impact assessments and adherence to sustainable practices.
- c) **Law Enforcement:** TFS plays a significant role in enforcing forest laws and regulations to prevent encroachment into forest reserves, illegal logging, poaching and other activities that damage the environment. It also collaborates with other law enforcement agencies to combat illegal activities within forest reserves. Some of the regulations used in the management of forest reserves include the Forest Regulation of 2004, GN 417, The Forest (Sustainable Utilisation of logs, timber, withies, Poles or Charcoal) Regulations of 2019 and its Amendment GN no.255 of 2023 and GN 266 (*Kanuni za Usafirishaji wa Mazao ya Misitu kuingia ndani ya Nchi na kutoka nje-ya Nchi za Mwaka 2023*).
- d) **Community Engagement:** Many communities in Tanzania depend on forests for their livelihoods. TFS works to engage local communities in the sustainable management of forest reserves. This is implemented through community-based conservation and resource sharing. TFS also uses a different approach to implement this, including Participatory Forest Management (PFM) and the strategy of involving communities and other stakeholders in forest management, as outlined in the Forest Policy of 1998.

- e) **Research and Monitoring:** In managing the conservation and various uses of forest resources, TFS conducts research to better understand forest ecosystems and their biodiversity, which similarly helps to know the impacts of human activities taking place in the reserve. Research is conducted to find solutions to challenges arising in the management of forest and bee resources. Also, the Agency performs monitoring exercises to assess the forest's condition and help inform decisions about its management.
- f) **Fire Management:** Preventing and controlling forest fires is an essential aspect of forest conservation in the country. TFS develops and implements a range of firefighting strategies. In addition, it uses systems to detect, prevent, and fight wildfires within forest reserves.
- g) **Capacity Building:** TFS enables its employees to attain training in various programs and facilitates participation in different workshops and training conferences. In addition, TFS provides conservation education to local communities and other stakeholders to increase their understanding of sustainable forest management principles and conservation regulations.
- h) **Collaboration and Partnerships:** TFS often collaborates with other government agencies, non-governmental organisations, international bodies, and local communities to achieve its conservation and management goals.

2.1.3 The policy and legislative environment in which the organisation operates

TFS operations are centred on various laws, regulations and policies aimed at sustainable forest management, conservation, and protection of forest resources. Some of the key legislative and regulatory aspects that likely pertain to TFS include:

- a) **National Environment Policy, 2021:** The National Environmental Policy of 2021 has several statements that are crosscutting in nature and, among them, are directly linked to the core mandates of the Tanzania Forest Services Agency. Among them are policy statements promoting the restoration of degraded land and the enhancement of ecological services and economic well-being.
- b) **The National Environmental Master Plan (2022-2032):** The National Environmental Master Plan (2022-2032) for strategic interventions is one of the tools for the implementation of the National Environmental Policy. The plan provides detailed, actionable directives for implementing the policy. TFS, as the key actor in implementing the plan, incorporates conservation interventions into its overall implementation of its core mandates.
- c) **National Forest Policy, 1998:** The forest policy outlines principles for sustainable management of forest resources, community participation in conservation, biodiversity conservation, and community benefits sharing of forest resources

- d) **National Forest Policy Implementation Strategy (2021 - 2031)** aims to ensure that forest and tree resources are well conserved, managed and utilised sustainably to meet the current and future demands.
- e) **National Beekeeping Policy, 1998:** The policy aims to promote sustainable beekeeping practices, improve honey production, and enhance beekeepers' livelihoods. It emphasises research, training, and capacity building in the beekeeping sector.
- f) **National Beekeeping Policy Implementation Strategy (2021-2031):** This strategy focuses on increasing honey production, improving beekeeping technologies, enhancing marketing and value addition, and supporting beekeeping-related enterprises.
- g) **Forest Act, 2002:** This Act is a comprehensive piece of legislation that outlines the legal framework for forest management and conservation in Tanzania. It establishes the roles and responsibilities of different entities involved in forest management, including the TFS. The act emphasises sustainable forest management, community involvement, and the protection of biodiversity.
- h) **Forest Regulations, 2004:** These regulations provide more detailed guidelines for implementing the provisions of the Forest Act. They cover various aspects of forest management, including licenses, permits, and fees for various forest-related activities such as logging, timber processing, and the collection of NTFPs.
- i) **Beekeeping Act, 2002:** This act regulates beekeeping activities in Tanzania. It establishes guidelines for the management, protection, and utilisation of bees and their products. It also covers topics such as beekeeping licenses, apiary site registration, and standards for beekeeping equipment.
- j) **Beekeeping Regulations, 2010:** These regulations provide further details on implementing the Beekeeping Act. They cover areas such as beekeeping training, beekeeping extension services, and bee diseases and pest management.
- k) **Environmental Management Act, 2004:** This act focuses on environmental conservation and management, including forests. It aims to integrate environmental considerations into various sectors, promote sustainable development, and address environmental challenges.
- l) **The Environmental Management (Control and Management of Carbon Trading (GN 721) Regulations, 2023:** it is a developed mechanism for carbon trading and offset programs that allow businesses or governments to offset their carbon emissions by investing in forest conservation and reforestation projects.

- m) **Land Act, 1999:** Land use is closely tied to forest management. This act provides guidelines for land tenure, land use planning, and land administration, which can influence the management of forest resources and the resolution of conflicts between different land uses.
- n) **Community Forest Management Guidelines, 2007:** These guidelines aim to promote community participation in forest management and give local communities a stake in the resources they depend on. They align with the broader principles of sustainable forest management and community-based conservation.
- o) **The Finance Act 2024:** The Finance Act 2024 provides for the amendment of various tax and non-tax laws with a view to bringing reforms through the imposition and alteration of certain taxes, duties, levies and fees. The Act enhances economic growth, particularly in strategic sectors, including industries, agriculture, livestock, forestry, fisheries, energy and transport infrastructure, as well as the education and health sector, to catalyse productivity. The measures further intend to improve domestic revenue mobilisation and tax administration, including those from the forest and beekeeping sectors. The Act amended other written laws to enhance the collection and management of public revenues, foster an inclusive business environment, and support the forest and beekeeping sectors.
- p) **National Forest Landscape Restoration Strategy 2023 - 2033:** The Strategy highlights the development of forest landscape restoration initiative opportunities aimed at strengthening rural economies, enhancing production and market systems, and meeting the aspirations of sustainable development and landscape restoration. The strategy promotes diversified restoration interventions, strategically placed within the landscape context to reflect the intersectoral nature of restoration. This approach enhances opportunities for social trust-building and stimulates economic investment in restoration initiatives. As a comprehensive restoration strategy, it ensures that the spatial allocation of different restoration activities is complementary. This encourages practitioners to adopt a diversity of approaches, aligning ecological, social, and economic priorities to reinforce resilience and long-term sustainability.
- q) **National Mangrove Management and Development Strategy 2025 - 2035:** This strategy provides a framework to mainstream mangrove conservation, coordinate decision-making, and ensure long-term sustainability of mangrove ecosystems. It promotes sustainable management, conservation, and restoration to enhance ecological integrity and socio-economic benefits. The strategy outlines a clear vision, mission, strategic objectives, and actions that balance conservation efforts with sustainable use equitably and sustainably. This strategy is helpful in spearheading the country's efforts to achieve various conservation and ecosystem restoration targets, poverty alleviation, food security, and climate resilience, as committed to regional and global frameworks.

- r) **International Agreements and Conventions:** Tanzania is a signatory to several international agreements and conventions that promote environmental protection, sustainable development, and responsible forest management. These frameworks shape the country's domestic policies, strategies, and legal instruments. These include the Rio Conventions, the Convention on Biological Diversity (CBD), the United Nations convention to combat Desertification (UNCCD) and the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Sustainable Development Goals (SDGs - Goal 15), International Tropical Timber Agreement (ITTA), CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora), the African Forest Landscape Restoration Initiative (AFR100) and Memorandum of Understanding between Tanzania Forest Services Agency (TFS) and Saint Petersburg State Forest Technical University (SPBSFTU) collaboration on training, research and use of advanced technologies to support forest conservation and management in Tanzania.

2.1.4 The industry/industries in which the entity operates

TFS operates across the forestry and beekeeping sectors, encompassing multiple interconnected industries aligned with sustainable natural resource management. Its focus is on ensuring the sustainable management of Tanzania's forests and beekeeping. The agency's effectiveness is often evaluated based on its ability to enforce regulations, prevent illegal logging, promote sustainable practices, and protect forested areas from degradation and beekeeping. For example, TFS is involved in regulating timber harvesting, processing, and trade. The agency aims to ensure that timber extraction is sustainable to prevent deforestation and environmental degradation. The timber sector depends on permits and regulations related to logging and timber trade issued by the Government through the TFS.

Apart from the timber trade, TFS also supports the sustainable use of non-timber forest products, such as fruits, resins, medicinal plants, and honey, as well as the planting and sale of Rhodes grass. These products often have local and regional markets where they contribute to the livelihoods of forest-dependent communities. When it comes to beekeeping and honey production, major markets can include both local and international markets. The quality and authenticity of honey can affect a beekeeping establishment's competitive position in the local market. The presence of these activities has significantly reduced the country's dependence on unsustainable forest use. Tanzania has the potential to export honey and other bee products to international markets. Honey is in high demand in various countries, especially those where consumers value organic and natural products. Competitive position in global markets can be affected by factors such as honey quality, certification standards, packaging and price. To compete effectively in the domestic and international markets, TFS's beekeeping operations adhere to quality and certification standards. Organic certification, fair trade certification, and compliance with global food safety standards can enhance the competitive position of Tanzanian honey and bee products. In addition to raw honey, TFS is working to add value-added products, such as beeswax, royal jelly, and propellants, to increase the potential of the domestic and export markets. Producing a variety of bee-derived products can generate multiple revenue streams and improve the competitive position of the beekeeping entities.

TFS has increased its focus on managing natural forest reserves, which are a significant draw for ecotourism. TFS is responsible for managing these areas to promote tourism and increase income from tourism activities. There is a substantial increase in the number of tourists visiting natural forest reserves across the country. Statistics show that in the financial year 2024/25, a total of 346,394 tourists visited areas with ecotourism attractions.

TFS is also increasing its efforts to engage in Carbon Trading and Climate Change Mitigation in sustainable forest management and conservation, which could lead to participation in carbon trading markets. By June 2025, TFS had recorded 50 companies interested in developing carbon projects in TFS-managed forest reserves.

2.1.5 Main products, services, customers, business processes and distribution methods

TFS is primarily focused on protecting and managing natural forests and bee resources. In addition, it manages and establishes new forest and bee reserves. TFS also establishes bee farms to engage in commercial beekeeping activities. TFS strives to improve the quality standards of forests, tree seeds, and bee products to meet the needs within the value chain appropriately. The Agency is actively involved in the management of forest farms and is committed to increasing its institutional capacity to deliver its services effectively. This is best achieved by working closely with relevant stakeholders. These joint efforts aim to ensure an adequate supply of high-quality products and services that meet the needs of both internal and external stakeholders, as well as socio-economic and environmental demands.

It's important to note that the sustainable management of Tanzania's forests is critical to maintain their ecological balance, preserve biodiversity, and ensure the continued availability of forest resources, including:

- a) **Logs:** TFS produces various types of logs for timber from its forests, including hardwoods like teak and eucalyptus, as well as softwoods like pine and used by domestic and international industries for construction, furniture manufacturing, crafts and for export, such as teak.
- b) **Non-Timber Forest Products (NTFPs):** NTFPs, including a range of products derived from forests other than wood, such as fruits, nuts, mushrooms, medicinal plants, resins, and honey, provide livelihood opportunities for many local communities, contributing to their subsistence and income generation. Local communities might directly sell NTFPs and other forest products to nearby markets or buyers.
- c) **Tree seeds:** Tanzania requires 440 million seedlings, equivalent to 40 tons of seeds per year. TFS has four tree seed production stations in Morogoro, Lushoto, Iringa, and Shinyanga. These stations, among other functions, sustainably produce, procure, and market high-quality tree seeds and other propagating materials to meet end-user needs. Seed quality directly affects tree growth and the success of tree-planting activities. The success of forest plantations relies on quality tree seed that ensures strong germination, rapid growth, high survival, greater yields, resilience to pests and harsh conditions, and lasting economic and ecological benefits.

- d) **Fuel wood and Charcoal:** Around 90% of household energy needs are met by biomass fuels, specifically firewood and charcoal. Fuel wood and charcoal reach consumers through local markets, many of which are located near forest areas.
- e) **Pulp and Paper:** Some tree species are cultivated specifically for their use in the paper and pulp industry. For example, Mufindi Paper Mill is one of the giant forest-based industries that logs and processes wood from São Hill forests.
- f) **Bamboo:** Bamboo in Tanzania covers a total area of approximately 1,025,000 hectares. These materials are harvested and processed into various products, including furniture, mats, basketry, fencing, and construction materials.
- g) **Biodiversity Conservation:** The remaining conserved forests by TFS are rich in biodiversity and are placed among the 36 global biodiversity hotspots. Therefore, they play a crucial role in conserving the country's biodiversity, including various plant and animal species. These also support Carbon Sequestration by acting as carbon sinks, helping to mitigate climate change by absorbing and storing carbon dioxide from the atmosphere.
- h) **Water Regulation:** Several forest areas across the country play key roles in regulating water flow, supporting watersheds, and protecting communities from soil erosion. For example, the Ruvu River, which supplies water to Morogoro, Coast, and Dar es Salaam, flows from the Uluguru Nature Forest Reserve; the Zigi River, which supplies water to Tanga, flows from the Amani Nature Forest Reserve. Water flowing from the forest reserves also accounts for about 80% to 90% of the country's hydroelectric power.
- i) **Recreation and Tourism:** Forests are often a destination for ecotourism and recreational activities, attracting both domestic and international tourists. For example, 346,394 tourists were recorded during the 2024/25 season visiting nature forest reserves across the country.
- j) **Business Processes:** Timber is harvested from natural forests and plantations through logging operations involving individuals and private companies. Similarly, bee products, including honey, are produced by bee colonies across different bee farms.
- k) **Charcoal Production** involves converting wood into charcoal through pyrolysis. More than 80% of the urban and peri-urban population in Tanzania depends on charcoal as their primary cooking fuel. This charcoal is mainly supplied from natural forests, such as Miombo woodlands.

2.1.6 Structure of the entity's operation and its economic model, including an overview of the main operating facilities and their location

TFS's economic model combines funding sources, including government allocations, grants, international partnerships, and revenue from sustainable forestry and beekeeping activities, such as log harvesting and the production of non-timber forest products like honey and beeswax. The agency also engages in ecotourism activities and other projects that promote sustainable forest use while generating income.

Therefore, the Agency's operating model encompasses the process of converting inputs into outputs and outcomes through its operational activities. This model is designed to achieve the Agency's strategic objectives and generate value across various time horizons, including the short-, medium-, and long-term. Thus, the TFS operating model is achieved through a comprehensive set of multiple resources, including:

a) Financial Resources

Financial resources refer to the funds an organisation acquires from various sources to support its operations and growth. These sources include internal funding, such as funds generated from the organisation's activities, and external funding, such as grants or subsidies provided by the government for staff salaries. Financial capital can also be derived from donor-funded projects, in which external entities offer financial support for specific initiatives. TFS utilises internally generated revenues to fund the management of forest and bee resources. To successfully manage forest and bee resources, it is crucial to have access to significant and enduring financial resources. Consequently, TFS remains focused on securing funding from development partners to support its development activities while also aiming to generate revenue from unexplored opportunities in eco-cultural tourism, bee products, non-wood forest products, and additional services. The existing revenue streams consist of royalties from the sale of standing trees in forest plantations and natural forests, and income from the sale of seeds, seedlings, propagating materials, and resin tapping. Furthermore, revenue is generated from the sale of honey and beeswax, as well as various service fees.

b) Human resources

Human resources play a crucial role in an organisation's overall functioning and success. Having a highly skilled and efficient workforce is of utmost importance for any organisation to drive optimal productivity and deliver high-quality outcomes. For TFS to meet its financial obligations effectively, it requires the presence of various professionals and technical staff. The Agency has successfully recruited and retained a highly skilled, competent workforce, which is crucial to ensuring high-quality services. The employees demonstrate high levels of motivation and consistently fulfil their responsibilities with a strong commitment to ethical conduct.

c) Intellectual resources

TFS has successfully implemented an integrated business process in ICT, resulting in improved operational efficiency, enhanced regulatory compliance, and increased overall productivity. The organisation has implemented its Integrated Management Information System (IMIS), comprising eight core modules. The financial analyst has identified several key information

management systems and tools utilised in the forestry industry. These include the Plantation Information Management System (PMIS), Forest Resources Management Information System (FREMIS), Honey Traceability System, Forest Assets Management Information System (FAMIS), Tree Seeds Information Management System (Seed MIS), Planning and Budgeting System (PBS), e-Auction System, and Vehicle and Vessels Management System. In addition to these, the Agency has deployed the TFS Mobile Application and the Tourism Portal to improve customer engagement and service delivery, as well as the e-Misitu Mobile Application, which enables self-service of tourism applications such as permit requests, bookings, and payments. Collectively, these systems and tools play a crucial role in managing and optimising various aspects of the forestry business, including plantation management, resource allocation, traceability, asset management, seed information, planning and budgeting, auction processes, tourism services, and vehicle and vessel management. Their implementation has significantly enhanced the Agency's performance, efficiency, and accessibility in recent years.

d) Social and relationship resources

In carrying out its operations, TFS has successfully fostered an ethical and transparent partnership with various stakeholders, including government Ministries, training institutions, forest and beekeeping product vendors, non-governmental organisations, forest adjacent communities, policymakers, and the wider society. The Agency helps various local communities near forest reserves to enhance their involvement and gather support for the management of forest and bee resources. TFS engages in several income-generating activities, such as tree planting and beekeeping, to generate additional revenue streams. Furthermore, community development initiatives, such as the construction of health care facilities, education centres, and water systems, receive support in the form of various construction materials, school desks, beehives, and other resources.

e) Natural resources

TFS oversees the management of natural capital, specifically inherited and biological assets, which encompasses a total area of 14,256,133.03 hectares across 465 National Forest Reserves (FRs). Most forest reserve areas, approximately 73 per cent, are in the Western, Eastern, Southern, and Southern Highland Zones. In terms of the Forest Reserves (FRs), there are a total of 25 Nature Forest Reserves (NFRs) encompassing an extensive area of 962,480.19 hectares and 14 Bee Reserves covering 34,695.95 hectares. Additionally, we have Mangrove Forests spanning across 158,000 hectares and about 2 million hectares of forest general land. Also, the agency owns 118 tree seed sources covering 719.59 Ha, including 284.6 Ha established through collaboration with other stakeholders.

f) Operating Activities

The Agency effectively executes various initiatives to transform inputs into high-quality service delivery, as outlined in Appendix 1.

2.1.7 Effectiveness and efficient utilisation of resources

Effectively and efficiently utilising forest resources within public sector entities in Tanzania requires a comprehensive approach that balances economic, social, and environmental factors.

These strategies enhance the effectiveness and efficiency of forest resource utilisation while safeguarding the long-term ecological, social, and economic benefits that forests provide. The strategy to ensure the effective and efficient utilisation of forest resources covers the following issues:

- a) **Sustainable Forest Management (SFM):** Implement and enforce sustainable forest management practices to ensure that resources are used to maintain the health of the forest ecosystems, preserve biodiversity, and support long-term economic benefits.
- b) **Well-defined Policies and Regulations:** TFS enforces laws, regulations, and policies related to forest resource utilisation. These regulations cover logging practices, land-use planning, and conservation efforts.
- c) **Monitoring and Enforcement:** Establish robust monitoring systems to track the extraction, utilisation of forest resources and implementation of agency functions. Implement strict enforcement mechanisms to prevent illegal logging and unsustainable forest practices.
- d) **Community Engagement:** Involve local communities in decision-making processes regarding forest resource utilisation. Engage them in co-management and benefit-sharing arrangements to ensure their needs are considered and their livelihoods are supported.
- e) **Research and Data Collection:** TFS invests in research to understand the ecological and economic dynamics of forest resources. It collects data on forest health, species diversity, and resource availability (forest inventory) to inform management decisions.
- f) **Value Addition and Processing:** TFS encourages value addition to forest products, including beekeeping, through processing and manufacturing. This can create higher-value products and generate more revenue, contributing to local economies.
- g) **Economic Diversification:** The Agency Promote economic diversification in forest-dependent communities to reduce their overreliance on forest resources. This involves developing alternative livelihoods and industries, such as beekeeping and ecotourism.
- h) **Training and Capacity Building:** TFS trains forest managers, staff, and local communities on sustainable forest management practices, conservation techniques, and value chain development.
- i) **Public-private partnerships (PPPs):** Collaborate with private sector entities to make responsible and sustainable investments in forest resource utilisation. PPPs bring a wide range of benefits when structured and managed effectively. PPPs can offer expertise, innovation and access to capital.

- j) **Forest Restoration and Reforestation:** Invest in forest restoration and reforestation efforts to replenish depleted resources and improve ecosystem health. This can help mitigate the impacts of resource extraction.
- k) **Ecosystem Services Valuation:** Assess and quantify the ecosystem services provided by forests, such as carbon sequestration, water regulation, and biodiversity conservation. This information can guide decision-making and highlight the value of forests beyond direct resource extraction.
- l) **Green Technologies and Practices:** Promote the use of green technologies and practices in forest-related industries to minimise environmental impacts and improve efficiency. These include renewable green energy technologies (biogas, LPG, Solar Energy), resilience to deterioration of forest systems, biodiversity conservation, and safe use and handling of modern biotechnology.
- m) **International Cooperation:** TFS collaborates with international organisations such as FAO, UNDP, AFD and neighbouring countries to share experiences, best practices, and resources for sustainable forest management.
- n) **Public Awareness, Extension and Education:** Raising public awareness about the importance of forests, sustainable resource management, and the consequences of overexploitation. Education fosters a sense of stewardship among citizens.

2.1.8 Macro and microeconomic conditions (such as economic stability, globalisation, and industry trends)

The forest and beekeeping sector significantly impacts the expansion of the national economy and the well-being of individuals. The Gross Value Added (GVA) generated by economic activities in the forest sector is estimated at approximately TZS 4.65 trillion. This substantial figure represents a noteworthy 3.3% of the nation's Gross Domestic Product (GDP). The industry exhibits a diverse range of goods and services, catering to both the domestic economy and the broader societal landscape. The assets above encompass timber, wood fuel, sustenance, fodder, and medicinal resources. In contrast, the services rendered include watershed management, shelter provision, employment opportunities, recreational amenities, wildlife habitats, and carbon sequestration. The forest sector plays a pivotal role in fostering the expansion of small and medium-sized wood-based enterprises in both rural and urban regions, thereby bolstering export revenues and fiscal gains. The sector is estimated to employ approximately 2 million people across the entire value chain. About 6% of rural households engage in beekeeping.

2.1.9 Market forces (such as the relative strengths and weaknesses of competitors and customer demand)

The diverse forests in Tanzania, which contain valuable timber species, provide a competitive advantage in producing unique, sought-after wood products. As the Tanzanian economy continues to grow, it drives increased demand for construction and other wood-based products,

positively impacting the forest market. Therefore, various regulatory and policy changes have influenced forest market dynamics over the years. These changes have aimed to address environmental conservation, sustainable resource management, community livelihoods, and economic development. Domestic demand for timber and wood products is essential in various sectors within Tanzania, including construction, furniture production, and paper manufacturing.

Economic growth and urbanisation influence the demand for these products. Export demand for timber and wood products to international markets is influenced by factors such as global economic conditions, trade agreements, and environmental regulations in importing countries. Private companies involved in logging and timber production also play a role in the market and are influenced by access to resources, technological capabilities, and market demand.

However, illegal logging has been a challenge in Tanzania, resulting in environmental degradation, revenue losses, and market distortions. Combating illegal logging is necessary to ensure a sustainable and legal market. Similarly, weak infrastructure and limited technological capabilities in the forestry sector can hamper efficiency and market competitiveness. Increasing awareness of environmental sustainability can affect market dynamics, as consumers and international markets may demand products sourced from well-managed, sustainably managed forests. Also, in construction, wood products face competition from alternative materials, such as steel and concrete, which can affect demand.

2.1.10 The speed and effect of technological change

Technological advancements have the potential to influence forest management and conservation efforts significantly. TFS has successfully integrated technological advancements into its operational and strategic plans, thus enhancing its overall efficiency and effectiveness. The Agency continues to adapt to information, communication, and value-added technologies to improve the production of quality goods and services.

- a) **Data Collection and Monitoring:** Technological tools such as remote sensing satellites, drones, and sensors on the ground have been used to collect accurate and up-to-date information about forest cover, biodiversity, and ecological changes. This data helps the Agency make informed decisions about resource allocation and protection strategies and identify trends, potential risks, and areas requiring intervention.
- b) **GIS and Mapping:** Geographic Information Systems (GIS) allow for better mapping and analysis of forested areas. GIS technology has been used to identify deforestation hotspots, plan reforestation, assess the impact of logging on the ecosystem, and map forest reserve boundaries.
- c) **Forest Fire Management:** Technologies like fire detection systems using satellite imagery assisted the Agency in identifying and responding to forest fires more efficiently. This led to quicker containment and reduced damage in both Natural and Plantation forests.

- d) **Forest Ecosystem Modelling:** Computer simulations and modelling tools helped the Agency to understand how different interventions impacted the forest ecosystem over time. This informed decision-making and enabled the design of sustainable forest management plans, primarily through advanced modelling and simulation tools that helped TFS anticipate the impact of climate change on forests. This information guided adaptation strategies to ensure these ecosystems' long-term health and resilience, and to identify suitable sites for establishing forest plantations and for forest restoration.
- e) **Public Engagement:** TFS actively engages with the public and raises awareness about forest conservation efforts through education programmes, social media, websites, and online platforms. It disseminated information, shared success stories, and solicited stakeholder input.
- f) **Collaboration and Communication:** TFS increasingly adopted digital communication tools to enhance collaboration both internally among staff and externally with stakeholders such as local communities, District and regional forest officers, Academic and research institutions, Civil society organisations, and Development partners, private sector actors. These included Virtual Meetings and Training, TFS Website and Online Portals, Mobile Platforms and Online Dashboards, which improved coordination and information sharing.
- g) **Mobile Apps and Field Data Collection:** TFS has been leveraging mobile applications and digital tools for field data collection to improve forest management, monitoring, and stakeholder collaboration. Mobile applications and digital tools have been used to simplify field data collection processes during forest inventory and mapping, Tree planting tracking, Fire surveillance and Illegal logging detection. Field personnel used smartphones and tablets to gather information on tree species, sizes, health, and other relevant parameters. These data were immediately integrated into databases and analysed in real time, improving the accuracy and efficiency of forest assessments.
- h) **Management Information System (MIS):** TFS uses a computerised system to gather, store, process, and present information to support managerial decision-making and operations. MIS systems are often used to improve efficiency, productivity, and overall organisational decision-making. Most of the operations are being carried out within the MIS, including integrated Human Resource Information Management systems (IHRMIS); Integrated Financial Management System (IFMS - MUSE); Revenue Collection Systems using the Government electronic Payment Gateway (GePG), Tourism Portal and MNRT portal; the Planning, Budgeting and Procurement Management System (PBPS); Plantation Management Information System (PMIS); Forest Resources Management Information System (FREMIS), Honey Traceability System, Forest Assets Management Information System (FAMIS), Tree Seeds Information Management System (Seed MIS), e-Auction System, and Vehicle and Vessels Management System. In addition, the Agency has deployed the TFS Mobile Application and the Tourism Portal to improve customer engagement and service delivery, as well as the e-Misitu Mobile Application, which

enables self-service for tourism applications such as permit requests, bookings, and payments.

- i) **Challenges and Considerations:** While technological advancements offer immense potential for change to TFS, there are also challenges to consider, such as data privacy and security concerns, high cost and poor connectivity, which require appropriate training, ensuring reliable internet and power in field contexts. Moreover, technology adoption should be accompanied by strong policies, regulations, and ethical guidelines to ensure the responsible and sustainable use of these tools for conservation purposes, as well as by sustainable funding to acquire and maintain the technology.

2.1.11 Societal issues (such as population and demographic changes, human rights, health, poverty, collective values, and educational systems)

TFS is mandated to manage and conserve forest resources, which intersect with various societal issues. A holistic approach to forest management has considered population dynamics, human rights, health considerations, poverty alleviation, collective values, and educational systems to ensure that forests are conserved and utilised in ways that benefit both the environment and society. Therefore, forest conservation activities are intricately linked with various societal issues, including.

- a) **Population and Demographic Changes:** population growth and demographic changes influence the demand for resources, including forest products, agricultural land, and housing. For example, according to the most recent census data, Tanzania's population has reached 61.7 million, reflecting a notable 37.5% increase from the 2012 census. Rapid population growth can significantly increase pressure on forests for deforestation for Agriculture and Settlement, as well as for higher demand for fuelwood and Forest Products. As the population grows, the need for agricultural land drives deforestation as forests are cleared for farming and settlement. Population growth also affects local communities' reliance on forests for their livelihoods, thereby impacting both the supply and demand for forest products. Therefore, TFS has responded to these changes by adopting approaches such as the Taungya system, which involves growing short-term crops in the early years of a woody perennial plantation to utilise the land. Also, the agency promotes beekeeping as a sustainable livelihood by distributing modern beehives to encourage youth and women's participation in conservation activities. Additionally, TFS runs large-scale seedling campaigns, distributing millions of seedlings to communities, schools, and institutions.
- b) **Human Rights:** the rights of local communities residing adjacent to forest areas are an essential consideration. These communities often have strong cultural and historical connections to forests, and their rights to access and use forest resources are protected. TFS's activities align with international guidelines on the rights of local people and their participation, ensuring that their perspectives are considered in forest management decisions.

- c) **Health:** Forests are indispensable to human health as they provide natural resources, such as food, fibre, and fuel, that support people's health and livelihoods. Forests provide several environmental, social, and economic benefits that directly and indirectly impact human health. They also filter air, regulate water cycles, and help mitigate the hazardous effects of climate change by sequestering carbon. Forests reduce risks of chronic respiratory diseases and mental health issues, resulting in better, longer, and more equitable health outcomes. Therefore, preventing forest loss and degradation is TFS's most cost-effective means of minimising infectious disease outbreaks. Forests are rich in medicinal plants, many of which are used in traditional medicine. Furthermore, Forests provide spaces for recreation and exercise, such as hiking and nature walks, which benefit both physical and mental health. For example, people in towns and cities visit nature forest reserves such as Pugu-Kazimzumbwi, Vikindu, Magamba, and Amani
- d) **Poverty:** Poverty and reliance on subsistence agriculture can lead to overexploitation of forest resources, exacerbating deforestation and degradation. TFS's sustainable forest management strategies aim to reduce poverty by ensuring that forest resources benefit both present and future generations.
- e) **Collective Values:** forests hold cultural and spiritual significance for many communities, serving as sites for rituals, ceremonies, and cultural practices. TFS's management efforts should consider these collective values, preserving the cultural heritage of local communities while promoting sustainable use of forest resources.
- f) **Educational Systems:** Education and awareness about the importance of forests and sustainable resource management are crucial for the long-term success of TFS's initiatives. Integrating environmental education into the national curriculum will further help foster a sense of responsibility among younger generations and promote sustainable behaviours.

2.1.12 Environmental challenges (such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached)

Like many other countries, Tanzania faces a range of environmental challenges that have significant implications for its forests and ecosystems. TFS plays a crucial role in managing these challenges and ensuring the sustainable use and conservation of the country's forest resources.

- a) **Climate Change:** Forests play a crucial role in addressing climate change, and TFS has initiatives and strategies in place to address the impact of climate change on forests in the country, including restoration of the degraded forestland, expansion of plantation forest to increase forest base and minimise use of natural forests. However, it is essential to note that tackling the impacts of climate change on forests requires a multi-faceted approach involving collaboration between government ministries, local communities, NGOs, and international organisations. As the climate situation evolves,

TFS continuously adapts strategies to ensure the resilience and sustainability of its forests.

- b) **Loss of Ecosystems:** One of the significant challenges that TFS and the country, as a whole, face is the loss of ecosystems, particularly in the context of deforestation and environmental degradation. Deforestation is a pressing issue in Tanzania, driven by factors including agricultural expansion, logging, infrastructure development, and urbanisation. These activities often result in the clearance of forests, leading to the loss of diverse ecosystems and their associated benefits. TFS is addressing these challenges through initiatives such as reforestation, afforestation, community-based conservation, and sustainable forest management practices. International partnerships and agreements, such as those related to climate change and biodiversity conservation, also support Tanzania's efforts to combat ecosystem loss and promote sustainable development.
- c) **Resource Shortages:** As planetary limits are approached, there's a growing concern about resource shortages, including water, clean air, and fertile soil. Forests play a vital role in maintaining these resources by regulating water cycles, improving air quality, and preventing soil erosion.

Therefore, TFS plays a critical role in addressing these challenges through strategies such as sustainable forest management, conservation efforts, community engagement, law enforcement, and the promotion of alternative livelihoods. Collaborative efforts involving government ministries, local communities, non-governmental organisations, and international partners are essential for tackling these complex and interconnected issues.

2.1.13 The political environment (including other issues that may affect the ability of the organisation to implement its strategy)

The political climate has shaped policies related to forest resource management, environmental protection, and sustainable development. Tanzania has successfully upheld a remarkable state of political stability and tranquillity ever since its momentous attainment of independence. The robust political stability of our nation and our formidable institutional arrangements offer a noteworthy opportunity for TFS to effectively oversee and manage our invaluable forest and bee resources. Therefore, issues considered that might affect TFS's ability to implement strategy include:

- a) **Policy and Regulation Changes:** Changes in government leadership or policies could lead to shifts in priorities, regulations, and funding allocations for forest management and conservation. Alterations to existing laws or the introduction of new regulations could impact TFS's strategies and operations.
- b) **Resource Allocation:** political decisions about budget allocation can directly affect TFS's ability to carry out its strategies effectively. Adequate funding is crucial for

implementing conservation efforts, promoting sustainable forest management practices, and addressing illegal logging and deforestation.

- c) **Land Tenure and Land Use Conflicts:** Political decisions about land ownership and land use can affect forest management. Conflicts over land tenure and land-use rights can affect TFS's ability to manage and protect forests, primarily when local communities and conservation interests compete for access to resources.
- d) **International Agreements and Donor Funding:** International agreements related to forest protection and sustainable development can influence TFS's strategies. Funding from international donors for conservation projects could be affected by political changes or shifts in foreign policy priorities.
- e) **Local Engagement and Participation:** The political environment can impact the level of support and cooperation TFS receives from local communities. Political decisions can also affect policies that promote community engagement and participation in forest management.
- f) **Decision-Making Processes:** Political interference or administrative challenges might slow down the implementation of TFS strategies.
- g) **Public Awareness and Advocacy:** Political leadership shapes public awareness and attitudes toward conservation and environmental issues. Support from political leaders can influence the success of public awareness campaigns and advocacy efforts.
- h) **Infrastructure Development:** Political decisions related to infrastructure development, such as roads, mining, and agriculture expansion, can encroach on forest areas. Balancing economic development goals with conservation objectives can be challenging and may affect TFS's ability to implement its strategies.
- i) **Conflict and Instability:** Political instability and conflict in the adjacent countries can disrupt TFS's operations, hinder monitoring and enforcement efforts, and create challenges for community engagement.

2.1.14 Compliance with Laws and Regulations

Ensuring compliance with laws and regulations is a crucial aspect of the TFS mandate, as it helps promote sustainable forest management, biodiversity conservation, and environmental protection. Some key issues related to TFS's compliance with laws and regulations include:

- a) **Legal Framework:** TFS operates within the legal framework of Tanzania's forest laws and regulations, which include the Forest Act, Forest Regulations, and other relevant legislation. These laws outline TFS's responsibilities and powers in managing and conserving forest resources.

- b) **Enforcement:** TFS plays a pivotal role in enforcing forest laws and regulations. This involves monitoring and conducting patrols in forests to prevent illegal activities such as illegal logging and forest encroachment. TFS staff, often in collaboration with law enforcement agencies, conduct inspections and investigations to identify and prosecute violators.
- c) **Permitting and Licensing:** TFS is responsible for issuing various permits and licenses related to forestry activities, such as logging permits and licenses for non-timber forest products. This ensures that these activities are carried out, regulated, and sustainable.
- d) **Community Engagement:** TFS often collaborates with local communities that live in or near forested areas. This engagement is essential to promoting compliance, as it fosters a sense of ownership and responsibility among residents. Involving communities in decision-making processes can lead to better adherence to regulations.
- e) **Education and Awareness:** TFS conducts education and awareness campaigns to inform the public about forest laws and regulations and the importance of sustainable forest management. This helps build understanding and support for compliance efforts.
- f) **Collaboration:** TFS collaborates with other government agencies, non-governmental organisations, and international partners to strengthen its capacity for compliance and enforcement. This can involve sharing information, resources, and expertise.
- g) **Penalties and Sanctions:** TFS can impose penalties and sanctions on individuals or entities violating forest laws. These penalties include fines, the confiscation of illegal products, and legal action.
- h) **Transparency:** Transparent reporting on enforcement actions, compliance rates, and progress in achieving conservation goals helps maintain accountability and build trust among stakeholders.
- i) **Data Management:** Effective compliance relies on accurate data collection and analysis. TFS has a system in place to gather and analyse data on forest activities, violations, enforcement actions, and their outcomes.
- j) **Challenges:** Despite efforts to ensure compliance, challenges such as limited resources, inadequate staffing, poor infrastructure, and low public awareness continue to hinder effective implementation and enforcement of forest conservation policies. Addressing these challenges requires a cross-cutting approach involving legal reforms, institutional capacity-building, infrastructure investment, and targeted public awareness campaigns. Strengthening institutional collaboration and promoting community participation are also crucial to ensuring sustainable forest management and long-term environmental protection.

Overall, TFS's adherence to laws and regulations is crucial for safeguarding Tanzania's valuable forest resources, advancing sustainable development, and contributing to global efforts in biodiversity conservation and climate change mitigation.

2.1.15 Service Performance Information

Objective of the Agency

a) Mandate and Functions of the Agency

TFS was established in 2010 through the Executive Agencies Act, Cap 245, and is mandated to manage national forest and bee reserves, forests on general land, and tree seed sources.

The functions of TFS are;

- * Establishing and managing national natural forest and bee reserves;
- * Establishing and managing national forest plantations and apiaries;
- * Managing forest and bee resources in general land;
- * Enforcing forest and beekeeping legislation in areas of TFS jurisdiction;
- * Providing forest and beekeeping extension services in areas of TFS jurisdiction;
- * Collecting forest and beekeeping revenues;
- * Marketing forest and bee products and services;
- * Providing high-quality tree seed and other propagating materials for different end uses;
- * Conducting training to the public, private individuals or institutions in the principles, procedures and techniques of nursery establishment and management, safe tree climbing, temporary seed storage and gene resource conservation;
- * Providing consultancy in matters related to the practice of tree seed management and environmental conservation, including landscaping, rehabilitation/ re-vegetation of degraded land;
- * Preparing certificate of origin of seed supplied to all export and major domestic customers; and
- * Managing, improving, and developing the antiquities stations.

b) Strategies for Achieving Objectives

TFS implemented the fourth year of its Third Strategic Plan, which covers 2021/22 - 2025/26. The Agency's primary goal is 'To enhance the contribution of forest and bee resources to environmental sustainability and the national economy'. The Agency has the following eight strategic objectives as stipulated in the Strategic Plan;

- i. Intervention and Prevention of HIV/AIDS and Non-Communicable Diseases Programs at the workplace strengthened
- ii. Internalisation of the National Anti-Corruption Strategy Enhanced
- iii. Natural Forest resources and ecosystems improved;
- iv. Beekeeping and bee resources improved;
- v. Quality forest and bee products enhanced;

- vi. Ecological and cultural tourism services improved;
- vii. Forest Plantations, tree seeds and propagating materials improved; and Institutional capacity to deliver services enhanced
- viii. Institutional Capacity to Deliver Services Enhanced

c) Result Framework

The Agency will track and measure progress and achievements against planned objectives through the Result Framework outlined in Appendix 2.

2.1.16 STAKEHOLDERS' RELATIONSHIP

Tanzania Forest Services Agency is dedicated to delivering quality products and services that meet the needs of its stakeholders. The identified key stakeholders were mainly analysed and categorised as internal and external to TFS. The results of an analysis of key stakeholders, including their expectations and contributions, are shown in Table 1. In attaining its mandates on the conservation of forests and bee resources in the country, TFS collaborated with these stakeholders to implement Strategic Plan III (2021/22 - 2025/26) through the TFS Business Plan from July 2024 to June 2025.

Table 1: Stakeholder Relationship

SN	Stakeholder	Service offered	Expectations from TFS	Contribution to TFS
1	MNRT	(i) Forest and bee resources information (ii) Implementation reports	i. Quality and timely submission of reports ii. Timely and proper handling of public complaints iii. Timely preparation of parliamentary answers iv. Effective and efficient law enforcement v. Proper management of forest and bee resources vi. Implementation of Strategic Development Programmes	i) Overseeing the Agency's execution of its functions ii) Overseer and regulator of sector policies and guidelines iii) Technical support/Advice
2	Ministry of Finance, President's Office, Planning and Investment, and Treasury Registrar Office	i) Collection of Government Revenues ii) Preparation of Plans and Budget iii) Preparation of reports	i. Timely preparation of budgets ii. Timely submission of financial and physical reports iii. Compliance with National policies and legislations iv. Timely remittance of funds according to the Financial Act	i) Budget guidelines ii) Decision-making on revenue collection
3	Other Government Ministries, Departments and Agencies (MDAs)	i) Identification of emerging policy issues ii) Provision of technical support iii) Provision of information on forest	i. Compliance with national policies, programmes and legislations ii. Timely and reliable technical support, guidance and advice iii. Timely provision of	i) Policies, Guidelines and regulations on crosscutting issues

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TANZANIA FOREST SERVICES AGENCY (TFS)

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SN	Stakeholder	Service offered	Expectations from TFS	Contribution to TFS
		and bee resources	information on forest and bee resources. iv. Coordination and collaboration in conservation v. Advocate sustainable management and utilisation of forest and bee products.	
4	Local Government	i) Sustainable management of forest and bee resources; ii) Provision of technical guidance iii) Provision of information on forest and bee resources	i. Reliable technical guidance and advices ii. Collaboration and sustainable partnership iii. Increased forest-related revenue iv. Provision of forest and beekeeping information v. Mainstreamed forest and bee resources management	i) Source of reliable information on natural resources ii) Partnership in the management and utilisation of forest and bee resources
5	Local Communities	i) Provision of extension and technical services ii) Provision and support alternative IGAs iii) Provision of quality forest and bee products. iv) Provision and support training in tree seed handling and tree nursery management	i) Mainstreamed Forest and bee resources management ii) Adequate Forest and beekeeping extension services iii) Fair Cost and benefit sharing in resource management and use iv) Reliable Support on development projects and IGAs v) Availability of quality tree seeds vi) Timely dissemination of appropriate seed guidelines and manuals	i) Labour force ii) Partners in forest and beekeeping management iii) Consumption of products from forests, bees and sites for ecotourism
6	Forest and Bee-Based Industries	i) Allocation of raw materials ii) Technical support and guidance iii) Market information iv) Promotion of investments v) Information	i) Reliable and timely supply of enough quality raw materials ii) Established Public-Private Partnership (PPP) iii) Timely issuing of permits and sanitary certificates iv) Prompt technical advice and reliable information on Pricing v) Clear procedures for license application vi) Assured quality standards of products and services	i) Buyers of raw materials, ii) Users of forest and bee products iii) Support a sustainable supply of forest and bee products
7	Research institutions and Academia	i) Research agenda ii) Financing a demand-driven research agenda iii) Partnership in a tree improvement program iv) Access to research sites/material	i) Prompt response and access to information; ii) Feedback from research findings iii) Collaboration in tree improvement and conservation programmes vii) Timely issuance of research	i) Technical support ii) Knowledge and skills iii) Partnership in establishing and managing forest and bee resources, seed sources and ecotourism sites

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SN	Stakeholder	Service offered	Expectations from TFS	Contribution to TFS
			permits	
8	Traders of forest and bee products;	i) Quality Forest and bee products ii) Technical guidelines iii) Extension services iv) Market information v) Permits /Certificates	i) Timely issuance of permits and certificates ii) Prompt technical advice iii) Reliable information on the availability of raw materials, prices and markets of their products iv) Realistic/ Fair Forest and bee products fees and royalty v) Clear procedures for license application vi) Assured quality standards of products and services	i) Users of forest and bee products, ecotourism and tree seeds ii) Increased sales of products from forest and bee resources, tree seeds and ecotourism
9	TFS Staff	i) Career/ Skills development; ii) Remuneration packages iii) Working facilities iv) Working Procedures and Guidelines	i) Conducive working environment (facilities, institutional setup) ii) Provision of attractive remuneration iii) Job security iv) Recognition	i) Key players in executing TFS roles ii) Expertise iii) Work force
10	Development Partners (DPs), International organisations, and regional bodies	i) Forest and bee resources information ii) Partnership	i) good governance of forest, beekeeping and antiquities resources ii) Compliance with international obligations and commitments iii) Timely and accurate information	i) Technical support ii) Financial support iii) Consulting report
11	Civil Society, CBOs and NGO's	i) Information ii) Partnership in resource management; iii) Technical advice	Timely and accurate information	i) Information ii) Partnership
12	Conservation Funds	i) Revenue collection ii) Partnership iii) Information	i) Transparency ii) Prompt revenue collection iii) Prompt revenue disbursement iv) Timely and accurate information	i) Skills ii) Support in the management of forest and bee resources iii) Customer for tree seeds and seedlings iv) Support for ecotourism in reserves v) Technical and financial support vi) Financing conservation activities
13	Tourism Actors	i) Nature-based tourism and cultural heritage products ii) Partnerships and collaborations iii) Investment avenues iv) Information	i) Timely and accurate information ii) Well-managed tourism sites and resources iii) Effective promotion of eco and cultural heritage tourism iv) Well-developed accessibility	i) Conducive environment for ecotourism ii) Increased number of tourists, both foreign and domestic iii) Increased revenue from tourists

SN	Stakeholder	Service offered	Expectations from TFS	Contribution to TFS
		v) Promotion of eco and cultural heritage tourism	and amenity infrastructures v) Assured security for tourists and guides	
14	Parliament	Information on forests, bees and cultural heritage resources	i) Regular provision of reports ii) Good governance iii) Timely feedback or response and proper handling of public complaints. iv) Timely preparation of parliamentary answers and reports	i. To provide an oversight role ii. Approve budget iii. Advisory role
15	Private Sectors	i) Sales of forest and bee products ii) Adhering to laws, regulations and guidelines of natural resources iii) Marketing of forest, bee and eco-cultural tourism products and tree seeds iv) Distribution of forest and bee products	i) Established Public-Private-Partnership (PPP). ii) Access to accurate information. iii) Recognition of their stake in the strategic and business plans. iv) Well-managed resources Transparency Opportunities for cooperation and collaboration	i) PPP in conservation programs ii) Consumption of forest and bee produce iii) Addressing risks on technical and financial support, especially under PPP iv) Increased sales of forest, bee and eco-cultural tourism products and tree seeds

2.1.17-RESOURCES

The Agency is mandated to implement policies, laws, and regulations related to forestry, biodiversity, and environmental conservation. Its primary objective is to safeguard Tanzania's rich biodiversity, combat deforestation and forest degradation, and promote community participation in the sustainable management of forest resources. The effective fulfilment of this mandate is supported by a well-structured Advisory Board under the Ministry of Natural Resources and Tourism, the application of sound management practices, the engagement of qualified human resources, the adoption of advanced ICT systems, and the development of comprehensive internal operating procedures.

a) Financial resources

TFS possesses monetary assets that support the implementation of activities and projects, including the maintenance of forest reserves, conservation initiatives, forest inventories, and other operational functions. TFS has enhanced its financial sustainability by optimising resource management and strategically prioritising its initiatives. By effectively aligning financial resources with the implementation of key programs, TFS has generated sufficient revenue to support the timely execution of its planned activities. The financial resources of TFS typically originate from diverse sources, including:

- **Own Source Revenue Generation:** TFS generate revenue through activities such as sales of standing trees in forest plantations and natural forests, sales of seeds, seedling and

propagating materials, sales of non-timber forest products, sales of honey and bees' wax, issuance of permits and licenses for various forest-related activities, and ecotourism activities within forest reserves and antiquities sites.

- **Government Budget:** The Tanzanian government allocates a budget to TFS for the payment of Salaries for Permanent staff engaged in initiatives related to forest and bee resource management, conservation, and protection.
- **Grants and Donor Funding:** TFS receives grants and financial support from international organisations, donor countries, and non-governmental organisations (NGOs) interested in promoting forest conservation and sustainable management.
- **Public-Private Partnerships:** TFS collaborates with private sector companies in areas such as sustainable forest management, afforestation, reforestation, and other related activities. These partnerships often include financial contributions from private entities, further strengthening the agency's resource base and enhancing the implementation of its conservation efforts.

b) Human resources

Human resources are essential to the agency's daily operations, strategic decision-making, and the practical implementation of conservation and forest management initiatives. Currently, the Agency employs 2,106 staff members, of whom 1,429 are Male and 677 are Female. However, to fully meet its operational and strategic needs, the Agency requires a total of 5,233 professional and technical personnel. Despite this gap, the Agency is staffed by a dedicated, skilled, and motivated workforce, committed to delivering high-quality services that not only meet but often exceed stakeholder expectations. The management upholds principles of good governance and is committed to fostering a positive work environment and harmonious labour relations. Furthermore, the Agency continually invests in human capital development through initiatives such as professional training and capacity-building programs, staff wellness and well-being initiatives, recognition and reward systems for outstanding performance, competitive remuneration packages, Career development and promotion opportunities. These efforts reflect the Agency's commitment to building a resilient, capable, and future-ready workforce to achieve its conservation and service delivery objectives.

c) Intellectual resources

TFS possesses a range of intellectual resources that support its mission and strategic objectives. These include specialised knowledge, technical expertise, and intellectual property such as research findings, proprietary methodologies, patents, and innovations related to forest management and conservation practices.

- **Research and Reports:** TFS has researched various aspects of forestry, biodiversity, ecosystem management, and sustainable practices. These reports provide valuable insights into Tanzania's forests and the strategies being used to conserve them.
- **Business Plan Documents:** TFS is responsible for producing comprehensive business plans and budget documents that support the sustainable management, conservation,

and development of the country's forest resources. These documents serve as strategic frameworks outlining the agency's objectives, priorities, and financial allocations. They reflect a balanced approach that integrates economic development, environmental protection, and social well-being, ensuring that Tanzania's forests are managed responsibly for current and future generations.

- **Training Materials:** TFS develops training materials for its staff, local communities, and other stakeholders involved in forest management. These materials cover topics such as forest management, biodiversity conservation, sustainable logging practices, and more.
- **Educational Resources:** TFS produces educational materials aimed at raising awareness about the importance of forests and encouraging public participation in their conservation. These resources are targeted at schools, community groups, and the public, including Radio and TV programmes.
- **GIS and Mapping Data:** Geographic Information Systems (GIS) data and maps are crucial for understanding the spatial distribution of forests, biodiversity hotspots, and land use changes. TFS maintains databases and mapping resources that support effective forest management.
- **Digital Platforms:** TFS maintains a comprehensive website and online portal that serve as key platforms for public engagement and knowledge sharing. These digital resources provide access to a wide range of intellectual materials, including research publications, educational videos, interactive tools, and data visualisations related to forestry and natural resource management. The platform is designed to promote transparency, support decision-making, and enhance public awareness of issues related to forest conservation and sustainable development in Tanzania.
- **Collaborative Partnerships:** TFS collaborate with research institutions, universities, non-governmental organisations, and international agencies. These collaborations result in joint research, workshops, conferences, and the sharing of intellectual resources.
- **Legislation and Regulations:** TFS implements forest-related legislation and regulations in Tanzania. Documents related to these legal frameworks can provide insights into the legal aspects of forest management.
- **Success Stories and Case Studies:** TFS highlights success stories showcasing practical forest conservation efforts and beekeeping, community involvement, and sustainable practices. These resources can serve as inspiration and examples for others.
- **Forest Integrated Information Management System:** This technological platform streamlines forest and beekeeping management processes by integrating data related to forest resources, logging activities, biodiversity, conservation efforts, and more. These systems have significantly enhanced the agency's operational efficiency.

- The Forest Integrated Information Management System consists of 14 modules. The Agency continues to automate business activities to optimise efficiency and minimise costs.
- Several factors can potentially impact the availability, quality, and affordability of intellectual resources. These factors encompass rapid technological advancements, changes in government legislation, vulnerabilities in access controls and firewalls that lead to system hacking, and unforeseen power outages. Nevertheless, the Agency has been structured to adapt effectively to forthcoming changes, and it anticipates that intellectual resources will remain consistently accessible to fulfil future requirements.

d) Social and Relationship Resources

These resources involve the Agency's relationships and partnerships with other organisations, stakeholders, local communities, and governmental bodies. Collaborations and partnerships available enhanced TFS's ability to achieve its goals by leveraging collective knowledge and resources.

- **Community Engagement:** TFS engage with local communities and stakeholders to foster positive relationships and gather input for sustainable forest and beekeeping management practices.
- **Collaboration with Other Agencies:** TFS collaborate with other government departments, non-governmental organisations (NGOs), international organisations, and research institutions to pool resources, expertise, and knowledge for effective forest management and conservation.
- **Public Awareness and Education:** TFS develops and implements public awareness campaigns, educational programs, and outreach initiatives to raise public and stakeholder awareness about the importance of forests, bee resources, biodiversity, and sustainable resource use. These campaigns and programs include fire campaigns, tree planting campaigns, etc.
- **Partnerships and Alliances:** TFS actively forms strategic partnerships and alliances with both domestic and international organisations to enhance its capacity in forest conservation, restoration, and sustainable development. These collaborations enable the agency to leverage financial, technical, and human resources, share knowledge, and implement joint projects that support its mission. During the reporting year, TFS partnered with various organizations, including: FAO for technical support in sustainable forest management, UNDP for capacity-building projects related to climate resilience and forest ecosystems, EAMCEF for biodiversity conservation in high-value forest ecosystems, NMB for nationwide tree planting campaigns, Dodoma City Council for the urban greening initiative in Dodoma and TaFF for financing community-based forest projects and afforestation efforts.

- **Stakeholder Communication:** Regular communication with stakeholders, including local communities, NGOs, industry representatives, and the public, helps maintain transparency and accountability in forest management activities.
- **Conflict Resolution:** TFS have mechanisms to address conflicts arising from competing interests in forest resources. Effective conflict resolution has helped to maintain positive relationships with various stakeholders.
- **Policy Advocacy:** The Agency engages in advocacy efforts to influence policies related to forest conservation, land use, and natural resource management at local, national, and international levels.
- **Research and Data Sharing:** The Agency has been collaborating with the Tanzania Forest Research Institute (TAFORI) to share data, which has led to informed decision-making in various areas, including biodiversity, ecosystem services, and climate change impacts.

e) Natural resources

TFS manages Tanzania's forest resources, including forests, bee reserves, antiquities, biodiversity, timber, non-timber products, and ecosystem services. It oversees 14,256,133.03 hectares across 465 National Forest Reserves (FRs), with 73% located in the Western, Eastern, Southern, and Southern Highland Zones. Among these are 25 Nature Forest Reserves covering 962,480 hectares, 158,000 hectares of Mangrove Forests, and 14 Bee Reserves spanning 34,695 hectares.

The Agency supports environmental sustainability by conserving forest genetic resources and managing 118 registered tree seed sources across 719.59 hectares. These include indigenous and exotic species crucial for afforestation, reforestation, and landscape restoration. TFS also oversees six historical and cultural heritage sites, three of which offer amazing tourist experiences

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF NATURAL RESOURCES AND TOURISM
 TANZANIA FOREST SERVICES AGENCY (TFS)
 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2025

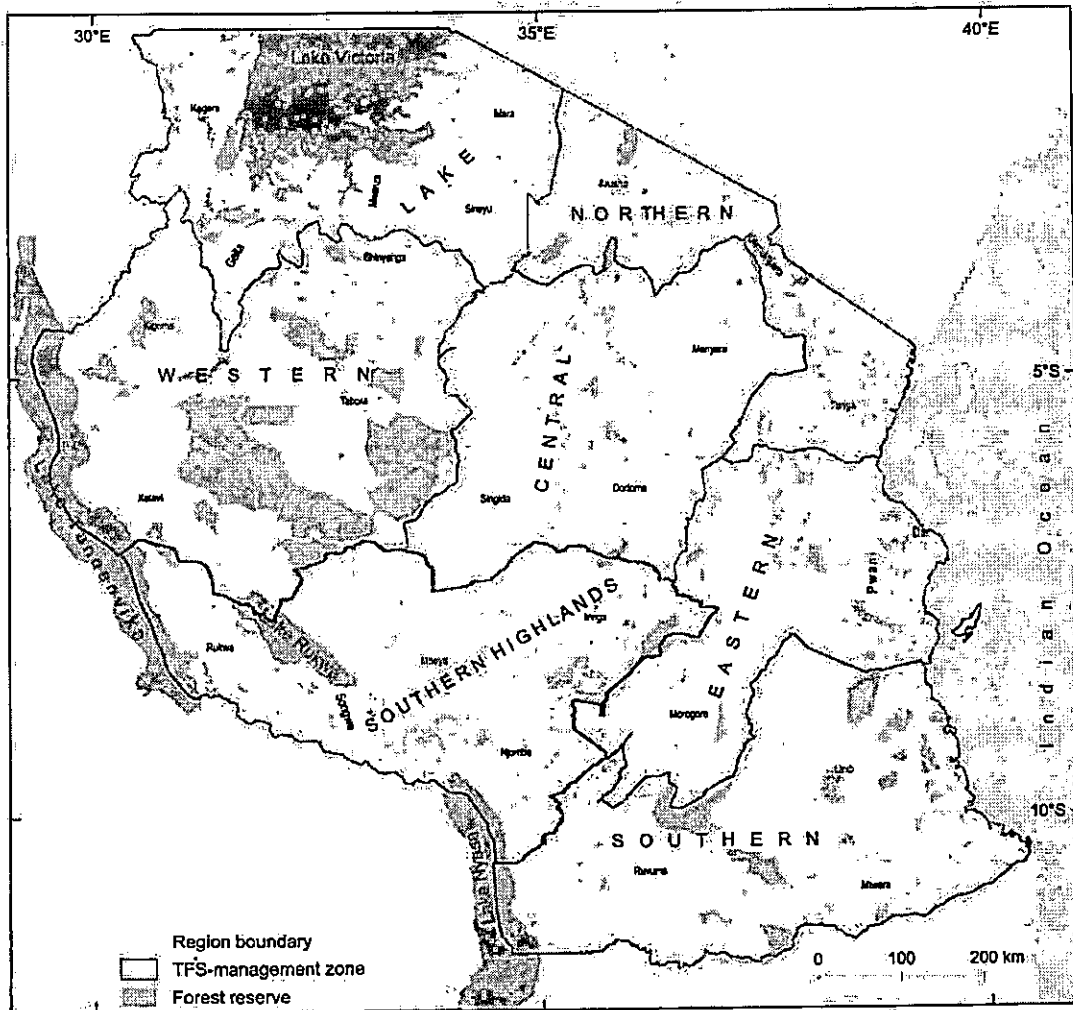


Figure 1: Distribution of National Forest Reserves that TFS manages

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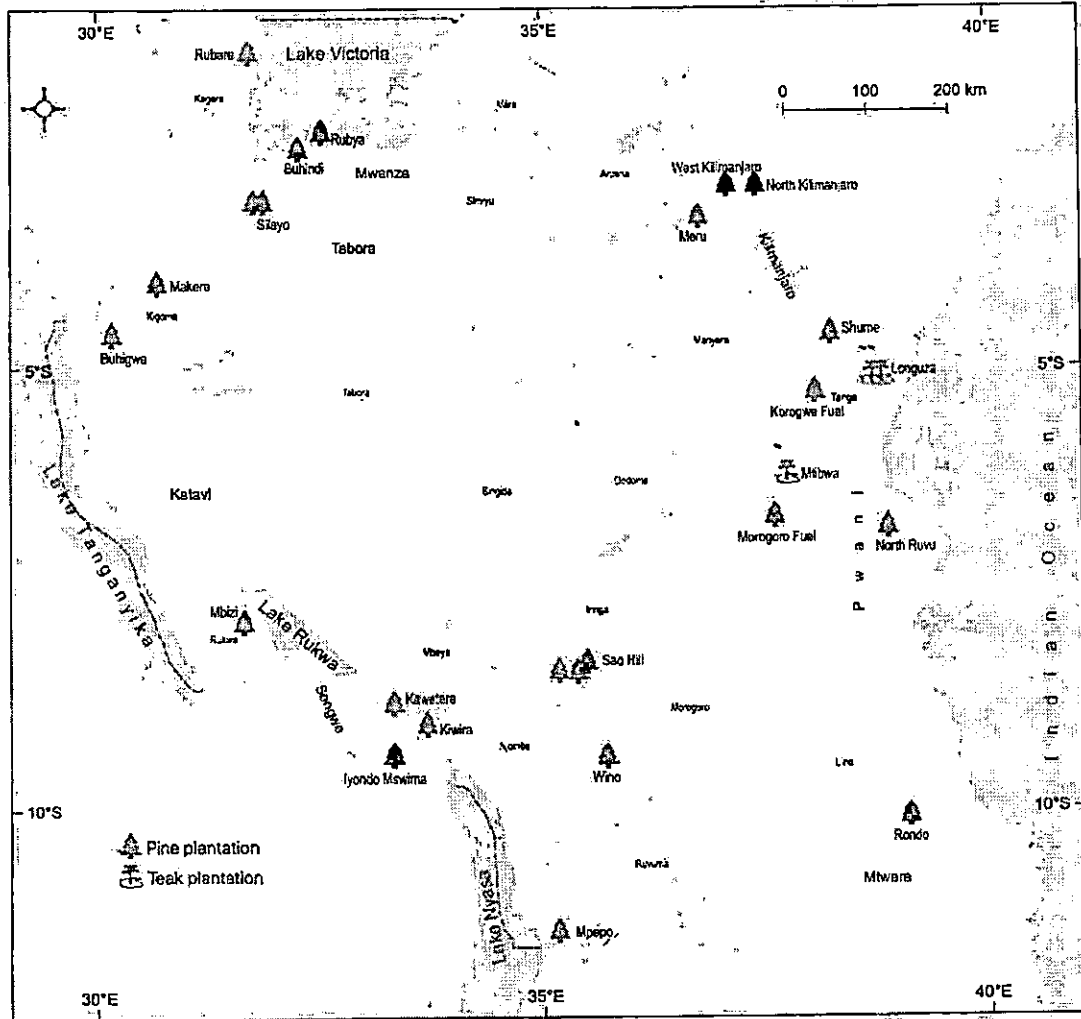


Figure 2: Distribution of Forest Plantations that TFS manages

f) Physical resources

The Agency manages physical resources, including tangible assets such as offices, equipment, vehicles, and tools, as well as infrastructure such as forest roads, that are necessary for the Agency's day-to-day operations. These resources are essential for supporting the Agency's daily operations, enabling efficient fieldwork, forest patrols, monitoring and evaluation activities, fire management, boundary demarcation, and the implementation of restoration and conservation projects. (Table 2).

Table 2: Lists of physical assets of the Agency

SN	Asset Class	Quantity
1	Building	1,193
2	Equipment	4,879
3	Furniture and fittings	7,829
4	Land Plots	114

5	Marine Vessels	22
6	Motorcycles	535
7	Motor Vehicles	466
8	Plants and Machinery	149

Nevertheless, despite the advancements, many workplaces and forests continue to lack adequate infrastructure and facilities. Recognising the critical importance of infrastructure in supporting effective forest governance, TFS put more emphasis on improving working conditions and field operational capacity. The Agency has prioritised the acquisition of additional facilities, the construction of new facilities, and the renovation of offices and residential buildings to serve its employees better and improve service delivery.

2.1.18 TFS Operating Model

TFS's operating model is a robust, integrated framework that transforms strategic inputs into tangible outputs and outcomes, thereby fulfilling its national mandate and generating sustainable value in the short, medium, and long term. This comprehensive model is a critical enabler of national development objectives, demonstrating exceptional effectiveness in fostering forest sustainability, driving diversified economic growth, enhancing community well-being, and strengthening governance. The Agency's systematic approach to resource utilisation and impactful service delivery ensures that its operations are not merely administrative but are strategically aligned to deliver profound and lasting benefits to the nation. The synergy between its robust human, financial, intellectual, social, and natural capital, coupled with diverse and precisely executed activities, underscores TFS's pivotal role in supporting a green economy, reducing poverty, and upholding principles of good governance. This section details the foundational elements and operational effectiveness of the TFS Operating Model, presenting a compelling case for its continued strategic inputs in forest conservation and management.

a) Strategic Inputs: Foundations for Value Creation

The effectiveness of the TFS Operating Model is fundamentally underpinned by its strategic utilisation of five distinct forms of capital. These inputs are leveraged to drive the Agency's strategic objectives and generate comprehensive value across its mandate.

(i) Human Capital

Human resources are vital to TFS's success, serving as the primary drivers of productive, high-quality results. The Agency places a high priority on acquiring and developing a diverse team of skilled professionals and technical staff, recognising their indispensable role in achieving organisational goals. Currently, TFS employs staff with adequate skills and competencies essential for delivering quality services, fostering a workforce that is well-motivated and committed to performing duties responsibly and ethically.

Beyond merely ensuring an adequate workforce, the Agency demonstrates a proactive and substantial commitment to enhancing its human capital through continuous professional

development. This is evidenced by the provision of long-term training to 95 staff members and short-course training to 443 staff across various disciplines. This significant investment in continuous learning transforms the concept of "adequacy" into a dynamic state of ongoing improvement. By cultivating a highly competent and adaptable workforce, TFS is actively building resilience within its operations, ensuring its employees are well-equipped to meet evolving challenges and enhance future performance. This commitment to professional growth assures stakeholders that TFS is developing a robust, skilled workforce, crucial to the Agency's long-term success and sustainability, as well as to its national mandate.

(ii) Financial Capital

The financial capital underpinning TFS's operations is derived from a diversified portfolio, ensuring a robust and sustainable funding base. This capital comprises internally generated revenues, government subventions (primarily allocated for staff salaries), and resources from donor-funded projects. These funds are strategically channelled towards the effective management of forest and bee resources.

The Agency actively mobilises additional resources from development partners and innovatively explores new revenue opportunities. This proactive approach includes investigating potential income streams from ecocultural tourism, bee products, non-wood forest products, and various other services. Current revenue sources include royalties from the sale of standing trees in forest plantations and natural forests, sales of seeds, seedlings, and propagating materials, and sales of honey and beeswax, along with other service fees. This strategic diversification of income streams signifies a deliberate move towards greater financial self-reliance. By reducing dependence on traditional government subventions and royalties, TFS enhances its financial resilience and aligns with contemporary public sector models that prioritise fiscal responsibility and innovative resource generation. This forward-thinking approach to resource mobilisation positions TFS as a financially astute and progressive agency, strengthening its case for continued endorsement and support for its self-sustaining initiatives.

(iii) Social and Relationship Capital

TFS has cultivated ethical and transparent relationships with a broad spectrum of stakeholders, recognising the critical role of collaboration in achieving its objectives. These relationships extend to government ministries, training institutions, forest and beekeeping product dealers, non-governmental organisations, policymakers, and, most critically, forest-adjacent communities. The Agency actively supports these communities, enhancing their involvement and ensuring they derive benefits from the management of forest and bee resources.

This support includes facilitating various Income-Generating Activities (IGAs), such as tree planting and beekeeping, that directly link community economic interests with sustainable resource use. Furthermore, TFS supports broader community development projects, including the construction of health centres, education centres, and water systems, often providing essential building materials and school desks. This integrated approach to community development goes beyond mere corporate social responsibility; it forms a strategic link to the long-term sustainability of forest and bee resources. By empowering communities economically

and improving their living standards, TFS fosters a vested interest in conservation, thereby reducing pressures from unsustainable practices. This creates a virtuous cycle in which community well-being is intrinsically linked to resource health, demonstrating a comprehensive, forward-thinking approach to human resource management and community relations.

(iv) Intellectual Capital

TFS has strategically integrated Information and Communication Technology (ICT) into its core business processes, a fundamental move that enhances operational efficiency, strengthens internal controls, and boosts overall productivity. Central to this technological integration is the Forest Integrated Information Management System (IMIS), a robust platform comprising 15 specialised modules (Table 3). These systems have demonstrably improved the Agency's performance over the past few years.

The extensive number and specific functionality of these 15 IMIS modules—including Plantation Management Information System (PMIS), Forest Resources Management Information System (FREMIS), Honey Traceability System, Biological Assets Valuation System (BAVIS), and Monitoring & Evaluation Information Management System—signify a comprehensive transition towards data-driven management across virtually all core functions.

This sophisticated deployment of technology enhances transparency, accountability, and efficiency in resource allocation, monitoring, and strategic planning. The integration of key systems such as FREMIS, PMIS, and the Utalii Portal with the broader Ministry of Natural Resources and Tourism (MNRT) Portal further reinforces a commitment to seamless information flow and inter-agency collaboration, which are critical to modern governance. This robust intellectual capital framework underpins effective and accountable public service delivery, showcasing TFS as a modern, high-performing, and responsible public institution.

Table 3: The breadth of this technological integration, the key modules of the IMIS

SN	Module Name/Acronym	Purpose/Function
1	Plantation Management Information System (PMIS)	Manages data related to forest plantation operations, including planting, harvesting, and inventory
2	Forest Resources Management Information System (FREMIS)	Oversees information about natural forest resources, including mapping, conservation efforts, and utilisation
3	Honey Traceability System	Tracks the origin and movement of honey products, ensuring quality control and market confidence
4	TFS APP (Mobile Application)	Provides mobile access to various TFS services and information for staff and stakeholders
5	Seed Management Information System	Manages data on tree seed collection, storage, distribution, and quality
6	Planning, Budgeting System (PBS)	Facilitates the planning and budgeting processes for TFS operations and projects
7	e-Auction	Supports electronic auctions for forest and bee products, enhancing transparency and market access

8	e-Misitu	A mobile application platform enabling self-service for tourism applications, including permit requests, bookings, and payments.
9	Tourism Management Information System	Manages data related to ecotourism sites, activities, and visitor information
10	Biological Assets Valuation System (BAVIS)	Assesses and values the biological assets within TFS's managed areas, providing financial insights.
11	Fixed Assets Management Information System	Manages information on all fixed assets owned and utilised by the Agency
12	Vehicle and Vessels Management Information System	Tracks and manages the Agency's fleet of vehicles and vessels
13	Monitoring and Evaluation Information Management System	Supports the monitoring and evaluation of programs and projects, tracking performance against objectives
14	Temporary and Contract Staff Management System (TFS HRMIS)	Manages human resource data for temporary and contract staff
15	TFS Business Intelligence System	Provides analytical tools and dashboards for strategic decision-making based on operational data

(v) Natural Capital

TFS serves as the primary custodian of Tanzania's vast natural capital, encompassing inherited and biological assets of immense national value. This critical responsibility includes managing 14,256,133 hectares across 464 National Forest Reserves (FRs), with 73% of the total forest reserve area concentrated in the Western, Eastern, Southern, and Southern Highland Zones. Within these extensive reserves, TFS oversees 24 Nature Forest Reserves (NFRs) covering 936,854.32 hectares, 158,100 hectares of vital Mangrove Forests, and 12-Bee Reserves spanning 39,444 hectares.

The management of over 14 million hectares of diverse forest and bee reserves, including critical ecosystems such as mangrove forests, positions TFS as a primary custodian of national ecological wealth and biodiversity. This immense scale of stewardship highlights the Agency's indispensable role in broader environmental sustainability efforts, climate change mitigation through carbon sequestration, watershed protection, and the provision of essential ecosystem services. These functions are increasingly recognised as vital national and global priorities, underscoring the profound national asset that TFS manages and the necessity for its sustained support.

b) Core Operating Activities: Translating Strategy into Action

The strategic inputs of the Tanzania Forest Services Agency are systematically converted into tangible outputs and outcomes through a comprehensive range of core operating activities, each aligned with specific strategic objectives. These activities, detailed below, span diverse critical domains, demonstrating the Agency's operational effectiveness and its commitment to achieving its strategic goals.

These strategic objectives encompass a holistic approach to the Agency's mandate, ranging from enhancing workplace health and well-being and strengthening governance and anti-corruption measures to improving natural forest resources and ecosystems. They also include advancing beekeeping and bee resource management, ensuring the quality and market access of forest and bee products, developing ecological and cultural tourism services, optimising forest plantations, tree seeds, and propagating materials, and ultimately building the institutional capacity necessary for effective service delivery. The input-output details of these activities are further elaborated in Appendix 1.

c) Overall Outcomes and Strategic Impact

The cumulative outcomes achieved across all eight operational areas of the Tanzania Forest Services Agency demonstrate that its operating model contributes directly and significantly to multiple critical national development pillars. The integrated impact of TFS's activities extends far beyond individual project successes, creating a synergistic effect that reinforces national goals.

d) Integrated Impact on National Development Pillars

- * **Environmental Sustainability:** Through enhanced management of natural forest and bee resources, the Agency actively contributes to biodiversity conservation and climate change mitigation efforts, notably through extensive afforestation programs and the protection of vital mangrove ecosystems. These actions safeguard the nation's ecological health and resilience.
- * **Economic Growth:** TFS fosters economic growth through the diversification of revenue streams, including the development of ecotourism and the promotion of value-added forest and bee products. Increased production of these resources, coupled with the economic empowerment of local communities through income-generating activities, contributes directly to the national economy.
- * **Social Well-being:** The Agency's commitment to social well-being is evident in its improved community engagement strategies, which facilitate income-generating activities and provide crucial support for community health and education initiatives. This fosters a collaborative environment that benefits both communities and sustainable resource management.
- * **Good Governance and Institutional Strength:** TFS demonstrates robust governance through stringent anti-corruption measures, strengthened internal controls, and significant ICT integration across its operations. Comprehensive asset management practices ensure transparency and accountability in the utilisation of national resources.

This holistic impact positions TFS as a critical enabler of the national development agenda, showcasing its multifaceted value proposition beyond mere resource management. The operating model creates a powerful virtuous cycle where strong governance enables effective conservation, which in turn supports sustainable economic activities. At the same time, community engagement fosters social stability and shared ownership of resources. The

continuous investment in human and intellectual capital underpins the efficiency and effectiveness of all these endeavours.

2.1.19 Corporate Governance Matters

The Ministerial Advisory Board (MAB) for the Tanzania Forest Services Agency (TFS) is the board established under the Executive Agencies Act, Cap 245 (R.E. 2009). Its chairperson is designated by the Minister of Natural Resources and Tourism, and the Conservation Commissioner is the Secretary. The Board recognises and endorses the Agency's commitment to responsible financial management, aligning with its mandate for sustainable forest and beekeeping management and conservation. Through collaborative efforts, valuable insights have been gained into TFS's financial endeavours.

TFS's meticulous financial planning and resource allocation are praiseworthy. The Agency's dedication to optimising fiscal resources reflects responsible stewardship in achieving its objectives. The Board acknowledges TFS's investments in innovative projects aimed at sustainable forest and beekeeping management, which harmonise ecological preservation with socio-economic development.

TFS's transparency in financial reporting plays a pivotal role in building trust and nurturing accountability. Adherence to established financial standards is duly noted and appreciated. Furthermore, TFS's pursuit of economic viability while upholding environmental sustainability is particularly noteworthy. According to the TFS Establishment Order, the MAB offers guidance to the Minister on TFS's performance across the following aspects;

- * The development and maintenance of a policy framework;
- * Advise on the objectives of the TFS;
- * The acceptability of the Conservation Commissioner's Strategic and Business Plans and associated budgets;
- * Setting priorities and annual performance targets for the Agency;
- * The acceptability of the Annual Reports and Financial Statements;
- * The evaluation of the Agency's performance;
- * Review of salaries, wages and allowances of the employees of the Agency; and
- * Any other matter in the promotion and furtherance of the objectives and functions of the Executive Agencies Act, CAP 245 (Revised Edition 2009).

The Conservation Commissioner is the Secretary of MAB, and the Board meets quarterly as per the almanack. The Board encourage TFS to continue nurturing collaborations with diverse stakeholders. Collaborative partnerships can enhance financial resilience and drive innovation in sustainable forest management. The Board stand united in support of TFS's financial initiatives, fostering a sustainable future for Tanzania's invaluable forest and bee resources.

a) Membership of Those Charged with Governance

On 23 September 2022, the Minister for Natural Resources and Tourism constituted a Ministerial Advisory Board comprising seven members as outlined in Table 4. This Board is serving a three-year term and will conclude on 22 September 2025.

Table 4: TFS Board Members

SN	Name	Gender	Position	Qualification	Working Station	Duration served (years)
1	Maj. Gen. Dr. Mbaraka N. Mkeremy, <i>ndc</i>	Male	Chairperson	PhD in Peace-Keeping Strategies	TPDF	6
2	Prof. Dos Santos Silayo	Male	Secretary	PhD in Forestry	TFS	6
3	Eng. Enock E. Nyanda.	Male	Member	MSc-Security and Strategic Studies	PO-RALG	6
4	Adv. Piencia C. Kiure	Female	Member	LLM-Laws in Corporate and Commercial Law-MBA	PSPTB	6
5	CPA. Bahati L. Masila	Male	Member	Msc (Finance), CPA (T)	President's Office, TISS	5
6	Dr. Siima S. Bakengesa	Female	Member	Phd. In Valuation and Green Accounting of Natural Resources Forestry	MNRT	6
7	Mr. Deusdedith Bwoyo	Male	Member	Msc. Forestry	MNRT	3

The Board oversees the measurement and reporting of progress on Key Actions. This includes assessing risks and uncertainties that could affect Agency performance, in accordance with the Agency's risk management procedures. Financial status is also reviewed quarterly against Corporate Plan targets.

b) MAB Committees

Following the Agency's mandate and the need to ensure effective MAB performance of their duties, there are two MAB Committees that will help improve the day-to-day performance of the board. These committees are:-

- i. The Finance, Administration, Planning and Investment Committee of the Ministerial Advisory Board
- ii. The Forestry and Beekeeping Protection, Development, and Utilisation Committee of the Ministerial Advisory Board

According to the Board Charter (2022), the Board is required to meet at least four times a year. The Board meetings are held once a quarter, with additional meetings convened as and when

necessary. The Board meetings, during the financial year under review, discussed and deliberated on the following main issues:

- i. Reviewed and approved the following documents:-
 - a. Annual Performance Report for the Financial Year 2023/24
 - b. Annual Procurement Performance Report for the Financial Year 2023/24
 - c. Annual Audit Performance Report for the Financial Year 2023/24
 - d. Action plan for the implementation of 2024/25 Business Plan
 - e. Annual Procurement Plan for the Financial Year 2024/25
 - f. Annual Audit Plan for the Financial Year 2024/25
 - g. Annual Work Plan, Business Plan and associated budget for 2025/26
 - h. The Agency's Brand Manual, Communication Strategy and Communication Guideline
- ii. Advised and deliberated on the status of revenue collection and contribution to the Consolidated Fund for the financial year 2024/25
- iii. Advised the implementation of the National Anti-Corruption Strategy Phase IV, 2023/24 - 2029/30
- iv. Advised on the status implementation of various matters that transpired during the Parliamentary Budget Session for 2024/25
- v. Advised and deliberated on various strategic reports submitted by the Conservation Commissioner
- vi. Approved the establishment of Mitsu Company Limited, a Special Purpose Vehicle (SPV) for TFS to undertake value addition projects
- vii. Reviewed and endorsed for submission to the Controller and Auditor General (CAG) the Financial Statement for the Financial Year 2023/24.
- viii. Advised on the implementation of the Controller and Auditor General on the TFS Audit Report for the Financial Year 2022/23.
- ix. Guided the implementation of the Performance Contract between TFS and the Office of the Treasury Registrar
- x. Advised and deliberated on various staff matters related to recruitment, promotions, retirement and transfers.

c) Organisation structure and management

The governance model for managing and overseeing TFS implementation is stipulated in the Establishment Order published in the Government Gazette (GN) No. 269 of 30 July 2010, with amendments made through GN No. 259 published on 31 March 2023. The TFS organisation structure comprises the Office of the Conservation Commissioner, with four Directorates, seven units, seven Zones, and 24 Forest plantations. Conservation Commissioner is the head of the TFS whose responsibility is to supervise the operation of the Agency and exercise statutory powers vested under the Executive Agencies Act Cap 245 (R.E 2009) through the Establishment Order GN 269 of 30 July 2010 and its amendment made through GN 259 of 31 March 2023.

The Agency management team is composed of the Conservation Commissioner (CC), Director of Resources Management (DRM), Director of Marketing and Resources Utilization (DMRU), Director of Business Support Services (DBSS), Director of Tree Seed Production (DTSP), Chief Accountant (CA), Chief Internal Auditor (CIA) and Managers for Legal Services (MLSU), Procurement &

Supplies (MPSU), Public Relations (PR), ICT and Statistics and Forest surveillance Unit (FSU). The Conservation Commissioner (CC) remains the Agency's Accounting Officer, ensuring the proper management of resources endowed, including revenue and expenditure, discreetly and cost-effectively.

The Zonal office bearers are Zone Commanders, assisted by the Principal Officers for Resources Management, Marketing, and Resources Utilisation, and by other supporting units at the zone head office level, and by District Forest Conservators, according to the number of districts in each zone. Forest Conservators head 24 Forest plantations. At the TFS headquarters, there are eleven sections, led by Section Managers, that support the Directors and Heads of Units on various technical matters. The officers and other support staff are assigned different schedules under the Heads of Sections.

TFS Headquarters is located in Itega, Dodoma. TFS offices outside Dodoma operate in seven zones as follows;

- i. Eastern (Morogoro, Coast and Dar es Salaam regions) with Head Office in Kibaha Municipal in Coast Region;
- ii. Southern (Mtwara, Lindi and Ruvuma regions) with Head Office in Masasi Town in Mtwara Region;
- iii. Southern Highlands (Mbeya, Iringa, Njombe and Rukwa Regions) with Head Office in Mbeya City;
- iv. Northern (Arusha, Kilimanjaro and Tanga regions) with the Head office in Same Town in Kilimanjaro Region;
- v. Western (Shinyanga, Tabora, Katavi and Kigoma regions) with Head office in Tabora Municipal;
- vi. Lake (Mwanza, Mara, Geita, Kagera and Simiyu regions) with the head office in Mwanza City, and
- vii. Central (Manyara, Singida and Dodoma regions) with the Head office in Dodoma City.

d) Responsibilities of the Accounting Officers

The Permanent Secretary of MNRT is the Principal Accounting Officer for the Ministry, responsible for ensuring the effective and efficient management of financial, physical, and human resources allocated to TFS. The CC is the TFS's Accounting Officer and is therefore accountable for ensuring the propriety and regularity of revenue and expenditure for prudent and economical administration.

The CC's responsibilities include:

- viii. Ensuring that the Agency's Financial Procedures adhere to the Public Finance Act 2020, its Regulations as revised in 2022, and subsequent amendments.
- ix. Establishing and maintaining effective financial management systems, considering financial guidance issued by the Ministry of Finance;
- x. Implementing effective human resources management systems, adhering to the guidance from the President's Office - Public Service Management (PO-PSM);

- xi. Implementing recommendations issued by oversight organs such as the Public Accounts Committee, Parliamentary Committee on Budget, Parliamentary Investment Committee, Parliamentary Committee on Land, Natural Resources, and Tourism, and the MAB;
- xii. Identifying, assessing, and managing risks to ensure the protection of the Agency's assets and the achievement of its objectives;
- xiii. Developing and maintaining a robust system of internal controls to safeguard the Agency's assets, ensure the accuracy of financial records, and prevent and detect fraud and errors;
- xiv. Ensuring the timely preparation and submission of accurate financial statements and reports in compliance with applicable accounting standards and regulations, and
- xv. Overseeing the preparation, approval, and monitoring of the Agency's budget to ensure efficient allocation and utilisation of resources.

By encompassing these responsibilities, the CC ensures that TFS operates effectively and efficiently, adhering to the highest standards of financial and resource management.

e) Internalisation National Anti-Corruption Strategy and Action Plan (NASAP)

TFS is committed to upholding the highest standards of integrity, transparency, and accountability in the management of forest and bee resources. Corruption undermines environmental conservation, revenue collection, public trust, and socio-economic development. As part of TFS's Five-Year Strategic Plan (2021/22 - 2025/26), there is an explicit objective to internalise the National Anti-Corruption Strategy, thereby enhancing good governance and operationalising ethics. This included law enforcement, ethics training, the development of ethics guidelines, conflict management, and improvements in customer care. This objective adopted its name from the internalisation of one of its targets, which aims to operationalise the National Anti-Corruption Strategy and Action Plan (NACSAP) by strengthening governance, transparency, and public service delivery. The strategy, with specific reference to NACSAP IV, focuses on preventing and combating corruption, promoting transparency, and holding accountable corrupt actors. TFS, as a public institution, is implementing measures to address corruption within its operations and to contribute to the broader national effort to combat corruption.

During the 2024/25 financial year, many activities were implemented to operationalise the Anti-Corruption Strategy to minimise corruption in workplaces, including the work of the Forest Surveillance Units (FSUs), which has a significant impact on increasing compliance. Timely internal and external audits at all stations with an Unqualified Audit opinion during the previous years. Also, during this period, Risk Management has been mainstreamed in all TFS activities.

f) Tender Board

The Tender Board (TB) was established under Section 38(1)(a) of the Public Procurement Act No 10 2023. The Tender Board composition is described under section 32(2) and in the second schedule of the Public Procurement Act No 10 of 2023.

- i. Deliberating on recommendations from the Procurement Management Unit and approving contract awards.
- ii. Reviewing all applications for variations, addenda, or amendments to ongoing contracts.
- iii. Approving tendering and contract documents.
- iv. Approving procurement and disposal by tender procedures, and
- v. Ensuring strict adherence to best practices in procurement and disposal by tender by procuring entities.

The tender board approves all procurement of goods, services, works, and the disposal of public assets, subject to the approval threshold. TFS Tender Board consists of the Chairman, the Secretary and six other members. It was appointed on 20 May 2025 for a tenure of three years.

Table 5: Tender Board Members

SN	Name	Position
1	Mr. Salehe Beleko	Chairman
2	Mr. Fridolin Matembo	Secretary
3	Mr. Erasto Luoga	Member
4	Ms. Johari Kachwamba	Member
5	Mr. Harold Chipanha	Member
6	Ms. Zainabu Bungwa	Member
7	Mr. Yesaya Mwakifuna	Member
8	Mr. Fandey Mashimba	Member

During the 2024/25 financial year, the MAB approved the Annual Procurement Plan worth TZS 38,888,657,324.

g) Audit Committee

Regulation 30 of the Public Finance Regulations, 2001 (and its subsequent amendments in 2022), mandates the establishment of an Audit Committee (AC) in each Ministry, Department, and Agency. In compliance, TFS has formed an AC consisting of the Chairperson and four members, as per Regulation 2 of the Public Finance Regulation, 2022 (Amended). The current Audit Committee was appointed in September 2022. The Committee held six meetings in the financial year 2024/25. (Four ordinary meetings and two extraordinary meetings). The AC's key functions, as outlined in Regulation 32(1) of the Public Finance Regulations 2001 (and its subsequent amendments), include:

- i. Review and approve the internal audit charter
- ii. Review and approve annual risk-based internal audit plan;
- iii. Receive feedback from the head of internal audit on the internal audit activity's performance relative to its plan and other matters, including internal audit reports;
- iv. Review quarterly and annual risk management reports and advise the accounting officer accordingly.
- v. Review all internal and external audit reports involving matters of concern to senior management of the TFS, including the identification and dissemination of good practices

- vi. Review the TFS draft financial statements and advise the accounting officer before submission to the Controller and Auditor General.

TFS Audit Committee has an advisory role to provide independence assurance and assistance to the Conservation Commissioner on:

- i. The good Governance, risk management, Internal control, and compliance frameworks. The Committee does not replace or replicate established Management responsibilities and delegations, the responsibilities of other executive management groups within TFS, or the reporting lines and responsibilities of either internal audit or external audit functions; and
- ii. The committee provides prompt and constructive reports on its findings directly to the Conservation Commissioner, particularly when identified issues could present a material risk or threat to TFS operations.

The composition of the TFS Audit Committee, together with the meetings attended from 1 July 2024 to 30 June 2025, is shown in Table 6.

Table 6: List of Audit Committee Members

SN	Name of Member	Organisation	Position	Professional	Academic Qualification	Meeting Attended
1	Prof. Yonika Ngaga	SUA	Chairman	Forester	PHD (Forest Economic)	6
2	Mr. David Mung'ong'o	TFS	Secretary	Lawyer	L.L.M	6
3	Dr. Kabura Foye	FITI-Moshi	Member	Forester	PhD	5
4	Mr. Cyriacus Katunzi	FCC	Member	Auditor	CPA, Masters	5
5	Ms. Fortunate Senya	TFS	Member	Forester	Master of Forest in Economics	6
6	Mr. Simeon Msemwa	TFS	Member	Forester	MSc. in Forests Economics	5

h) Environmental Matters

TFS is responsible for managing the conservation and sustainable use of hectare 14,256,133 of the 464 National Forest Reserves (FRs), which is about 30% of the country's protected reserves. These reserves are classified as natural forests, nature forest reserves, plantation forests and mangrove forests. Also, the Agency considers potential environmental impacts, including deforestation, habitat loss, soil erosion, and biodiversity loss. Following these effects, the Agency has continued various actions, including the collection of 25.3 tons of high-quality tree seeds and the raising of 35,039,365 tree seedlings of different species, which were planted on government forest plantations and others distributed to the community, institutions, and individuals for planting in their areas.

In ensuring the sustainable use of forest resources as well as the long-term health of ecosystems, the Agency has continued to encourage the sustainable management of forest

resources through extension and advertising services; law enforcement for users of forest resources, patrolling to fight encroachment in forest reserves; Strengthened the management of fire disasters, including the use of modern technology. The Agency improve support services for communities surrounding forest reserves. In addition, the Agency continues to strengthen the infrastructure of eco-tourism and increase the diversity of tourism attractions.

The Agency has actively participated in the development of 24 government forest plantations. As part of these efforts, 2,487 hectares were planted, and 6,723 hectares were replanted. To ensure the production of high-quality timber products, weeding was done on 35,178 hectares, pruning on 10,173 hectares, thinning on 1,908 hectares, and beating up on 10.55 hectares across all forest plantations.

The Agency conducts fire-fighting campaign meetings, during which more than 20,627 community members from 226 villages surrounding 27 forest plantations were educated on the effects of fire and methods to deal with fire incidents. Furthermore, the Agency cleared 72.5 km of fire lines and 17 compartments were prepared at Machang'anja FR. During the reporting period, 22 fire towers and 7 control centres were maintained across 6 forest plantations. A total of 35 fire crews, comprising 405 members, were recruited across 11 forest plantations to control forest fires. During the reporting period, the crew participated in suppressing 32 fire incidents in 1,364 ha.

i) Employee's Welfare

TFS has taken into consideration the well-being and overall quality of life of its staff. During the reporting year, the Agency provided its employees with wages, benefits, proper working conditions, opportunities for professional development, and a work-life balance. A total of 95 staff attended professional long courses as follows: 25 staff participated in a master's program, 33 staff attended a bachelor's degree program, 30 staff participated in a diploma program, and seven staff attended certificates. A total of 443 staff attended short courses. The agency conducted a retirement training course for 153 staff. Also, the construction of six staff houses, one rest house, 15 office buildings, 21 ranger posts, and one security hut was at different stages of completion. Prioritising employee welfare contributed to a motivated and productive workforce.

j) Social and Community Issues

The Agency operates around various communities that depend on forests for their livelihoods. The Agency recognises the rights of indigenous peoples, promotes community involvement in forest conservation activities and considers social impacts. Consequently, the Agency has taken several steps to engage the community in forest management and beekeeping activities. These include creating awareness of forest conservation, providing employment opportunities, and community support programs, in which, in the financial year 2024/2025, the Agency provided support worth TZS 6,795,736,383 for community programs. This included the distribution of 15,496,105 tree seedlings worth TZS 6,198,442,000, beehives 1,059 and protective gears worth TZS 163,050,000, the allocation of land for annual crop cultivation through Taungya systems,

and various development projects, such as the supply of building materials, office chairs, office tables, and the renovation of classrooms and offices, worth TZS 434,244,383.

k) Gender Parity

The Agency ensures equal opportunities, representation, and participation for all genders. Currently, the Agency has 2,106 staff members, of whom 1,429 are Male and 677 are Female. In TFS, both men and women have equal access to employment, leadership roles, decision-making processes, and benefits. TFS work towards eliminating gender-based discrimination and promoting inclusivity throughout its operations.

l) Essential Contractual or Other Arrangements

TFS enters into various agreements, contracts, partnerships, and collaborations to fulfil its responsibilities effectively. These contractual arrangements are well-defined, transparent, and aligned with the legal frameworks and the Agency's objectives.

m) Effectiveness and Efficiency Utilisation of Resources

TFS uses its financial and non-financial resources to carry out various tasks to achieve its goals. During the reporting period, the Agency improved its resource allocation, TFS ensuring that funds, personnel, equipment and time are used effectively to achieve better results. This has contributed to greater success in implementing the Business Plan and the Agency's Third Strategic Plan for the five years 2021/22 to 2025/26.

2.1.20 Current and Future Development and Performance

The implementation of the duties and performance of the current and future Agency is described below.

a) Tanzania Forest Service Agency Strategic Plan

In implementing its second five-Year Strategic Plan 2014-2019, the Organisation registered various achievements. Among these achievements are the implementation of IT systems that have significantly improved institutions' service delivery, strengthened institutional capacity, enhanced cultural and ecological tourism, strengthened forest protection, and resolved conflicts within nature reserves, forests and communities bordering forest reserves. In addition, the agency registered an increase in recognised income during the five years of its second Strategic Plan implementation. However, the Agency faced various challenges, including a shortage of staff, the lack of practical tools for work, and the absence of a plan for the best use of Village land, which contributed to the invasion, the implementation, destruction, and cutting of reserve forests.

The Agency continues to implement its Third Five-Year Strategic Plan (2021/22 - 2025/26), which serves as a comprehensive framework for guiding the Agency's operations, institutional development, and sectoral impact. The Plan focuses on strengthening sustainable forest and bee resources management while enhancing service delivery, operational efficiency, and stakeholder engagement. As part of its future direction, the Agency has outlined several key

priorities, including increasing the adoption of modern technologies to improve forest monitoring, data collection, resource planning, and service delivery, strengthening the use of Information and Communication Technology, enhancing employee performance and service delivery, expanding stakeholder participation and strengthening tourism infrastructure. By successfully implementing these strategies, TFS aims to position itself as a modern, efficient, and inclusive agency dedicated to the sustainable management of Tanzania's forest and bee resources.

b) Development Plans and Performance

The Agency is committed to the sustainable utilisation of forest resources and associated natural assets. This commitment ensures that resource use is conducted in a manner that does not compromise the forest's ecological integrity, its future availability, or the carrying capacity of supporting ecosystems. The Agency's approach is rooted in environmental management principles, aiming to balance current needs with the long-term sustainability of Tanzania's forest landscapes. During the reporting period, the Agency continued to implement modernisation and automation initiatives across its operations. These efforts are geared toward improving efficiency, reliability, and quality of service delivery to regulated service providers, stakeholders, and the public. A key focus area has been enhancing Information and Communication Technology Systems. Through these initiatives, TFS continues to position itself as a modern, service-oriented public agency that integrates sustainability, innovation, and customer focus into the core of its development and performance strategies.

c) Future Development Plans

Based on the analysis of the information and data provided in this financial report, the Agency's future appears bright. At the same time, various initiatives are being implemented to promote tree planting and the development of plantations on both private lands and forest reserves. These efforts are vital, considering the alarming rate of forest cover loss. With forest degradation estimated at approximately 400,000 hectares per year, the current situation is concerning and highlights the urgent need for sustained reforestation and conservation measures.

In support of the Government's conservation and forestry collaboration, this typically involves local, regional, and international partners, NGOs, donor agencies, government institutions, and community groups. These organisations are actively engaged in tree planting and other forest-based initiatives. These initiatives aim to create alternative livelihoods, which can ultimately help reduce pressure on protected forest areas. Key organisations contributing to these efforts include the Eastern Arc Mountains Conservation Endowment Fund (EAMCEF), Wildlife Conservation Society (WCS), World Wildlife Fund (WWF), Reforest Africa, the National Microfinance Bank (NMB), UNDP, FAO, and AFD.

d) Analysis of TFS External Environment

The external environment of the Tanzania Forest Services (TFS) comprises several factors that significantly influence its operations, strategy, and overall effectiveness. These factors include economic, political, social, technological, environmental, and regulatory frameworks that

interact to shape the opportunities and challenges the agency faces. The factors below show how they influence TFS operations.

e) National and International Frameworks for TFS Operations

• National Frameworks

TFS operates under the Executive Agencies Act, Cap. 245, Forest Act No. 14 of 2002, and Beekeeping Act No. 15 of 2002 and their respective regulations and guidelines, including Forest (Amendments) Regulations (Eighth and Fourteenth Schedules) of 2021, Forest (Sustainable Utilisation of Logs, Timber, Withies, Poles or Charcoal) Regulations of 2019 and Forest (Eco-Tourism Facilities Concession) Regulations of 2020. Further, the Agency operations are guided by the National Forest Policy of 1998, the National Beekeeping Policy of 1998, and policies of other related sectors, such as Agriculture, Livestock, Water, Mining, Environment, and Fishing. These legal frameworks and regulations aim to enhance the forest and beekeeping sector's contribution to sustainable development and conservation in Tanzania. Current legal and institutional reforms, including proposals to elevate TFS to an authority, are intended to enhance the management and conservation of forest and bee resources. Despite these efforts, challenges such as illegal harvesting and land encroachment persist, partly driven by policy tensions across sectors, including agriculture and mining. TFS addresses these challenges through intensified enforcement and awareness-raising initiatives.

• International and Regional Conventions and Agreements

TFS is engaged in various international environmental agreements, which provide support through funding and technical advice. These include the African Forest Land Scarp Restoration Initiative (AFR100); United Nations Framework Convention on Climate Change (UNFCCC) on mitigation and adaptation; The United Nations Convention on Combating Desertification (UNCCD) on Sustainable Land Management; and Convention of Biological Diversity (CBD) on biological diversity; the United Nations Forum on Forest (UNFF); and the Kyoto Protocol and the Paris Agreement have been instrumental in shaping carbon markets globally as Clean Development Mechanism (CDM) approach. The Agency continues to participate in International and Regional Conventions and Agreements, as well as in multilateral and bilateral discussions, to influence national strategies that may affect the implementation of TFS plans.

f) Natural Environment

Forests are indispensable natural resources for TFS, serving as the foundation for its operations and shaping its outreach and marketing efforts. TFS works across seven distinct ecological zones in Tanzania, each defined by unique agricultural systems, geography, and environmental traits—such as climate, soil types, altitude, vegetation, and water resources. Climate change has profoundly affected the management of forest and beekeeping resources, leading to more frequent droughts and floods, heightened fire risks, and increased threats from invasive species, weeds, pests, and diseases.

Forest and bee resources are also rich in both biotic (livestock fodder, wild foods, wildlife) and abiotic (minerals, fertile soils, water) resources. However, rising encroachment and

overexploitation threaten these ecosystems—impacting forests, bee habitats, seed sources, and ecotourism alike. To safeguard these vital natural systems, TFS is bolstering both its human and financial capacities by mobilising support from the government and development partners, with key funding avenues such as Payments for Ecosystem Services (PES) and carbon trading, particularly under the Environmental Management (Control and Management of Carbon Trading) Regulations.

g) Technological aspect

TFS has fully embraced modern technology, which is crucial for conserving forest and bee resources and for the production, processing, and marketing of products and services. The application of advanced technology will enhance both its operational and strategic functions through fire detection systems, tree improvement techniques, Geographic Information Systems (GIS), remote sensing, communication systems, satellite imagery, and drones for patrol and surveillance.

Additionally, TFS has automated many of its processes through the implementation of an Integrated Management Information System (IMIS). This system supports various operations, including the Human Capital Management Information Systems (HCMIS), the Integrated Financial Management System (IFMS), Revenue Collection Systems using the Government electronic Payment Gateway (GePG), PEPMIS, and PIPMIS, and the Planning and Budgeting System. Others include Procurement Management System (NeST), Seed Management Information System (SeedMIS), Forest Resources Management Information System (FREMIS), Plantation Management Information System (PMIS), Honey Traceability Systems, and e-auctioning.

TFS continues to leverage information, communication, and value-added technologies to enhance the production of quality goods and services. There is significant potential to further improve the Agency's operations by expanding the use of GIS, remote sensing, and biotechnology. Emerging technologies, such as tissue culture, greenhouse cultivation, and genetic cloning, offer promising avenues to increase productivity and conserve rare species. Furthermore, integrating Artificial Intelligence (AI) and Machine Learning (ML) could enhance data analysis and decision-making processes, while blockchain technology could provide transparency and traceability in timber and honey production. By adopting and innovating with these technologies, TFS is well-positioned to positively influence the implementation of its strategic plans, ensuring the sustainability and efficiency of its operations.

h) Social, Cultural, and Spiritual Aspects

Forests and the Beekeeping sector play a significant role in the social, cultural, and spiritual life of Tanzanian communities. Traditional customs have long fostered the protection and sustainable use of natural resources, serving as a vital check against overexploitation. However, growing pressures, such as population growth, unemployment, poverty, and low literacy levels, pose significant challenges to the effective management of these resources. To address this challenge, TFS deeply engages with local communities, valuing their indigenous knowledge and practices as cornerstones of conservation.

Community engagement is a core focus for the Agency, manifesting through support programs, active involvement in forest governance, and tailored conflict-resolution mechanisms. By equipping communities with tools, knowledge, and a voice in decision-making, TFS fosters sustainable resource use in harmony with cultural and spiritual traditions. During the financial year 2024/25, the Agency supported community development programs worth TZS 6,754,336,383, including seedlings for planting, beehives, and building materials for various construction projects. These initiatives strengthened the relationship between TFS and the forest-adjacent communities in conservation efforts.

Additionally, the Agency prioritises environmental literacy and conservation awareness within communities that are critical for nurturing sustainable behaviours and attitudes. At the same time, TFS promotes the integration of modern conservation methods with time-honoured practices, ensuring that cultural customs are honoured in resource-use planning.

By weaving together social, cultural, and spiritual considerations, TFS enhances its conservation strategies, safeguarding forest and beekeeping resources for future generations while maintaining alignment with the values and traditions of the communities it serves.

i) Economic aspect

The forestry and beekeeping sectors play a critical role in Tanzania's national economy and the livelihoods of its people. Collectively, they contribute substantially to the Gross Domestic Product (GDP), with forest-related activities alone accounting for approximately 17% through their Gross Value Added (GVA) (MNRT 2021). These sectors offer a broad range of goods and services that are vital to both economic development and community well-being. Forests yield essential products such as timber, wood fuel, food, fodder, and medicinal plants, while beekeeping enhances agricultural value chains by providing honey, beeswax, and pollen.

Beyond the production of goods, these sectors provide essential environmental services, including watershed management, eco-tourism, habitat preservation, recreation, shelter, and carbon sequestration. Their contributions extend beyond environmental sustainability to socio-economic development. Together, forestry and beekeeping generate employment for approximately two million people across the value chain—from production and processing to marketing. They also support the expansion of small and medium-sized enterprises (SMEs), increase government revenue through taxes and fees, and contribute to export earnings, thereby strengthening the country's trade balance.

However, the performance and management of these sectors are influenced by broader economic dynamics. Factors such as economic growth, inflation, interest rates, money supply, industrialisation, and improvements in infrastructure—particularly in transportation and energy—can significantly affect sectoral outcomes. Since TFS finances its operations mainly through the sale of goods and services, economic fluctuations can impact demand and, in turn, the resources available to implement its Strategic Plan. Additionally, changes in the economic

conditions of forest-dependent communities may alter their use and management of forest and bee resources.

j) Political aspect

The Agency benefits from a stable political and legal environment, which provides a strong foundation for achieving its strategies and objectives. However, sustained progress requires the commitment of all stakeholders to take action and maintain long-term investments in planned activities. The implementation of TFS plans is supported by ongoing national conservation initiatives, including the National Clean Cooking Strategy (2024-2034), Nationwide tree-planting campaigns (Agenda ya Mti wa Mama and the 27th Green Campaign of 2024), and ecotourism promotion through *the Tanzania Royal Tour Campaign (2023)*. In addition, the Government of Tanzania has issued a directive requiring each Local Government Authority at the district level to plant 1,500,000 trees annually. These initiatives form a part of a broader national strategy to strengthen forest conservation endeavours.

However, despite these supporting programs, effective implementation may face challenges due to shifting political directives and leadership changes. Also, political instability in neighbouring countries has impacted conservation efforts in Tanzania. The arrival of refugees in the western regions has increased pressure on forest resources through encroachment and raised security concerns, making the management of forest and beekeeping resources more challenging.

k) Demographic Environment

The demographic environment influences social, economic, and business dynamics. The implementation of the TFS plans benefits from population size, as it drives demand for the forest and bee products and services. Additionally, demographic data enables TFS to make informed decisions on resource allocation and develop strategies to reduce the negative impacts of population trends on forest resources.

However, population growth poses challenges to conservation and sustainable resource use in areas where the Agency operates. Increased reliance on forest resources can lead to encroachment and reduced vegetation cover. To address this, the Agency will continue to provide extension services and support income-generating activities for communities living adjacent to forest and bee reserves, to reduce pressure on these crucial ecosystems.

2.1.21 Risk Management and Internal Control

The Management accepts final responsibility for the Agency's risk management and internal control systems. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis to provide reasonable assurance regarding:

- Effectiveness and efficiency of operations;
- Safeguarding of the Agency's assets;
- Compliance with applicable laws and regulations;

- Reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of staff non-compliance with such measures. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Agency system is designed to give the management reasonable assurance that the procedures in place are operating effectively. The Management assessed the internal control systems throughout the financial year ended 30 June 2025 and is of the opinion that they met the accepted criteria. The Management carries out risk and internal control assessments through the Audit Committee.

2.1.22 Solvency

Solvency can be an essential measure of financial health, since it's one way of demonstrating an Agency's ability to manage its operations into the foreseeable future. Management has a reasonable expectation that the Agency has adequate resources to meet long-term obligations and continue in operational existence for the foreseeable future.

Further, the Management of the TFS confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

2.1.23 Employees' Welfare

a) Employee Relationship

During the year under review, the Agency took various initiatives to create a positive environment for employees to achieve the Agency's goals, including improving staff salaries, promoting from within, providing training, and providing adequate tools and good working environments. Further, the Agency conducted seminars on various issues relevant to the life of its officers across the country. The objective was to enhance employees' knowledge of multiple issues, including staff laws and regulations. The overall goals were to bring together top management and staff to maintain good relations.

Good relationships continued between employees and management for the year ended 30 June 2025. Following these initiatives, management received no unresolved employee complaints during the year. A healthy relationship continues to exist between management and employees.

The Agency is an equal-opportunity employer. It provides equal access to employment opportunities and ensures that the best-qualified person is appointed to any given position, free from discrimination of any kind and without regard to factors such as gender, marital status, tribe, or religion.

b) Training

The nature of the Agency's functions requires a highly skilled, well-trained workforce. Investing in staff's ongoing professional development is essential for the Agency's growth. TFS recognises the importance of employee training, as it increases job satisfaction and morale, enhances employee motivation, improves process efficiencies, increases capacity to adopt new technologies and methods, and promotes/enhances the Agency's image.

During this reporting period, the Agency spent TZS 1.86 billion on staff training to improve employees' technical skills and, hence, effectiveness. A total of 95 employees attended long-course programs: Master's (25), Bachelor's degrees (33), diplomas (30), Certificates (7), and 443 staff attended short courses. Further, the Agency conducted a retirement training course for 153 staff and PEPMIS training for 430 employees.

Training programs have been developed and continue to be designed to ensure employees are adequately trained at all levels and receive annual training to upgrade skills and enhance development. A significant part of the training costs is ongoing institutional reforms aimed at the Agency's institutionalisation as a paramilitary.

2.2 COMMENTARY TO THE FINANCIAL STATEMENTS

This section discusses and analyses the Agency's significant items, transactions, and events in its financial statements for the year ended 30 June 2025. This discussion and analysis provide additional information necessary to meet the objectives of financial statements. However, it is not part of TFS's financial statements; it should be read together with them.

2.2.1 Statement of Financial Position

The Statement of Financial Position shows the Agency's financial resources against its obligations; it comprises Cash and Cash Equivalents, Receivables, Prepayments, Inventories, Property, Plant and Equipment, Work in Progress, Biological Assets, Intangible Assets, Payables, deferred revenue, and Net Assets.

a) Cash and Cash Equivalent

The cash and Cash Equivalent as of 30 June 2025 is TZS 17,551,382,681, comprising collection accounts, expenditure accounts, and accounts for donor-funded projects, whereas the cash and Cash Equivalent as of 30 June 2024 was TZS 12,843,742,549. This increase in the cash and cash equivalents balance is due to ongoing projects and other capital expenditures, as well as the deferred amounts for donor-funded projects.

b) Receivables

Receivables as of 30 June 2025 are TZS 475,670,540, whereas receivables as of 30 June 2024 were TZS 258,178,467. This is due to measures put in place, such as withholding additional duties and allowances from staff until they retire.

c) Inventories

Inventories as of 30 June 2025 were TZS 440,664,992, as compared to TZS 1,501,708,324 as of 30 June 2024 for the previous year. This is due to increased use of supplies and consumables during the year, fewer goods or supplies acquired, and improved inventory management.

d) Prepayments

Prepayments for the year ended 30 June 2025 were TZS 7,353,815,899. These relate to prepayments made to GPSA for vehicle procurement. Prepayments made for the previous year were TZS 8,569,274,280 as of June 2024. This decrease is attributed to the delivery of prepaid vehicles from GPSA in this financial year.

e) Property, Plant and Equipment

The total carrying amount for PPE as of 30 June 2025 was TZS 103,719,634,995 compared to TZS 90,535,672,240 as of 30 June 2024. This increase in value is due to the acquisition of machinery, such as tractors and lorries, and to the construction of office buildings and ranger posts.

f) Work in Progress

The total amount for WIP as of 30 June 2025 was TZS 8,268,186,053 compared to TZS 10,494,347,737 as of 30 June 2024. The decrease in WIP is due to the completion of ranger posts in various stations and other buildings, which were transferred to PPE.

g) Biological Assets

The total Biological Assets as of 30 June 2025 were TZS 1,279,692,974,517 compared to TZS 1,257,108,517,699 as of 30 June 2024. The increase in Biological Assets during the year amounted to TZS 22,584,456,818. This gain was due to annual growth increment and development of new stands exceeding harvested trees and losses caused by drought, fire incidences and diseases.

h) Intangible Asset

The Agency's intangible asset as at 30th June 2025 was TZS 124,277,700, compared to TZS 144,990,650 reported during the previous year, June 2024. This decrease is due to amortisation of the intangible assets.

i) Payables and Accruals

The outstanding liabilities were TZS 1,334,329,852 as of 30 June 2025, compared to TZS 1,895,960,714 as of 30 June 2024.

j) Deferred Income

Deferred income for the year ended 30 June 2025 was TZS 4,021,183,799 as compared to TZS 1,375,211,758 for the previous financial year ended June 2024.

k) Net Assets

The Agency's Net Assets were TZS 1,412,271,093,726 as of 30 June 2025, compared to TZS 1,378,185,259,472 as of 30 June 2024.

2.2.2 Statement of Financial Performance

The Statement of Financial Performance reports the annual surplus or deficit from operations during the period. It shows the Agency's revenues and the cost of spending on its priorities. It represents the outcome of the Budget presented.

a) Revenue from Exchange Transactions

Revenue from exchange transactions during the year ended June 2025 was TZS 189,635,057,327, compared to TZS 164,514,133,632 for the financial year ended 30 June 2024, representing an increase of TZS 25,120,923,695.

b) Revenue from non-exchange transactions

The revenue recognised during the year ended June 2025 was TZS 54,915,130,099, compared to TZS 44,113,659,307 in the previous financial year, representing an increase of TZS 10,801,470,792.

c) Forex gain/Loss

Foreign exchange loss as of 30 June 2025 was TZS 1,682,671, compared to a foreign exchange gain of TZS 81,725,881 for the previous year ended June 2024. This was caused by a decline in the dollar's value relative to the Tanzanian shilling.

d) Increase/Decrease in ECL

In the financial year ended June 2025, there is an increase in ECL by TZS 21,821,302 compared to the financial year ended June 2024, where there was a decrease in ECL amounting to TZS 82,147,746

e) Gain in fair value of biological assets

The gain in fair value of biological assets as of 30 June 2025 was TZS 22,584,456,818 compared to TZS 15,007,979,333.76 for the previous year ended June 2024, which represents an increase of TZS 11,177,107,556.85.

f) Wages, Salaries and Employee Benefits

Expenditure on employee benefits as of 30 June 2025 was TZS 98,929,608,797, up from TZS 87,956,859,814 in the previous year, an increase of TZS 10,972,748,983. The reasons for this increase are performance-based and contractual salary increases, recruitment of new staff, promotions, and overtime. This increase signals growth in staffing levels and more substantial employee incentives.

g) Use of Goods and Services

Expenditure on Supplies and Consumable Goods as of 30 June 2025 was TZS 73,244,422,118, up from TZS 56,168,207,783 in the previous year, an increase of TZS 17,076,214,334. This increase is due to increased operational activities, such as forest patrols and special operations to eliminate illegal charcoal transport in the eastern zone, expansion of service coverage through more field operations, and a higher number of staff, which have led to increased office consumables. In short, this increase indicates that the agency's operations are growing.

h) Transfer Payments

Transfers during the year ended 30 June 2025 were TZS 39,088,382,610, compared to TZS 31,775,729,186 for the year ended 30 June 2024, increasing TZS 7,312,653,424. This is caused by an increase in own-source collections, which has led to higher transfers to the Consolidated Fund and Tanzania Forest Fund.

i) Maintenance Expenses

The actual amount spent on Routine Maintenance and Repair during the period ended June 2025 was TZS 10,161,714,172, compared to TZS 11,409,840,301 for the previous year ended June 2024, representing a decrease of TZS 1,248,126,129. This is due to fewer breakdowns and repairs, newly purchased assets that require less maintenance and management, and increased cost-control measures.

j) Other Expenses

Other expenses incurred during the year ended June 2025 were TZS 2,622,736,659, compared to TZS 2,183,271,223 incurred the previous year ended June 2024, representing an increase of TZS 439,465,436.00. This is caused by growth in operational activities and an increase in audit fees.

k) Depreciation and Amortisation

The amounts of depreciation and amortisation charged during the financial year ended 30 June 2025 were TZS 8,957,728,711 and TZS 20,712,950, respectively, compared to TZS 8,831,166,052 and TZS 20,712,950 in the previous financial year.

2.2.3 Cash Flow Statement

The Cash Flow Statement shows the sources and uses of cash over the period.

a) Net Cash from Operating Activities

Total net receipts in the financial year ended June 2025 are TZS 23,235,834,101, compared to TZS 19,600,291,363 in the previous year ended June 2024. This is caused by higher collections of the agency's own-source revenue, improved billing and collection efficiency, and growth in operational activities, which lead to increased collections.

b) Net Cash from Investing Activities

A total of TZS 18,504,689,996 was used to purchase non-current assets in the financial year ended June 2025, compared to TZS 20,385,983,870 from the previous year ended June 2024. The agency's higher capital expenditure is the cause. This means the agency spends more on acquiring property, plant, and equipment, and on constructing long-term assets such as office buildings, buying vehicles, and improving forest infrastructure and machinery.

2.2.4 Statement of Comparison of Budget and Actual Amount

a) Revenue

Budgets for revenue from exchange transactions and non-exchange transactions were TZS 176,969,595,917 and TZS 99,065,187,166, respectively, and TZS 189,635,057,327 and TZS 57,561,102,140 were collected, representing an over-collection of 7% and an under-collection of 42%, respectively. A significant amount of uncollected funds from non-exchange transactions was due to inadequate budget releases by development partners.

b) Wages, Salaries and Employee Benefits

The final budget for employee benefits for the financial year ended June 2025 was TZS 99,172,146,310, while the actual expenditure was TZS 98,952,007,719, resulting in an under-expenditure of 0.2%.

c) Use of Goods and Services

The budgeted amount for this item was TZS 77,231,186,123, compared with the actual expenditure of TZS 72,338,662,654, resulting in an underspend of 6%.

d) Maintenance Expenses

The final budget for routine maintenance was TZS 17,985,210,612, while the actual expenditure was TZS 10,022,256,650, resulting in an under-spending of 44% due to fewer breakdowns and repairs, newly purchased assets that require less maintenance and management, and increased cost-control measures.

e) Other Expenses

The budget for other expenses for the year ended 30 June 2025 was TZS 2,879,046,923, while the actual expenditure was TZS 2,622,736,659, being underspent by 9%.

f) Transfer payments

The final budget for the current transfer and subsidies for the year ended June 2025 was TZS 39,089,602,662, while the actual amount transferred was TZS 40,024,661,684, representing an undertransfer of 2%.

g) Capital Expenditure

The capital expenditure budget was TZS 49,577,590,453, while the actual amount of TZS 18,504,689,996 was underspent, due to under budget releases by development partners.

2.2.5 Community support

The Agency is there to improve the lives of the community, change their lives, and carry out activities that promote sustainable forest conservation, with an emphasis on vulnerable groups and communities bordering forests. The agency recognises its role and purpose to contribute to the social and economic development of the country through the implementation of its duties to preserve and manage forest and bee resources, which includes restoring forest areas, expanding forests, establishing and managing forests, and managing beekeeping activities under the law. TFS is also a responsible institution and a development partner for communities, especially around forest reserves. Along with implementing this plan, the Agency has developed a method to carry out its duties that aims to comply with the following principles and responsibilities of good corporate citizenship: commitment to management, good corporate governance, sustainability, community involvement, partnership, and accountability for forest resources.

The Agency is committed to developing and implementing comprehensive, life-changing, and sustainable community development projects. As part of its commitments, local communities are empowered to manage and benefit from forest resources. This approach recognises the interconnectedness between community livelihoods and forest conservation, aiming to create sustainable practices that benefit both. TFS will continue to support the community in various development activities and enable community participation in the protection and management of forest and bee resources.

2.2.6 External Auditor

The Agency is statutorily audited by the Controller and Auditor-General (CAG) as provided for in Article 143 of the Constitution of the United Republic of Tanzania of 1977, the Public Finance Act, Cap. 348 [R.E 2020], and Section 10 (1) of the Public Audit Act, Cap 418.

2.2.7 Responsibility of the Auditor

The Controller and Auditor General (CAG) has a statutory responsibility to report to the stakeholders as to whether, in his opinion, the financial statements of the Agency present fairly the financial position, financial performance and cash flows for the year that ended June 2025 in accordance with the International Public Sector Accounting Standards (IPSASs), the Tanzania Financial Reporting Standard (TFRS 1) and in the manner required by the Public Finance Act, Cap. 348 [R.E 2020].

2.3 STATEMENT BY THE CONSERVATION COMMISSIONER

The Tanzania Forest Services Agency was established to ensure the efficient and effective management of forest and bee resources and to promote the potential for continuous improvement in its services. The Agency's mandates are guided by the sector policy and legal instruments that provide the enabling environment. These include the National Forest and Beekeeping Policies of 1998, the Forest Act Cap 323, the Beekeeping Act Cap 324 and their Regulations, the Executive Agency Act Cap 245 [R. E. 2009] and the Establishment Order with Government Gazette (GN) No. 269 of 30 July 2010, revised through GN 259 of 31 March 2023.

TFS is exclusively mandated to manage National Forest and Bee Resources sustainably through conservation, development, and utilisation, to contribute to the social, economic, ecological, and cultural needs of present and future generations. The Agency manages 464 National Forest Reserves with a total area of about 14,256,133 ha. This area includes 24 Nature Forest Reserves totalling 966,565 ha and about 158,000 ha of mangrove forests. In addition, there are 12 Bee Reserves with a total area of 31,374 ha covering an area of 30,539.65 ha. Further, 24 forest plantations cover 571,222.13 ha and manage forests on general lands. Further, the Agency owns 71 tree seed sources covering 689.5ha, including 159.5 ha established through collaboration with other stakeholders.

The Agency is further mandated to manage six antiquities sites: rock Paintings at Kolo in the Dodoma Region, Tongoni Ruins in the Tanga Region, Kaole Ruins and Bagamoyo historical town in the Coast Region, and the Mud-Roof House of Dr Livingstone and Old Afya Building in the Tabora Region.

The Agency is strengthening institutional reforms for paramilitary units, similar to other institutions under the Ministry of Natural Resources and Tourism that constitute the Wildlife and Forest Conservation Service (WFCS), which was established through amendments to the Wildlife Act Cap. 283 and the Forest Act Cap. 323 has been made under written laws (Miscellaneous Amendments) (No. 2) ACT, 2020 of 17 June 2020.

The Agency is pleased to present the Annual Financial Report for the financial year 2024/25. The report describes achievements achieved during the 2024/25 financial year the fourth year of the Third Strategic Plan (2021/22-2025/26), which aligns with the National Five-Year Development Plan. During the financial year under review, the Agency continued to undertake strategic initiatives to enhance its capacity to discharge its core functions effectively and efficiently. The Agency registered several milestones during the year under review, which included the development and implementation of ICT solutions to enhance its operations and service delivery. The following highlights several key achievements.

- i. Increase forest area under conservation.
- ii. Strengthening institutional capacity
- iii. Improvement of cultural and eco-tourism
- iv. Increasing Forest area under conservation
- v. Community support to forest adjacent to forest reserves
- vi. Implementing a Commercial Beekeeping Strategy

- vii. Conflict resolutions between forest reserves and adjacent communities;
- viii. Strengthening Forest protection; and
- ix. Coordinating the hosting of international conferences for forestry and beekeeping.

These achievements were possible due to staff teamwork, customer cooperation, and support from the parent Ministry, Government agencies, and other key stakeholders. The main challenges to the effective implementation of this strategic plan remain inadequate staffing, insufficient working gear, encroachment into forest reserves, and the illegal transportation of charcoal by motorcycle, which perpetuates degradation and deforestation.

The Agency projected to collect a total of TZS 276.035 billion, including TZS 176.97 billion from its own sources, TZS 45.98 billion in Government subvention to cater for PE, and TZS 53.08 billion from other sources, including donor-funded projects, to complement its efforts in the management of forest and bee resources.

The Agency collected TZS 244.55 billion in overall revenue from its own sources. This amount includes TZS 8.7 billion collected on behalf of the Tanzania Forest Fund, which was remitted, as well as TZS 46.69 billion received from the government to cover PE.

Revenue from own sources, as reported in the statement of financial performance for the financial year, is 24.68 billion higher than in the financial year 2023/24, an increase of 15%.

The Agency managed to absorb TZS 239.9 billion to enhance sustainable forest conservation and management. This amount includes remitting TZS 29.82 billion to the Consolidated Fund (CF) as 15% revenue contributions, and a contribution of TZS 0.25 billion to support training institutions under the Ministry of Natural Resources and Tourism. All collections were facilitated using the GePG System and remitted directly to the Agency's revenue collection accounts maintained at commercial banks and BoT.

Meanwhile, the Agency transferred TZS 8.4 billion as revenue share to TaFF. The implementation of planned activities continued in accordance with the work plan and budgetary provision.

The focus of the Agency's activities was on promoting Agency sustainability, particularly forest expansion, tree planting, development, and promotion of cultural and ecotourism, the coordination of international meetings and forums, safeguarding existing biological and physical assets, and the acquisition of working equipment/facilities.

Overall, the agency's performance was in line with its strategic focus, which creates an enabling environment for other sectors of the economy, as anticipated in the National development priorities. In this regard, the Agency appreciates the continued financial support from the Government and development partners.

The Financial Statements of the Tanzania Forest Services Agency have been prepared in compliance with section 30 of the Public Finance Act, Cap 348 [R.E 2020], Treasury Accounting

Circular No.02 of 2024/25 and International Public Sector Accounting Standards (IPSAS) - Accrual basis.

The Conservation Commissioner, through the management team, is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance regarding the integrity and reliability of the Annual Financial Statements. The Management is optimistic that the Agency's future performance will continue to improve under the current Government support, proper guidance from the Ministry through its Advisory Board, composed of a competent and experienced team, and support and cooperation from key stakeholders, committed staff, and teamwork.

In my view, the Agency has adequate resources to continue operating in the foreseeable future; therefore, it continues to adopt the going-concern basis in preparing its financial statements. The Agency has, to the best of my knowledge, complied with all relevant laws and regulations. I further confirm that the attached Financial Statements present a true and fair view of the state of the financial affairs of the Agency as of 30 June 2025 and of the accounting records maintained by the Agency, which have been relied upon in the preparation of the Financial Statements.

In conclusion, I wish to extend my heartfelt gratitude to the Ministerial Advisory Board for their guidance, the Management team for their support, and all staff for their loyalty, dedication, and trustworthiness in their areas of responsibility. Furthermore, I wish to convey my sincere gratitude to the Minister for Natural Resources and Tourism, Hon. Pindi Chana (MP), Deputy Minister, Hon. Dustan Kitandula (MP), the Permanent Secretary, Dr Hassan Abasi and Deputy Permanent Secretaries, Commissioner of Police Benedict Wakulyamba and Mr Nkoba Emmanuel Mabula, for their exemplary leadership and guidance. I am grateful to the 6th Government of the United Republic of Tanzania under the exemplary leadership of H.E. Samia Suluhu Hassan, the President of the United Republic of Tanzania, for the trust bestowed upon us and for providing us with all necessary guidance and support that accelerated these achievements.



Prof. Dos Santos Silayo
Conservation Commissioner

26/02/2026
Date:

2.4 STATEMENT OF MANAGEMENT RESPONSIBILITY

Management is responsible for the preparations of fair presentation of Financial Statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining adequate internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

These Financial statements are prepared according to Section 30(2) of the Public Finance Act Cap 348 [R.E 2020], comprising the statement of financial position on 30 June 2025, and the Statement of Financial Performance, A Statement of changes in net asset, Cash Flow Statement, Statement of Comparison of Budget and Actual for the year ended and the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with generally accounting principles.

In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue to sustain its services, disclosing, as applicable, matters related to the sustainability of services and using the appropriate basis of accounting unless Management is aware of the intention to cease operations.

Management accepts responsibility for the annual Financial Statements, which have been prepared using appropriate Accounting Policies supported by reasonable and prudent judgements and estimates in conformity with the International Public Sector Accounting Standard (IPSAS) and the manner required by Section 30 (2) of the Public Finance Act, Cap 348 [R.E 2020]. The Management attests that the Financial Statements give a true and fair view of the state of the financial affairs of the TFS. Responsibility for both the accuracy and reliability of the data contained herein, as well as the completeness and fairness of the presentation, including all disclosures, rests with the Management.

In addition to the basic Financial Statements and supplementary information, you will find Management's discussion and analysis. Management presents current facts. The objective is to provide a much broader and more detailed analysis of the Agency's Financial Condition and operating results. Management has assessed the agency's ability to continue as a going concern. It has no reason to believe that it will not be able to operate for the next Financial Year.



Prof. Dos Santos Silayo
Conservation Commissioner

26/02/2026

Date:

2.5 DECLARATION OF THE HEAD OF ACCOUNTING AND FINANCE

The National Board of Accountants and Auditors (NBAA), according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied by a declaration issued by the Head of Accounting responsible for the preparation of financial statements.

It is the duty of the Head of Accounting and Finance to assist the Management in discharging the responsibility of preparing financial statements of an Agency showing a true and fair view of the agency's state of affairs in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

The Head of Accounting and Finance ensures that the Agency maintains proper accounting records that disclose, with reasonable accuracy, TFS's financial position, performance, and changes in financial position.

The Head of Accounting and Finance accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates in conformity with the International Public Sector Accounting Standards (IPSAS) on the accrual basis.

The full legal mandates for preparing financial statements rest with the agency's management under the Management Responsibility Statement.

I, Peter F. Mwakosya, being the Head of Accounting and Finance of the Tanzania Forest Services Agency, hereby acknowledge my responsibility of ensuring that financial statements for the year ended June 2025 have been prepared in compliance with International Public Sector Accounting Standard (IPSAS), Accrual basis and statutory requirements.

I thus confirm that the financial statements present a true and fair view of the agency's position as of that date and that they have been prepared on an accrual basis in accordance with International Public Sector Accounting Standards (IPSAS), statutory requirements, and adequately maintained financial records.



Name: Peter F. Mwakosya
Position: Chief Accountant
NBAA Membership No. ACPA 2419

Date: 26/02/2026

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF NATURAL RESOURCES AND TOURISM
TANZANIA FOREST SERVICES AGENCY (TFS)
FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

2.6 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	2024/25 (TZS)	2023/24 (TZS)
ASSETS			
Current Assets			
Cash and cash equivalents	12	17,551,382,681	12,843,742,549
Receivables	13	475,670,540	258,178,467
Prepayments	14	7,353,815,899	8,569,274,280
Inventory	15	440,664,992	1,501,708,324
Total Current Assets		25,821,534,112	23,172,903,620
Non-Current Assets			
Property, Plant and Equipment	17	103,719,634,995	90,535,672,240
Work In Progress	24	8,268,186,053	10,494,347,737
Biological Assets	18	1,279,692,974,517	1,257,108,517,699
Intangible Assets	19	124,277,700	144,990,650
Total Non-Current Assets		1,391,805,073,265	1,358,283,528,326
TOTAL ASSETS		1,417,626,607,377	1,381,456,431,946
LIABILITIES			
Current Liabilities			
Payables	16	1,334,329,852	1,895,960,714
Deferred Income	21	4,021,183,799	1,375,211,758
TOTAL LIABILITIES		5,355,513,651	3,271,172,472
NET OF TOTAL ASSETS AND TOTAL LIABILITIES		1,412,271,093,726	1,378,185,259,472
NET ASSETS			
Taxpayers' Fund		26,140,389,318	26,140,389,318
Accumulated Surplus		1,386,130,704,408	1,352,044,870,154
TOTAL NET ASSETS		1,412,271,093,726	1,378,185,259,472



Prof. Dos Santos Silayo

Conservation Commissioner

Date: 26/02/2026

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF NATURAL RESOURCES AND TOURISM
TANZANIA FOREST SERVICES AGENCY (TFS)
FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

2.7 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024/25 (TZS)	2023/24 (TZS)
Revenue			
Revenue from Exchange Transactions	3	189,635,057,327	164,514,133,632
Revenue from Non-Exchange Transactions	4	54,915,130,099	44,113,659,307
Gain on Foreign Exchange	5A	-	81,725,881
Reversal of provision for ECL Receivable	5B	-	82,147,745
Gain from Changes of Fair Value- Biological	5C	22,584,456,818	15,007,979,334
Asset			
Total Revenue		267,134,644,244	223,799,645,900
Expenses and Transfers			
Expenses			
Wages, Salaries and Employee Benefits	6	98,929,608,797	87,956,859,814
Use of Goods and Services	7	73,244,422,118	56,168,207,783
Maintenance Expenses	8	10,161,714,172	11,409,840,301
Other Expenses	10	2,622,736,659	2,183,271,223
Depreciation	17	8,957,728,711	8,831,166,052
Amortisation	19	20,712,950	20,712,950
Increase in Expected Credit Loss	22	21,821,302	-
Foreign Exchange Loss	23	1,682,671	-
Total Expenses		193,960,427,380	166,570,058,123
Transfers			
Transfer Payments	9	39,088,382,610	31,775,729,186
Total Transfers		39,088,382,610	31,775,729,186
Total Expenses and Transfers		233,048,809,990	198,345,787,309
Surplus for the Year		34,085,834,254	25,453,858,590



Prof. Dos Santos Silayo

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Date: 26/02/2026

THE UNITED REPUBLIC OF TANZANIA
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 TANZANIA FOREST SERVICES AGENCY (TFS)
 FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

2.8 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Taxpayer's Fund	Accumulated Surplus	Total Net Assets (TZS)
Opening Balance as at 01 July 2024	26,140,389,318	1,352,044,870,154	1,378,185,259,472
Surplus for the Year	-	34,085,834,254	34,085,834,254
Closing Balance as at 30 June 2025	26,140,389,318	1,386,130,704,408	1,412,271,093,726
Opening Balance as at 01 July 2023	26,140,389,318	1,326,591,011,563	1,352,731,400,881
Surplus for the Year	-	25,453,858,590	25,453,858,590
Closing Balance as at 30 June 2024	26,140,389,318	1,352,044,870,154	1,378,185,259,472



Prof. Dos Santos Silayo

Conservation Commissioner

Date: 26/02/2026

THE UNITED REPUBLIC OF TANZANIA
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2.9 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024/25 (TZS)	2023/24 (TZS)
Cash from operating activities			
Revenue from Exchange Transactions	25	189,635,057,327	159,346,710,080
Revenue from Non-Exchange Transactions		57,561,102,140	44,467,329,023
Total Receipts		247,196,159,467	203,814,039,102
Payments			
Wages, Salaries and Employee Benefits	26	98,952,007,719	87,919,380,296
Use of Goods and Services	27	72,338,662,654	55,817,514,823
Transfer Payments	28	40,024,661,684	26,877,899,130
Maintenance Expenses	29	10,022,256,650	11,415,682,268
Other Expenses		2,622,736,659	2,183,271,223
Total Payments		223,960,325,367	184,213,747,740
Net cash flow from operating activities		23,235,834,101	19,600,291,363
Cash flows from investing activities			
Acquisition of Property, Plant and Equipment	17	10,162,810,819	9,026,958,853
Prepayments for Motor Vehicles	30	3,093,202,719	8,569,274,280
Additional Work in Progress	24	5,248,676,458	2,789,750,737
Net cash flow from investing activities		18,504,689,996	20,385,983,870
Net cash used in financing activities			
Net Decrease/Increase in Cash and Cash Equivalents		4,731,144,105	-785,692,507
Foreign Exchange Gain/(Loss)		(1,682,671)	81,725,882
Cash and Cash Equivalent at the beginning of the period		12,862,135,669	13,566,102,295
Cash and Cash Equivalent at End of the Period		17,591,597,103	12,862,135,669


 Prof. Dos Santos Silayo

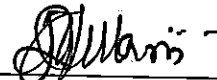
Conservation Commissioner

Date: 26/02/2026

MINISTRY OF NATURAL RESOURCES AND TOURISM
TANZANIA FOREST SERVICES AGENCY (TFS)
FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

2.10 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	Original Budget	Final Budget (A)	Actual Amounts		Variance ¹	
			(B)	(C)= (A)-(B)	%	
RECEIPTS						
Revenue From Exchange Transactions	176,969,595,917	176,969,595,917	189,635,057,327	(12,665,461,410)	(7)	
Revenue From Non-Exchange Transactions	99,065,187,166	99,065,187,166	57,561,102,140	41,504,085,026	42	
Total Receipts	276,034,783,083	276,034,783,083	247,196,159,467			
PAYMENTS						
Wages, Salaries and Employee Benefits	98,970,585,388	99,172,146,310	98,952,007,719	220,138,591	0.2	
Use of Goods and Services	76,069,486,141	77,231,186,123	72,338,662,654	4,892,523,469	6	
Maintenance Expenses	18,915,319,462	17,985,210,612	10,022,256,650	7,962,953,962	44	
Other Expenses	1,300,044,874	2,879,046,923	2,622,736,659	256,310,264	9	
Capital Expenditure	49,577,590,453	49,577,590,453	18,504,689,996	31,072,900,457	63	
Transfer Payments	41,101,756,765	39,089,602,662	40,024,661,684	(935,059,022)	(2)	
Total Payments	285,934,783,083	285,934,783,083	242,465,015,363			
Net Receipts			4,731,144,105			



Prof. Dos Santos Silayo

Conservation Commissioner

Date: 26/02/2026

¹ Reasons for material variances are provided in Paragraph 13.4

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF NATURAL RESOURCES AND TOURISM
 TANZANIA FOREST SERVICES AGENCY (TFS)
 FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

11 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS FOR THE YEAR ENDED 30 JUNE 2025

	2024/25	2023/24
Surplus for the Year	34,085,834,254	25,453,858,592
Non-Cash Items		
Depreciation for the Year	8,957,728,711	8,831,166,052
Amortisation for the Year	20,712,950	20,712,950
Foreign Exchange Loss	1,682,671	(81,725,881)
Increase in Expected Credit Loss	21,821,302	(82,147,746)
Gain from Changes of Fair Value- Biological Asset	(22,584,456,818)	(15,007,979,334)
Changes in Working Capital		
Increase/(Decrease) in Deferred Income	2,645,972,041	(1,228,171,332)
(Increase)/Decrease in Receivables	(217,492,073)	170,202,431
Changes in Prepayment	-	1,753,278,428
Increase/(Decrease) in Payables	(561,630,863)	213,140,339
(Increase)/Decrease in Inventories	1,053,654,917	(442,043,136)
Adjustment for Prepayments of Non-Current Assets	(187,992,992)	
Net Cash Flow from Operating Activities	23,235,834,101	19,600,291,363

12 RECONCILIATION OF BUDGET AND ACTUAL AMOUNTS ON A COMPARABLE BASIS FOR THE 30 JUNE 2025

Description	Operating	Financing	Investing	Total (TZS)
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	23,235,834,101	-	(18,504,689,996)	4,731,144,105
Basis Differences	-	-	-	-
Timing Differences	-	-	-	-
Entity Differences	-	-	-	-
Actual Amount in the Statement of Cash Flows	23,235,834,101	-	(18,504,689,996)	4,731,144,105

2.13 NOTES TO THE FINANCIAL STATEMENT

2.13.1 General Information

Tanzania Forest Services Agency (TFS) is a semi-autonomous government Executive Agency established in 2010 under the Executive Agency Act (Cap. 245 Revised Edition 2009), the National Forest and Beekeeping Policies adopted in March 1998 and administered through the Forest Act Cap 323, the Beekeeping Act Cap 324 and their Regulations which provide the legal framework for the management of Forests and Bee resources. In pursuit of efficient and effective public service delivery at reduced management costs, the government abolished TTSA in 2018 and transferred its functions to TFS. Furthermore, in 2019, the management responsibility of six Antiquities stations was transferred to TFS through Government Notice No. 631, published on 14 August 2020. These stations include Rock Paintings at Kolo in the Dodoma Region, Tongoni Ruins in the Tanga Region, Kaole Ruins and Bagamoyo historical town in the Coast Region, Mud Roof House of Dr Livingstone and the Old Afya Building in the Tabora Region.

The Agency is strengthening institutional reforms within the paramilitary, similar to other institutions under the Ministry of Natural Resources and Tourism that constitute the Wildlife and Forest Conservation Service (WFCS), which was established through amendments to the Wildlife Act Cap. 283 and the Forest Act Cap. 323 has been made under the written laws (Miscellaneous Amendments) (No. 2) ACT, 2020 of 17 June 2020.

2.13.2 Basis of preparation of the financial statements

The financial statements have been prepared on a going-concern basis and in accordance with IPSAS on an accrual basis of accounting.

2.13.3 Authorisation of Financial Statements

The authorised date for the issue of Financial Statements to the Public is after the Controller and Auditor General have given their opinion and the report has been tabled in Parliament.

2.13.4 Statement of Compliance

The financial statement has been prepared in accordance with and complies with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB). The Report by Those Charged with Governance has been prepared in accordance with the requirements of the Tanzania Financial Reporting Standard (TFRS) No. 1, issued by the National Board of Accountants and Auditors (NBAA).

The financial statements are prepared and presented in compliance with the IPSAS accrual basis of accounting.

2.13.5 Basis of Preparation

The financial statement is prepared on an accrual basis. Items in financial statements have been reported on a historical cost basis. The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) on the Accrual basis

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of accounting, in accordance with Treasury directives. The principal accounting policies adopted in the preparation of these financial statements are set below. These policies have been consistently applied to all the years presented unless otherwise stated. The cash flow statement is prepared using the direct method.

2.13.6 Reporting Period

The financial statement's reporting period is 12 months, and the financial year runs from 1 July 2024 to 30 June 2025.

2.13.7 Reporting Entity

The financial statements relate to the Tanzania Forest Services (TFS) Agency, which is the reporting entity.

2.13.8 New Standards on Issue Not Yet Adopted by the Agency

A new Standard issued by the International Public Sector Accounting Standards Board (IPSASB) is not yet effective as of the date of issuance of the Agency's financial statements.

IPSAS 43, Leases, effective on or after 1 January 2025. This standard introduces a right-of-use model that replaces the risks and rewards incidental to the ownership model in IPSAS 13, Leases. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to the ownership model in IPSAS 13. This standard will improve the transparency of lease accounting in the public sector.

2.13.9 Summary of Significant Accounting Policies

For the preparation and presentation of TFS's financial statements for the year ended 30 June 2024, the following accounting policies have been used;

a) Functional and Presentation Currency

The TFS's functional currency is the Tanzanian Shillings (TZS). The financial statements have been presented in Tanzanian Shillings (TZS) with all values rounded to the nearest two decimals, except where otherwise indicated.

b) Going Concern

In assessing whether the going concern assumption is appropriate, the management of TFS is responsible for preparing financial statements that have considered all available information about the future, including, at a minimum, the twelve months preceding the date of approval of the financial statements. In assessing whether the going concern basis is appropriate for the TFS, the management has considered a wide range of factors relating to the following.

c) Revenue Recognition (IPSAS 9 & 23)

TFS's Revenue comprises Revenue from Exchange Transactions (IPSAS 9) and Revenue from Non-Exchange Transactions (IPSAS 23).

- **Revenue from Exchange Transactions (IPSAS 9)**

Revenue includes only the gross inflows of economic benefits or service potential received and receivable by the entity. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or the use of assets) to another entity in exchange. Revenue is measured at the fair value of the consideration received or receivable and is recognized only when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

- **Revenue from Non-Exchange Transactions (IPSAS 23)**

Revenue from Non-Exchange Transactions occurs when TFS receives resources and provides no or nominal consideration directly in return. The main types of Revenue from non-exchange transactions are Salaries received and grants from development partners. Revenue from non-exchange transactions is measured by the increase in net assets recognised by the TFS. Revenue from Non-Exchange Transactions is recognised as follows.

Subventions, Government Grants, and Development Partners' Assistance. Subventions, Government Grants, and Donor Assistance received from the government and other donors are recognised when received by the Agency and the conditions are met.

d) Property, Plant and Equipment

All property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses. The cost includes expenditures directly attributable to the acquisition of the items.

Items of property and equipment shall be recognised as assets if, and only if, it is probable that the future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably.

Repairs and maintenance are recognised in the Statement of Financial Performance during the financial period in which they are incurred.

The Corporation derecognises items of property and equipment upon disposal or when no future economic benefits or service potential is expected from its continuing use.

The gain or loss arising on the derecognition of an item of property and equipment is included in the Statement of Financial Performance, unless IPSASs requires otherwise on a sale and leaseback.

At the end of each reporting period, the assets' residual values and useful lives are reviewed and, if appropriate, adjusted prospectively.

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e) Depreciation

The land is not depreciated; however, one of the fundamental principles of the Land Policy, incorporated into the Land Act of 1999, is that, when assessing compensation for land, one factor to consider is the land's or real property's market value.

Depreciation on assets is charged on a straight-line basis over their useful life. It is charged at rates calculated to allocate the asset's cost, less any estimated residual value, over its remaining useful life, as shown in Table 7.

Table 7: Depreciation rates

Class of Assets	Rates
Heavy-duty (5 tons and above)	5%
Light duty (below 5 tons)	10%
Marine vehicles	4%
Motorcycle	14.285%
Furniture, Fittings and Equipment	10%
Laboratory equipment	5.63%
Buildings	2%
Computer (Desktops and Laptops)	12.5%
Plant and Machinery	6.67%
Land	N/A

f) Intangible Assets

As per IPSAS 31 recognition, Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at a cost less than any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite useful life are evaluated for impairment whenever there is an indication that the asset may be impaired. Amortisation: The intangible asset with a finite life is amortised over its useful life as follows.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate. They are treated as changes in accounting estimates. The amortisation expense on an intangible asset with a finite life is recognised in the Statement of Financial Performance as an expense category consistent with the nature of the intangible asset. Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the asset's carrying amount. They are recognised in the Statement of Financial Performance when

the asset is derecognised. TFS has intangible assets in the form of software, which is amortised at an annual rate of 10%.

g) Heritage Assets

Some assets are described as heritage assets because of their cultural, environmental, or historical significance. Examples of heritage assets include historical buildings and monuments, archaeological sites, conservation areas and nature reserves, and works of art. TFS, as a public sector entity, holds extensive holdings of heritage assets acquired over many years through various means, including purchase, donation, bequest, and sequestration.

These assets are rarely held for their ability to generate cash inflows, and there may be legal or social obstacles to using them for such purposes. IPSAS 17 does not require an entity to recognise heritage assets that would otherwise meet the definition of, and recognition criteria for, property, plant, and equipment. For this reason, TFS does not recognise heritage assets; instead, heritage assets are disclosed in the Agency's financial statements. These assets are Rock Paintings at Kolo in the Dodoma Region, Tongoni Ruins in the Tanga Region, Kaole Ruins and Bagamoyo historical town in the Coast Region, Mud Roof House of Dr Livingstone and the Old Afya Building in the Tabora Region.

h) Biological Assets

Biological assets are measured on initial recognition and at each reporting date at fair value less estimated point-of-sale costs. Any gains or losses arising on initial recognition of biological assets and from subsequent changes in fair value, less estimated point-of-sale costs, are recognised in the Statement of Financial Performance in the period in which they arise.

Biological assets for TFS consist of consumable biological assets (forestry assets), which are measured at fair value less costs to sell based on the present value of estimated pre-tax net cash flows.

TFS's biological assets include a total area of 14,256,133.03 hectares of 464 National Forest Reserves (NFRs) (20 NFRs covering 936,854.32 ha, mangrove forests with 158,000 ha, seed stand/sources and 24 forest plantations covering 554,500 ha (MNRT 2015) out of which 105,225.30 ha are planted. TFS is also responsible for the management of general land forests with about 2 million hectares. Furthermore, there are eight bee reserves totalling 21,271.35 ha, and 12 proposed bee reserves covering 30,539.65 ha. The Agency owns 71 tree seed sources covering 689.5ha, including 159.5 hectares established through collaboration with other stakeholders.

The fair value of forest plantations is based on market prices as determined by appropriately qualified staff using advanced modelling techniques/methods. The coverage included.

- i) The biological valuations include all 24 available Forest Plantations in the context of IPSAS 27.

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- ii) The valuation included all assets capable of change, and thus, its management facilitates biological transformation in terms of quality and quantity.
- iii) The net carrying amount of the existing biological assets with an age of at least six years is valued at the point of harvest, while those with an age of at most five years are valued at cost.
- iv) The biological assets values reported are for accounting purposes (Financial reporting), based on IPSAS-27.

The valuation task comprised the following key activities.

- i) Collection and review of all inventory data of the forest plantation.
- ii) Computation of volume by species, age, site class, compartment and plantation for trees above six years of age by considering Current Annual Increment (CAI), thinning and clear-felling using the template developed.
- iii) Computation of establishment costs for trees below six years.
- iv) Establishment of indirect costs for the plantation operations over the rotation age.
- v) Revenue determination based on the market prices of the forest products (thinned and clear-felled products) over the rotation age.
- vi) Calculation of the fair value of the biological assets.
- vii) Consolidation of the biological value of the respective plantation.

Therefore, the values of the respective forest plantations have been recognised in financial statements, and other natural forests have been disclosed.

Assumptions

In determining the value of forest plantations, the following assumptions were applied;

- i) All tree species were measured at their respective rotation age as guided in the technical order. For example, Pines were estimated at 18 years, Teak at 20 years, and *Juniperus procera* at 40 years, and so on.
- ii) Removals from the plantation (harvesting) were measured from first thinning, second thinning and clear felling for trees with an age of above five years.
- iii) Current market prices for mature stands were obtained from the market standard (GN) as a Sector benchmark for modelling fair value. (Paragraph 21d, IPSAS 27).
- iv) The inflation rate was used to reflect the price fluctuation of existing biological assets in the computation of projected future cash flows. The inflation rate was chosen because it was more highly correlated with biological assets than the interest rate.
- v) The Discount rate was applied to obtain the present value of biological assets from its anticipated future net cash flows.
- vi) The value of trees with age above five years (Matured trees) was measured at their fair value less cost to sell as per paragraphs 14, 24, and 25 of IPSAS 27.
- vii) The value of biological assets for trees with an age of less than 6 years (Young trees) was measured at its cost as per paragraph 34 of IPSAS 27.
- viii) The costs of Land preparation, seedlings, planting, weeding, beating up and protection of

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young trees were capitalised as biological asset value.

- ix) Under the ceteris paribus, young trees were valued based on their historical management costs. This was because there were no significant changes in wages or inflation rates.
- x) In measuring the value of biological assets, there was no cost to sell since the Agency sells its biological assets as standing trees in their original location and condition.
- xi) Indirect costs incurred in the management of biological assets were recognised and treated as operating expenses in the statement of financial performance.
- xii) The Computation of the Discounting rate for the Financial Year involved the following formula and underlying assumptions;
 - The Treasury Bills Rate was adopted from the Bank of Tanzania.
 - Commercial Lending Rate was also adopted from the Bank of Tanzania.
 - Determination of the Risk Element: The Risk Element was obtained as the difference between the Commercial Lending Rate and the Treasury Bills Rate. It was further assumed that the risk undertaken by the Government is somewhat lower than that of the private sector.
 - Finally, the Discounting rate was determined as the sum of the Treasury Bills Rate (TBR) and the Risk Element (RE).

Forestry assets (Mature standing trees) are measured at fair value less cost to sale based on the present value of estimated pre-tax net cash flows. In the TFS context, the cost to sell is zero since it sells standing trees, which are detached by customers from the plantations fair value of younger trees of age less than six years cannot be reliably estimated due to mortality and inability to measure their volume, hence carried at cost, less accumulated depreciation and impairment. These assets are not depreciable.

Any gains or losses arising on initial recognition of biological assets and from subsequent changes in fair value less costs to sell are recognised in the statement of financial performance in the year in which they arise.

All costs of upkeep and maintenance of biological assets for mature trees of age greater than five years are recognised in the statement of financial performance in the period in which they are incurred. At the same time, the costs of seedlings, planting, and the upkeep and maintenance of younger trees aged less than six years are capitalised as biological assets.

i) Inventories

Inventories are valued at the lower of cost and current replacement cost, except that, for inventories acquired through a non-exchange transaction, their cost shall be measured at their fair value as at the date of acquisition. Inventories shall be measured at the lower of cost and current replacement cost, where they are held for distribution at no charge or a nominal charge, or Consumption in the production process of goods to be distributed at no charge or for

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a nominal charge. Cost is determined using the first-in, first-out method of valuation. This valuation method should be consistent with that of previous years.

j) Deposits, Prepayments and Receivables

The Agency's receivables mainly consist of staff imprests and other amounts that have not been paid in full on the due dates. Prepayments and receivables are recognised initially at fair value and subsequently measured at amortised cost net of provision for impairment.

k) Provision for Impairment of Receivables

A provision for impairment of receivables is established when there is objective evidence that the Agency will not be able to collect all amounts due under the original terms of the specific receivables. When all efforts to collect outstanding dues from debtors fail, full provisions for impairment are made in the accounts, and when further efforts also fail, Board approval for write-off is later sought. The loss is recognised in the Statement of Financial Performance.

l) Payables and Accruals

Payables represent present obligations for goods and services delivered and invoiced, whereas Accruals represent present obligations for goods and services consumed or rendered; invoices are yet to be received and are therefore only estimated based on experience. Payables and Accruals are recognised at fair value.

m) Taxpayers' Fund

The taxpayers' Fund comprises contributions of capital expenditure funds from the Government of Tanzania to the Agency.

n) Effects of Changes in Foreign Exchange Rates

A foreign currency transaction is recorded on initial recognition in the functional currency by applying the spot exchange rate between the functional currency and the foreign currency at the transaction date to the foreign currency amount. Foreign currency monetary items are translated using the closing rate and the average rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in surplus or deficit in the period in which they arise. When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets.

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Conversely, when a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

o) Employee Benefits

The Agency has defined contribution plans to meet its employees' pension obligations by paying monthly agreed contributions to the pension funds. It has a statutory obligation to contribute to various pension schemes in favour of all employees under permanent and pensionable terms. The pension schemes in force to which the Agency contributes include the Public Service Social Security Fund (PSSSF). Contributions to these funds are recognised as an expense in the period employees render the related services. As of the date of these financial statements, the Employer (Agency) contributes 15% of the basic salary of each employee to PSSSF.

p) Related Party Transactions Disclosures

The Agency regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over it, or vice versa. Members of the Ministerial Advisory Board and key Management members are regarded as related parties. The following are the Agency's related party transactions for the reporting period.

Table 8: MAB Allowances

SN	Name	Amount per quarter	No. of Quarters	No. of Members	Total (TZS)
1	Chairperson	1,750,000	4	1	7,000,000
2	Secretary	1,750,000	4	1	7,000,000
3	Other Members	1,250,000	4	5	25,000,000
Total					39,000,000

Table 9: Salaries and Allowances for Key Management Personnel

SN	Name	Basic Salary	Annual Salary	Statutory allowances	Total (TZS)
1	Conservation Commissioner	9,000,000	124,200,000	16,560,000	140,760,000
2	Director of Business Support Services	7,600,000	104,880,000	13,080,000	117,960,000
3	Director of Resource Management	7,600,000	104,880,000	13,080,000	117,960,000
4	Director of Marketing and Resource Utilisation	7,600,000	104,880,000	13,080,000	117,960,000
5	Director of Tree Seed Production	7,600,000	104,880,000	13,080,000	117,960,000
6	Chief Accountant	7,600,000	104,880,000	13,080,000	117,960,000
7	Manager, Legal Services Unit	6,200,000	85,560,000	13,080,000	98,640,000

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SN	Name	Basic Salary	Annual Salary	Statutory allowances	Total (TZS)
8	Manager, Procurement Supplies Unit	6,200,000	85,560,000	13,080,000	98,640,000
9.	Chief Internal Auditor	7,600,000	104,880,000	13,080,000	117,960,000
Total		67,000,000	924,600,000	121,200,000	1,045,800,000

q) Provisions, Contingent Assets and Contingent Liabilities

(i) Accounting Policy

Provisions are recognized when the Agency has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate of the amount can be made. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the reporting date.

Contingent Liabilities are possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed in the notes.

(ii) Contingent Liabilities

The Tanzania Forest Services Agency (TFS), in collaboration with the Office of the Attorney General (AG), continues to handle ongoing civil litigation. As of 30 June 2025, the following matter was identified as a contingent liability:

Pending Litigation

Mussa Yahya Momboka vs. TFS and the Attorney General (Civil Case No. 23512 of 2024)

- **Nature of Claim:** The plaintiff claims damages for the alleged unlawful seizure and detention of a container (TRHU341031) containing forest produce.
- **Financial Exposure:** TZS 700,190,000.00 and USD 52,315.
- **Status:** The matter is in the hearing stage. A preliminary objection by the TFS and AG was partially sustained on 20 June 2025 on the point of law regarding the misjoinder of parties.
- **Management Assessment:** Based on legal advice from the Solicitor General and internal state attorneys, management considers the obligation to be possible

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but not probable. Therefore, no provision has been recognized as the likelihood of an outflow of resources is not considered probable at this stage.

Resolved Legal Matters

The following cases were ruled in favor of the Agency as of 30 June 2025. As these matters are concluded, they present no future obligations or risks of resource outflow:

Case Reference	Parties Involved
Civil Case No. 15 of 2023	Joseph Jigemelo Masanja and 1204 Others vs. Shinyanga District Council, MNRT, and AG
Civil Case No. 1 of 2023	Fredrick Elias Gwimo vs. Permanent Secretary MNRT and AG
Civil App. No. 23691/2024	Daudi Sukuriet and Loshuku Mbaima vs. PS - MNRT and AG
Civil Case No. 72/2022	Leopard Net Logistic Company Ltd vs. TCB, TFS, Afrimax, PS - MNRT, and AG
Civil Case No. 69 of 2023	George Komba and 69 Others vs. PS - MNRT and AG
Civil App. No. 22804	CCWT, Ntanga John Shadrack, and Jackson Masangu Mayala vs. TFS, MNRT, and AG

Monitoring:

Management continues to monitor all legal matters closely. Provisions will be recognized in future periods should the probability of resource outflow meet the recognition criteria under IPSAS 19.

r) Presentation of Budget Information in Financial Statements

TFS's annual budget is based on a cash basis and the financial statements are prepared on an accrual basis. Budget information represents amounts from TFS's Plan of Financial and Operational Activities, accepted by TFS's Ministerial Advisory Board at the beginning of the reporting period and revised during the year as necessary. TFS compares budgeted and actual amounts arising from budget execution to include them in the financial statements.

s) Presentation of Budget Information in Financial Statements

TFS elects to present the results of comparing budgeted and actual amounts, which are provided in a separate statement known as the Statement of Comparison of Budget and Actual amounts, which is included as a separate statement in the financial statements.

t) Impairment of Non-Cash Generating Assets

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service

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potential through depreciation. Non-cash-generating assets are assets other than cash-generating assets. Cash-generating assets are assets held with the primary objective of generating a commercial return. For impairment, goodwill is considered a cash-generating asset.

TFS assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Agency estimates the asset's recoverable service amount. In assessing whether there is any indication that an asset may be impaired, TFS consider, as a minimum, internal and external indicators of impairments.

u) Events After Reporting Period.

There are no material events, adjusting or non-adjusting, which have occurred between the reporting date and the date when financial statements are authorised for issue.

v) Contingent Liabilities and Assets.

There are no contingent assets and liabilities during the year.

w) IPSAS 41

The introduction of IPSAS 41 substantially modifies IPSAS 29 by classifying financial assets and liabilities using a principles-based classification model and an expected credit loss model that looks forward.

• **Application of IPSAS 41**

The impact of introducing IPSAS 41 is the emergence of Expected credit loss/gain in the Financial Statements, with different Cash and Cash Equivalent figures reported in the Statement of Financial Position and the Statement of Cash Flows, along with Exposure at Default (EAD) (Balance) at the end of the financial year.

TFS operates with the following Banks with global ratings and Probability of Default (PD) as provided in the table below (Table 10).

Table 10: Banks with which TFS operates and their respective credit rating scores

SN	Name of the Bank	Rating Agency	Score	(PD)
1	National Microfinance Bank (NMB)	Moody's	B2 Positive	2.16%
2	Cooperative and Rural Development Bank (CRDB)	Moody's	B2 Positive	2.16%
3	National Bank of Commerce (NBC)	Moody's	Baa3	0.40%

Following the probability of defaults provided by global ratings and approved by the Bank of Tanzania. IPSAS 3 requires that a change in accounting policy be applied retrospectively and that prior-period information be restated; therefore, the impact of expected credit losses will be as follows.

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- **Financial Instruments Recognition**

The Entity recognises financial instruments when it becomes a party to the contractual provisions.

- i. **Financial Assets**

- Initial and Subsequent Measurement**

- Financial assets are initially measured at fair value and subsequently measured as per the following criteria:

- i. The management model within which the Financial Asset is held.
 - ii. The characteristics of contractual cash flows are solely payments of Principal and Interest.

- Classification of Financial Assets**

- Classification is based on the criteria mentioned above; as a result, the following classes of financial instruments arise, namely;

- i. Financial assets at Amortised Cost,
 - ii. Financial asset at Fair Value through Net asset/ Equity, and
 - iii. Financial asset at Fair Value through Surplus or Deficit.

- Financial Assets at Amortised cost**

- Financial Assets are subsequently measured at Amortised Cost if both of the following conditions are met;

- i. The financial asset is held within a management model whose objective is to hold financial assets to collect contractual cash flow and
 - ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

- Financial Assets at Fair Value through Net Assets/Equity**

- Financial assets are subsequently measured at fair value through net assets or equity if both of the following conditions are met;

- i. The financial asset is held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
 - ii. The contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial Assets at Fair Value through Surplus/Deficit**

- Financial Assets are subsequently measured at Fair Value through Surplus/Deficit unless they are measured at amortised cost or fair value through net assets/equity, based on the conditions mentioned above.

- Impairment of financial assets**

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The impairment of financial assets is calculated using the expected credit losses model. The Entity recognises loss allowances {Expected Credit Losses (ECL)} on all financial assets except those that are measured at FVTSD and credit-impaired financial assets.

Inputs into a measurement of ECLs

The key inputs into measuring ECLs are the discounted products of probability of default (PD), loss given default (LGD), and exposure at default (EAD).

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Entity expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by counterparty type, claim type and seniority, and the availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

LGD is calculated on a 12-month or lifetime basis: 12-month LGD is the percentage of loss expected if the default occurs in the next 12 months, and Lifetime LGD is the percentage of loss expected if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile examines how defaults develop within a portfolio from initial recognition through the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis: the movement and reconciliation of expected credit and loss during the reporting period are provided in Note 22.

Derecognition of financial assets

The Entity derecognises a financial asset when:

- a) The contractual rights to the cash flows from the financial asset expire; or
- b) It transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or

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- The Entity neither transfers nor retains all of the risks and rewards of ownership substantially, and it does not retain control of the financial asset.

When The Entity enters into transactions in which it transfers assets recognised in its statement of financial position while retaining either all or substantially all of the risks and rewards of those assets, the transferred assets are not derecognised.

- **Financial liabilities**

Recognition

Financial liabilities are recognised when the Entity has a contractual obligation to deliver cash in exchange for goods or services received.

Measurement

Financial liabilities are initially measured at fair value, and net gains and losses, including any interest expense, are recognised in surplus or deficit. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on Derecognition is also recognised in surplus or deficit.

Derecognition

The Entity derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Entity also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On Derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

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NOTE 3: Revenue from Exchange Transactions

	2024/25 (TZS)	2023/24 (TZS)
Transit Fees	3,821,811,275	3,193,066,750.00
Rent from the Telecommunication Tower & Mining	3,405,343,424	2,318,259,986.00
Sales of Honey and Beeswax	360,640,815	283,440,930.00
Forestry Export Certificates and Permits	5,216,692,800	3,619,943,734.00
Registration Fees	5,110,992,400	4,545,607,500.00
Forest Royalties	167,555,440,561	147,377,940,149.66
Miscellaneous Receipts	526,801,497	838,143,338.87
Receipt from Ecotourism Services	2,049,612,277	1,427,335,416.00
Receipts from the sale of Seeds, Hay, and Seedlings	1,182,123,804	488,712,072.00
Application fees	405,598,474	421,683,755.40
	189,635,057,327	164,514,133,631.93

NOTE 4: Revenue from Non-Exchange Transactions

Government Grant Development Foreign	5,818,521,709.00	446,278,069.00
Government Grant Development Local	91,789,622.00	55,048,408.00
Development Grants	1,858,333,698.41	1,251,110,387.64
Government Grant Personal Emolument	47,146,485,069.59	42,361,222,442.53
	54,915,130,099.00	44,113,659,307.17

NOTE 5A: Gain on Foreign Exchange

Foreign exchange differences (Gain)	-	81,725,881.00
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NOTE 5B: Reversal of provision for impairment of Receivables (ECL)

Reversal of provision for impairment of Receivables (ECL)	-	82,147,745.64
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NOTE 5C: Fair Value Gain on Fair Value- Biological Assets

Fair value gains on biological assets	22,584,456,818	15,007,979,333.76
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NOTE 6: Employee Benefits

Civil Servants	47,146,485,069.59	42,361,222,442.53
Non-Civil Servant Contracts	6,116,275,649.00	5,395,766,742.23
Casual Labourers	24,865,205,747.78	21,164,129,759.34
Leave Travel	368,969,963.00	405,970,081.96
Extra-Duty	13,425,900,000.00	12,120,060,000.00
Outfit Allowance	2,100,000.00	6,259,672.07
Sitting Allowance	630,400,000.00	571,700,000.00
Medical and Dental Refunds	206,016,845.00	97,401,153.79
Special Allowance	2,250,000.00	9,530,000.00
Court Attire Allowance	7,800,000.00	6,000,000.00

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Moving Expenses	1,097,785,918.00	1,618,533,581.01
Honoraria	159,700,000.00	89,500,000.00
Electricity Allowance	78,000,000.00	74,880,000.00
Housing Allowance	144,000,000.00	136,800,000.00
Food and Refreshment	2,567,000,000.00	2,535,000,000.00
Telephone Allowance	71,760,000.00	71,390,000.00
Furniture	171,000,000.00	96,000,000.00
Public Servants Social Security Fund (PSSSF)	1,025,106,819.00	860,409,057.96
Workers Compensation Fund	5,852,786.00	2,627,323.11
Subsistence Allowance	15,000,000.00	14,000,000.00
Acting Allowance	0.00	16,680,000.00
Facilitation Allowance	823,000,000.00	303,000,000.00
	98,929,608,797.37	87,956,859,814.00

NOTE 7: Supplies and Consumables

Office Consumables (papers, pencils, pens and stationery)	991,720,470.00	915,345,608.05
Computer Supplies and Accessories	1,044,167,195.00	1,025,899,669.30
Printing and Photocopy paper	153,170,481.00	118,556,052.40
Tapes, Films, and Materials (split)	6,297,300.00	6,454,000.00
Maps	16,800,000.00	15,570,814.09
Newspapers and Magazines	1,680,000.00	8,894,000.00
Outsourcing Costs (includes cleaning and security services)	2,363,347,696.00	2,170,305,216.44
Electricity	382,179,224.00	461,769,513.04
Water Charges	232,858,657.00	242,600,586.64
Petrol	1,328,459,382.00	1,434,397,237.37
Diesel	11,922,118,405.73	9,169,613,239.07
Bottled Gas	16,230,991.00	19,084,232.00
Drugs and Medicines	59,245,805.00	24,203,469.62
Special Foods (diet food)	70,500,000.00	72,000,000.00
Arms and Ammunitions	48,732,619.00	984,883,420.83
Protective Clothing, footwear and gears	145,217,780.00	74,884,684.85
Uniforms	426,004,666.00	1,287,601,492.22
Rent of Vehicles and Crafts (Car hiring)	42,443,300.00	34,000,000.00
Heavy Equipment	176,973,923.00	143,912,063.06
Conference Facilities	891,159,207.00	620,134,616.00
Tuition Fees	453,030,600.00	348,137,916.00
Training Allowances	299,460,000.00	285,024,000.00
Research and Dissertation	81,114,833.00	56,673,000.00
Air Travel Tickets	329,203,134.00	330,839,660.40
Ground travel (bus, railway, taxi, etc.)	552,062,220.00	472,684,343.65
Per Diem - Domestic	39,819,932,223.77	25,864,749,000.00
Per Diem - Foreign	504,101,000.00	271,383,244.11
Internet and Email connections	438,631,864.00	420,332,186.29

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Posts and Telegraphs	47,357,442.00	37,777,080.90
Wire, Wireless, Telephone, Telex Services (Communication network)	64,843,045.00	42,446,690.37
Programs Transmission Fees	21,400,000.00	20,800,000.00
Advertising and Publication	477,760,418.00	1,073,117,278.81
Telephone Charges (Land Lines)	32,120,324.00	33,959,941.27
Subscription Fees	348,672,429.00	251,808,472.48
Hospital Supplies	7,987,800.00	10,857,100.00
Technical Materials	2,595,082,504.00	3,205,780,339.71
Sporting Supplies	66,060,000.00	26,617,890.40
Food and Refreshments	4,546,949,745.00	2,708,239,779.76
Entertainment	33,700,000.00	20,650,000.00
Gifts and Prizes	511,862,924.00	522,621,812.99
Agricultural Chemicals	802,631,944.00	351,517,028.50
Fertilizers	128,000,661.00	141,939,593.54
Printing Material	478,917,206.00	278,526,873.92
Rent - Office Accommodation	36,454,400.00	77,291,000.00
Visa Application Fees	1,433,699.00	1,092,478.75
Exhibition, Festivals and Celebrations	246,344,600.00	483,231,156.32
	73,244,422,117.50	56,168,207,783.15

NOTE 8: Maintenance Expenses

Cement, Bricks and Building Materials	1,745,342,727.00	1,806,159,271.13
Plumbing Supplies and Fixtures	151,842,776.00	170,364,681.64
Electrical and Other Cabling Materials	64,557,827.00	164,872,238.28
Small Tools and Implements	111,086,395.00	130,468,512.69
Water Pumps	-	51,355,097.51
Motor Vehicles and Watercraft	4,434,507,777.00	5,725,461,329.16
Tyres and Batteries	1,758,617,152.00	1,537,190,533.38
Oil and Grease	-	122,334,856.10
Spare Parts	741,442,385.00	643,873,191.35
Computers, printers, scanners, and other computer-related equipment	19,353,755.00	17,315,000.00
Air conditioners	21,757,434.00	10,310,037.00
Outsource maintenance contract services	810,179,613.00	675,763,426.76
Direct Labour (contracted or casual hire)	303,026,331.00	354,372,126.25
	10,161,714,172.00	11,409,840,301.25

NOTE 9: Transfer Payments

Tanzania Forest Research Institute (TAFORI)	100,000,000.00	50,000,000.00
Forest Industries Training Institute (FITI)	50,000,000.00	50,000,000.00
Forest Training Institute (FTI - Olmotonyi)	50,000,000.00	50,000,000.00
Beekeeping Training Institute (BTI)	50,000,000.00	50,000,000.00
Contribution to CF (15%)	29,819,508,496.00	25,540,127,634.00
Tanzania Wildlife Protection Fund	0.00	815,000,000.00

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Tourism Development Levy	50,000,000.00	-
Tanzania Forest Service Saccos	100,000,000.00	-
National Land Use Planning Commission	466,386,220.00	53,178,000.00
Tanzania Forest Fund	8,402,487,893.71	5,167,423,552.00
	39,088,382,609.71	31,775,729,186.00

NOTE 10: Other Expenses

Audit Expenses	374,393,000.00	156,037,730.00
Consultancy fees	104,227,950.00	112,777,520.21
Sundry Expenses	86,139,616.00	168,973,195.00
Burial Expenses	188,060,240.00	171,576,070.00
Community support	1,805,332,146.00	1,267,388,464.78
Special Operation Services	25,668,390.00	77,370,148.46
Negotiated Compensation	38,915,317.00	229,148,094.55
	2,622,736,659.00	2,183,271,223.00

NOTE 11: Depreciation

Depreciation charges	8,957,728,711.02	8,831,166,051.00
	8,957,728,711.02	8,831,166,051.00

NOTE 12: Cash and Cash Equivalents

BOT Collection Account - 9925260801	3,879,305,445.69	5,680,517,237.60
CRDB Collection Account	6,510,000.00	-
NMB Collection Account - 20101000154	2,048,500.00	35,558,511.00
CRDB Forex Account- 0250205857700	-	-
BOT Forex Account	372,069,634.39	367,585,299.77
BOT Donor Fund	399,252,712.00	446,278,069.97
BOT Expenditure Account	11,078,708,388.49	5,508,721,706.33
NMB Expenditure	1,684,027,137.70	816,799,835.00
NMB Imprest Account	169,083,609.79	6,675,009.79
NBC Collection Account	591,675.00	-
Provision for ECL (Note 22)	(40,214,422.45)	(18,393,120.48)
	17,551,382,680.61	12,843,742,548.98

NOTE 13: Receivables

Imprest Receivable	475,670,540	258,178,467
	475,670,540	258,178,467

NOTE 14: Prepayments

Prepayments wheel Drive Vehicles	7,353,815,899	8,569,274,280.00
	7,353,815,899	8,569,274,280.00

NOTE 15: Inventory

Consumables	140,055,878.40	504,585,196.02
Spare parts and tyres	32,110,445.54	171,567,967.50

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Fuel	200,194,538.46	602,455,802.18
Uniform	-	147,406,814.00
Building material and equipment	68,304,129.83	75,692,544.30
	440,664,992.23	1,501,708,324.00

NOTE 16: Payables

Staff Claims	0.00	11,544,405.54
Withholding tax	10,045,757.00	18,483,688.68
TaFF	300,547,883.36	1,236,826,958.03
Unapplied and Deposit General Retention	863,477,605.00	538,276,598.27
Salary Deduction	107,622,294.00	27,338,235.00
	52,636,312.37	63,490,828.83
	1,334,329,851.73	1,895,960,714.35

NOTE 19: Intangible Assets & Amortisation

2024/25	Amount (TZS)
Cost as at 1 July 2024	207,129,500
Additional for the year	-
Cost as at 30 June 2025	207,129,500
Accumulated Amortisation	
As at 1 July 2024	62,138,850
Amortisation charge for the year	20,712,950
Accumulated Amortisation as at 30 June 2025	82,851,800
Carrying value as at 30 June 2025	124,277,700
2023/24	Amount (TZS)
Cost as at 1 July 2023	207,129,500
Additional for the year	-
Cost as at 30 June 2024	207,129,500
Accumulated Amortization	
As at 1 July 2023	41,425,900
Amortisation charge for the year	20,712,950
Accumulated Amortisation as at 30 June 2024	62,138,850
Carrying value as at 30 June 2024	144,990,650

NOTE 21: Deferred Income Recurrent

	2024/25	2023/24
Opening Deferred Income	1,375,211,758	1,021,542,043
Receipt During the Year	57,561,102,140	44,467,329,023
Available	58,936,313,898	45,488,871,065
Amortised During the Year	54,915,130,099	44,113,659,307

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Closing Deferred Income	4,021,183,799	1,375,211,758
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24: Work In Progress

	2024/25	2023/24
Cost as at 1 July 2024	10,494,347,736.91	7,704,597,000.00
Additional for the year	5,248,676,458.00	2,789,750,736.91
Less: Transferred	7,474,838,142.00	-
Cost as at 30 June 2025	8,268,186,052.91	10,494,347,736.91

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NOTE 17: Property, Plant and Equipment

2024/25

Asset	Cost/Revaluation				Accumulated Depreciation			Carrying Value At 30 June 2025
	At 1 July 2024	Addition (Monetary)	Additions (non- monetary)	At 30 June 2025	At 1 July 2024 Acc. Depreciation	Charges during the year Depreciation	Total Acc. Depreciation	
Leasehold land	5,606,545,080			5,606,545,080			-	5,606,545,080
Building	56,514,443,070	3,890,475,336	7,474,838,142	67,879,756,548	8,599,626,432	1,341,682,604	9,941,309,036	57,938,447,512
Equipment	10,761,069,564	1,483,081,497		12,244,151,061	6,967,353,500	528,326,450	7,495,679,950	4,748,471,111
Furniture and Fittings	4,382,374,608	361,153,986		4,743,528,594	2,402,869,039	474,352,859	2,877,221,898	1,866,306,696
Plant and Machinery	9,700,015,168	4,428,100,000		14,128,115,168	5,729,809,749	2,931,764,361	8,661,574,110	5,466,541,058
Motor Vehicles	54,305,300,640		4,308,661,100	58,809,343,145	27,034,417,170	3,681,602,436	30,716,019,606	28,093,323,539
Total	141,269,748,130	10,162,810,819	11,783,499,242	163,411,439,596	50,734,075,890	8,957,728,711	59,691,804,601	103,719,634,995

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Asset	2023/24				2023/24				Carrying Value At 30 June 2024
	Cost/Revaluation			At 30 June 2024	Accumulated Depreciation and Impairment			Accumulated Amortization 30 June 2024	
	At 1 July 2023	Addition (Monetary)	Additions (non- monetary)		At 1 July 2023 Acc. Depreciation	Charges during the year Depreciation	Acc Depreciation 30 June 2024		
Leasehold land	5,239,379,701	367,165,379.00		5,606,545,080.00					5,606,545,080.00
Building	54,942,891,631	1,571,551,439.00		56,514,443,070.00	7,469,337,570.24	1,130,288,861.40	8,599,626,431.64	8,599,626,431.64	47,914,816,638.36
Equipment	9,515,361,220	1,214,372,344.00		10,729,733,563.54	5,863,044,143.66	1,072,973,356.35	6,936,017,500.01	6,936,017,500.01	3,793,716,063.53
Furniture and Fittings	2,744,334,445	1,638,040,163.18		4,382,374,608.17	1,964,631,578.18	438,237,460.82	2,402,869,039.00	2,402,869,039.00	1,979,505,569.17
Plant and Machinery	9,303,012,151	397,003,017.00		9,700,015,168.30	5,019,099,770.17	710,709,979.20	5,729,809,749.37	5,729,809,749.37	3,970,205,418.93
Motor Vehicles	47,240,313,220	3,683,280,911.26	2,156,451,000	53,080,045,131.30	21,044,371,177.13	5,308,004,513.13	26,352,375,690.27	26,352,375,690.27	26,727,669,441.03
Marine Vehicles	1,069,709,909	155,545,600.00		1,225,255,509.00	512,852,248.90	169,189,230.90	682,041,479.80	682,041,479.80	543,214,029.20
Laboratory Equipment	31,336,000			31,336,000.00	29,573,350.00	1,762,650.00	31,336,000.00	31,336,000.00	
Total	130,086,338,276	9,026,958,853.44	2,156,451,000	141,269,748,130.31	41,902,909,838.28	8,831,166,051.80	50,734,075,890.08	50,734,075,890.08	90,535,672,240.23

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NOTE 18: Biological Assets

Plantation	1st July (A)	Increase due to annual growth (B)	Increase-Graduated stands (D)	Decrease - Sales (E)	Decrease - degeneration/ Fire (F)	Decrease due to Graduation to mature stands (G)	Net Change in Biological Assets (H=B+C+D-E-F-G)	Total (A+H)	Consumable (J+K)	Mature (J)	Immature (K)
Sao Hill	495,557,649,578	22,486,826,237	6,668,312,749	(39,144,038,801)	(137,847,136)	(2,940,313,172)	(11,263,793,995)	484,293,855,583	484,293,855,583	469,946,525,265	14,347,330,318
Longuza	261,086,872,617	17,058,825,975	4,456,004,650	(8,123,068,398)	0	(548,026,811)	13,057,341,769	274,144,214,386	274,144,214,386	271,411,064,022	2,733,150,364
Mtibwa	79,911,051,401	4,059,554,147	1,171,893,450	(2,546,723,760)	(40,924,440)	(818,986,094)	2,032,898,927	81,943,950,328	81,943,950,328	79,943,795,045	2,000,155,283
North Kilimanjaro	69,671,073,148	3,741,371,776	277,745,212	(5,900,587,760)	(40,310,400)	(121,615,261)	(1,957,478,356)	67,713,594,792	67,713,594,792	67,116,139,569	597,455,223
Buhindi	63,225,363,202	5,217,162,949	1,764,391,827	(3,027,874,963)	(315,805,344)	(353,112,815)	3,369,006,037	66,594,369,239	66,594,369,239	64,711,465,121	1,882,904,118
Shume	50,005,150,523	3,439,243,522	87,016,852	(2,323,968,352)	0	(199,583,502)	1,052,467,047	51,057,617,570	51,057,617,570	50,457,412,759	600,204,811
Meru	47,833,548,141	1,612,112,383	673,152,424	(4,062,479,983)	0	(215,857,240)	(1,806,308,975)	46,027,239,166	46,027,239,166	45,549,888,491	477,350,675
West Kilimanjaro	43,167,083,636	3,394,025,959	302,734,706	(4,389,004,972)	0	(89,822,789)	(641,601,505)	42,525,482,131	42,525,482,131	40,867,596,950	1,657,885,181
Rubya	26,439,720,409	1,984,463,460	6,573,037,185	(2,440,627,515)	0	(682,906,075)	5,486,231,270	31,925,951,678	31,925,951,678	32,288,847,885	(362,896,207)
Wino	17,498,330,957	1,034,931,674	5,714,338,062	0	0	(3,276,162,311)	3,606,998,586	21,105,329,544	21,105,329,544	18,121,511,434	2,983,818,110
Kiwira	18,804,353,964	1,854,010,052	169,969,413	(1,745,729,571)	0	(137,788,664)	287,636,732	19,091,990,696	19,091,990,696	18,092,674,254	999,316,442
Ukaguru	15,092,623,242	565,930,743	2,521,436,986	(177,543,662)	0	(465,236,728)	2,470,550,314	17,563,173,557	17,563,173,557	16,724,952,018	838,221,539
Rondo	12,835,891,590	1,114,475,314	415,017,268	(464,965,752)	0	(230,340,735)	891,410,344	13,727,301,934	13,727,301,934	12,866,401,067	860,900,867
Kawetire	12,575,744,288	679,549,258	854,149,348	(830,623,443)	(631,885,529)	(310,528,076)	(215,528,337)	12,360,215,951	12,360,215,951	11,849,457,564	510,758,387
Rubare	10,709,795,592	682,257,860	483,750,898	(523,017,572)	0	0	709,378,885	11,419,174,477	11,419,174,477	10,713,238,382	705,936,095
Sitayo	8,930,646,861	888,670,539	0	0	0	0	1,513,070,261	10,443,717,122	10,443,717,122	0	10,443,717,122
Mbizi	8,664,981,356	205,239,337	4,611,074,593	0	(175,621,680)	(3,037,130,022)	1,662,587,659	10,327,569,015	10,327,569,015	4,611,074,593	5,716,494,422
Mpepo	6,329,928,280	522,518,528	0	0	0	0	697,025,563	7,026,953,843	7,026,953,843	0	7,026,953,843
Ruvu	2,164,672,406	229,131,299	0	0	(52,065,696)	0	235,977,176	2,400,649,583	2,400,649,583	0	2,400,649,583
Korogwe	2,051,355,308	154,726,681	0	0	(107,003,304)	0	201,780,343	2,253,135,651	2,253,135,651	0	2,253,135,651
Makere	1,277,645,012	175,949,637	0	0	0	0	414,917,692	1,692,562,704	1,692,562,704	0	1,692,562,704
Iyondo-Mswima	1,434,543,402	85,595,913	0	0	0	0	126,817,699	1,561,361,101	1,561,361,101	0	1,561,361,101
Morogoro Fuel	1,013,757,544	228,012,150	0	0	0	0	435,605,145	1,449,362,689	1,449,362,689	0	1,449,362,689
Buhigwe	826,735,242	130,991,952	0	0	0	0	217,466,537	1,044,201,779	1,044,201,779	0	1,044,201,779
Total	1,257,108,517,699	71,545,577,345	36,744,025,626	(75,700,254,504)	(1,501,463,528)	(13,427,410,296)	22,584,456,818	1,279,692,974,517	1,279,692,974,517	1,215,272,044,420	64,420,930,097

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NOTE 22: Computation of the Expected Credit Loss (ECL)

Account Name	Account No.	Bank Name	Balance as at 30 June 2025 (EAD)	PD as preBank Rating (%)	LGD(%)	ECL	Carrying Amount excludes ECL (TZS)
TFS Collection Account-CRDB (CRDB Collection Account)	01500288604300	CRDB	6,510,000				6,510,000
TFS Imprest Account-NMB (NMB Imprest Account)	20110045312	NMB	169,083,610				169,083,610
TFS Expenditure Account-NMB (NMB Expenditure Account)	20110061267	NMB	1,684,027,138				1,684,027,138
Wakala Wa Huduma za Misitua Tanzania-NMB (NMB Collection Account)	20101000154	NMB	2,048,500				2,048,500
Sub-Total (CRDB/NMB)			1,861,669,248	2.16%	100%	40,212,056	1,821,457,192
Tanzania Forest Service Agency-NBC (NBC Collection Account)	011139000100	NBC	591,675	0.40%	100%	2,367	589,308
Total (commercial bank accounts)			1,862,260,923			40,214,423	3,683,715,748
TFS USD Account (BOT Forex Account)	9932445151	BOT(USD)	372,069,634				372,069,634
TFS Donor Funded Project (BOT Donor Fund Account)	9925262301	BOT	399,252,712				399,252,712
Tanzania Forest Services Agency (BOT Collection Account)	9925260801	BOT	3,879,305,446				3,879,305,446
TFS Expenditure Account (BOT Expenditure Account)	9925265224	BOT	11,078,708,389				11,078,708,389
Total BOT			15,729,336,181	-	-	-	15,729,336,181
Grand Total (Cash & Cash Equivalents)			17,591,597,103			40,214,423	17,551,382,681

Increase In Expected Credit Loss

	2024/25	2023/24	Increase in Expected Credit Loss (TZS)

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Expected Credit Loss	40,214,422.45	18,393,120.48	21,821,301
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NOTE 23: Foreign Exchange Loss

			Amount (TZS)
Opening Rate 1 July 2024	139,752.24	2,630.26	367,584,726.78
Closing Rate 30 June 2025	142,102.24	2,618.32	365,916,085.04
			(1,668,641.75)
Total		5,248.58	
Average	2,624.29	2,350.00	6,167,081.50
Closing	2,618.32	2,350.00	6,153,052.00
Gain/Loss			-14,029.50
Total Gain BOT A/C			(1,682,671.25)

NOTE 25: Reconciliation for Receipts from Revenue from Exchange Transactions

	Amount (TZS)
Revenue from exchange transactions is reported in the financial performance	189,635,057,327
Add: Opening receivable (Note 13)	-
Less: Closing receivable (Note 13)	-
Recomputed the receipt in revenue from the exchange transaction in the cash flow	189,635,057,327
Presented the receipt of revenue from exchange transactions in the cash flow	189,635,057,327

NOTE 26: Reconciliation for Wages, Salaries, and Employee Benefits

	Amount (TZS)
Wages and Salaries in the statement of financial performance	98,929,608,797
Add: Opening payables relating to staff claims (Note 16)	75,035,234.37
Less: Closing payables relating to staff claims (Note 16)	(52,636,312)
Recomputed the amount paid for wages and salaries	98,952,007,719
Wages and salaries - actual payments presented in the cash flow statement	98,952,007,719

NOTE 27: Reconciliation for Use of Goods and Services

	Amount (TZS)
Use of Goods and Services from Statement of Financial Performance	73,244,422,118
Add: Closing inventories (Note 15)	340,250,417
Opening payables (Note 16)	18,483,689
Less: Opening inventories (Note 15)	(1,254,447,812)
Closing payables (Note 16)	(10,045,757)
Recomputed amount paid for Use of Goods and Services	72,338,662,654
Presented amount of Use of Goods and Services in the Cash Flow	72,338,662,654

NOTE 28: Reconciliation of Transfer Payments

	Amount (TZS)
Transfer Payments in Financial Performance	39,088,382,610
Add: Opening payables (Note 16-Taff)	1,236,826,958
Less: Closing payables (Note 16-Taff)	(300,547,883)
Recomputed amount paid for Transfer Payments	40,024,661,685
The amount of Transfer Payments presented in the cash flow statement	40,024,661,684

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NOTE 29: Reconciliation of Maintenance Expenses

	Amount (TZS)
Maintenance Expenses from Statement of Financial Performance)	10,161,714,172
Add: Closing inventories (Note 15)	32,110,446
Less: Opening inventories (Note 15)	(171,567,968)
Recomputed amount paid for Maintenance Expenses	10,022,256,651
Presented amount of Maintenance Expenses in the Cash Flow Statement	10,022,256,650

NOTE 30: Prepayment Movements

	Amount (TZS)
Opening Prepayments	8,569,274,280.00
Less: Delivered Motor Vehicles	(4,308,661,100.05)
Add: Additional Prepayments (Paid During the year)	3,093,202,718.99
Closing Prepayments	7,353,815,898.94

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30: Transactions with Other Government Entities for the Year Ended 30 June 2025

SN	Goods/Services provided (Revenue)	Goods/Services received (Expenses)	Amount (TZS)
1	Advertising and publication	Public Procurement Regulatory Authority (PPRA)	1,500,000.00
2	Advertising and Publication - Communication & Information	Tanzania Standard Newspapers (TSN)	126,950,300.00
3	Air conditioners	TEMESA HQ	3,533,274.00
4	Air Travel Tickets Travel - In - Country	Tanzania Airports Authority (TAA)	2,561,550.00
5	Computer Supplies and Accessories	Government Procurement Services Agency	8,975,900.00
6	Conference Facilities	Vocation Education Training Authority (VETA)	143,451,072.40
7	consultancy fees	National Audit Office	258,633,000.00
8	Diesel	Government Procurement Services Agency	3,070,624,160.92
9	Drugs and Medicines	Medical Stores Department (MSD)	20,000,000.00
10	Educational Radio and TV broadcasting programming	Tanzania Standard Newspapers (TSN)	20,815,200.00
11	Electricity - Utilities, Supplies, and Services	Tanzania Electric Supply Co. Ltd. (TANESCO)	266,408,754.75
12	Food and Refreshments	Vocation Education Training Authority (VETA)	2,200,000.00
13	Forest Royalties	Tanzania Electric Supply Co. Ltd. (TANESCO)	133,621,930.32
14	Gifts and Prizes	Forest Industries Training Institute (FITI)	3,000,000.00
15	Heavy Equipment - Rental Expenses	Morogoro Works Training Institute (MWTI)	12,750,000.00
16	Internet and Email connections	Tanzania Telecommunication Company Ltd (TTCL)	280,569,912.61
17	Miscellaneous Revenue	Water Institution (WI)	51,020,000.00
18	Motor Vehicles and Watercraft	TEMESA HQ	1,412,948,637.37
19	Office Consumables (papers, pencils, pens and stationery)	Government Procurement Services Agency	39,663,465.48
20	Petrol	Government Procurement Services Agency	47,966,176.68
21	Plumbing Supplies and Fixtures	Beekeeping Training Institute (BTI)	5,000,000.00
22	Posts and Telegraphs	Tanzania Posts Corporation (TPC)	20,158,748.14
23	Rent - Office Accommodation	Kasulu Town Council	9,600,000.00
24	Special Operations	Beekeeping Training Institute (BTI)	70,000,000.00
25	Subscription Fees	Weights and Measures Agency (WMA)	32,567,140.00
26	Technical Materials	Beekeeping Training Institute (BTI)	9,000,000.00
27	Tuition Fees Training - Domestic	University of Dar es Salaam (UDSM)	274,970,288.11
28	Water Charges	Tunduru Water Supply and Sanitation Authority	139,508,212.15
29	Wire, Wireless, Telephone, Telex Services and Facsimile	Tanzania Telecommunication Company Ltd (TTCL)	6,187,846.94
			6,474,185,569.87

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Appendix 1: Input-output of the activities implemented by TFS

No	Objectives	Inputs	Output	Outcome
	Intervention and Prevention of HIV/AIDS and Non-Communicable Diseases Programmes at the workplace strengthened.	Scale up HIV and AIDS preventive and supportive measures; and Advocate for NCD prevention and control.	Seven HIV/AIDS committee members were trained on HIV and non-communicable disease preventive measures. 13 awareness seminars on HIV/AIDS to 826 staff and 519 community members adjacent to forest reserves. Care and support services for 24 staff living with HIV/AIDS Awareness seminars on NCDs to 382 staff and facilitate 311 staff to participate in sports activities	Reduced HIV infections Increased staff volunteering for HIV tests Decreased NCD cases Improved work attendance of staff living with AIDS
	Internalisation of the National Anti-Corruption Strategy Enhanced	Promote diversity and inclusion at TFS. Promote good governance.	Awareness meetings on Ethics and Anti-Corruption were conducted for 600 staff. Internal controls and quality assurance were covered for 57 stations, including headquarters, zones, forest plantations, and the tree seed centre. 301 Risk champions from Zonal HQs, Plantations, and Tree seed production on Risk and Fraud Risk management. Risk Register, Risk Treatment Action Plan, Fraud Risk Register, Fraud Treatment Action Plan, and Business Continuity Plan (Disaster Risk Register) for seven zones, plantations, tree seed production, and HQ were reviewed. Four Audit Committee meetings were conducted to review quarterly performance reports, the annual risk-based audit plan, and internal audit reports. 423 Civil and Criminal cases were attended. 14 draft amendments of the regulation were prepared. 30 Government Notices for new reserves were prepared 44 staff were trained on various legal matters.	Reduced corruption incidents Improved compliance with rules and guidelines Reduced gender imbalance Enhanced participation of people with disabilities Improved access to TFS services for stakeholders
	Natural Forest Resources and Ecosystems Improved	Increase reserved natural forest resource areas; Strengthen the management of natural forests; Strengthen the conservation of biodiversity	24 draft management plans prepared, 67 forest management plans reviewed and validated, and 15 forest reserve harvesting plans reviewed and approved. Four evictions and special patrol operations were conducted to remove encroachers in four forest reserves Forest boundary consolidation was done in 146 forest reserves 11,111,736 Ha of 397 forest reserves, 4,612 patrol events. Draft Forest Protection Manual, Standard Operating Procedures (SOP) for forest resource assessment, and Standard Operating Procedures (SOP) for Environmental Management were prepared. 13 applications for carbon projects in forest reserves received and reviewed.	Increased land covered by vegetation Increased community participation in forest undertaking Increased biodiversity Reduced illegal tree-cutting and encroachment

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No	Objectives	Inputs	Output	Outcome
			<p>Extension services in zones, tree seed stations, and plantations reinforced through awareness meetings, production of extension materials, documentaries, TV and Radio programmes.</p> <p>158,100 Ha of mangrove forest reserves were protected through 213 patrol events.</p> <p>Maps for 57 reserves with 686,745.78 ha prepared.</p> <p>Four conflicts in four Forest Reserves were resolved.</p> <p>Six meetings were conducted to upgrade three forest reserves into Nature Forest Reserves.</p>	
	Beekeeping and bee resources improved.	Promote appropriate beekeeping practices; Strengthen management of bee reserves and apiaries.	<p>45 tons of honey, 2.3 tons of beeswax, and 22.3 kg of pollen were produced.</p> <p>1,431 beehives were constructed and sited in the Bee Reserves.</p> <p>Management Plans for five (05) Bee Reserves were prepared.</p> <p>81 staff and 117 beekeepers trained on the honey traceability system and beekeeping practices.</p> <p>Preparations for the Bee Farm Business Plan commenced.</p> <p>600 beehives and 100 pollen traps acquired.</p>	<p>Increased supply of bee products in the market</p> <p>Increased number of beekeepers and bee product dealers</p> <p>Increased areas for beekeeping production</p>
	Quality forest and bee products enhanced	Promote diversification and value addition of forest and bee products; Market forest and bee products.	<p>The TFS Misitu Company Limited Board was launched and introduced to MAB and TFS Management.</p> <p>Eight (08) key documents for the operationalisation of TFS Misitu Company Limited were prepared.</p> <p>680 beehives were constructed in CZ (460) and Sao Hill (200)</p> <p>5,732.52 kg of honey and 7.25 kilograms of beeswax were sold at Mpingo Honey.</p> <p>132 samples were collected from 30 districts and sent to a German laboratory for chemical analysis.</p> <p>11,988.33 consignments of sawn timber, MDF, Plywood, Marine boards, poles, and briquettes were graded/ inspected.</p> <p>Thirty-two (32) staff participated in 9 different trade fairs and international fora</p> <p>15,000 promotional materials were produced to promote TFS products and services.</p> <p>33 staff members were trained on Forest Stewardship Council (FSC) standards.</p>	<p>Increased varieties of value-added forest and bee products</p> <p>Increased demand for different types of forest and bee products</p> <p>Increase stakeholders' awareness</p>
	Ecological and cultural tourism services improved.	Increase accessibility and amenities to ecological and cultural tourism sites; and Market ecological and cultural attractions.	<p>Six meetings were conducted to review 2 Eco-tourism investment proposals; prepare Terms and Conditions for investment and operating cable transport in forest reserves; Standard Operating Procedures (SOPs) for other tourism activities; a Cable Transport Regulation; and an operating manual.</p> <p>Five ecotourism investment proposals were identified in Igombe Dam FR WZ and 4 Mangrove Forests.</p>	<p>Increased tourism products</p> <p>Increased accommodation</p> <p>Increased amenities</p> <p>Increased accessibility</p>

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No	Objectives	Inputs	Output	Outcome
			<p>Two cottages in Rau FR (01) and Magamba NFR (01), one (01) picnic site and 2 camp sites in NAFRAC constructed.</p> <p>37 km of nature trails in Nou NFR (11km), Mount Hanang NFR (7km) and Hassama NFR (19km) developed</p> <p>365.12 km of Nature trails, 53.5 km of forest roads and 61.5 km of drive routes are maintained.</p> <p>Six cottages in two forest reserves and 23 campsites in 13 forests are maintained.</p> <p>One audiovisual for digital interpretation was installed at the Kolo museum site (CZ), and air conditioning was installed in two exhibition rooms.</p> <p>Installation of electrical and water systems at Dr Livingstone Tembe in Kwihara-Tabora (WZ) was completed.</p> <p>Renovation of the Nasser Virj Building (Bagamoyo Stone Town) and Bunduki Rest House in EZ completed</p> <p>23 radio and 30 TV programs, 90 short adverts, 28 short video clips, and 23,842 promotional materials were prepared and aired.</p> <p>The agency participated in one (1) International Tourism promotion event (OTM -2025), three (3) roadshows in India, and 32 National Tourism promotion events.</p> <p>11 sports events promoting ecotourism were coordinated.</p>	
	<p>Forest Plantations, tree seeds and propagating materials improved</p>	<p>Increase tree seed quality and quantity production</p> <p>Increase forest plantation areas;</p> <p>Promotion of public and private sector engagement in afforestation and reforestation</p> <p>Strengthening management of forest plantations</p>	<p>Compartmentation of 10,694 hectares of 9 Forest Plantations was carried out.</p> <p>Forest inventory for the Mbizi forest plantation (2,538 ha) and the Wino Forest Plantations (2,585 ha) was conducted.</p> <p>Management plans for North Ruvu (31,930 ha) and Korogwe (10,805 ha) forest plantations were prepared.</p> <p>11,697 hectares planted, (6,723 ha replanted, and beating up 1,970 ha in 23 forest plantations.</p> <p>687.1 ha planted, and beating-up conducted in 10.55 ha of 8 woodlots.</p> <p>35,178 ha weeded, 10,173 ha pruned, 1,908 ha thinned, and 299 ha fertilised in 24 forest plantations and 4 woodlots.</p> <p>4,288 km of fire lines are maintained in 21 forest plantations.</p> <p>3 fire towers constructed, 22 fire towers and seven control centres maintained in 6 forest plantations.</p> <p>35 fire crews, comprising 405 members, were recruited across 11 forest plantations to control forest fires.</p>	<p>Increased silvicultural area</p> <p>Increase in demand for seed</p> <p>Increased seed customer satisfaction</p> <p>Increased trees in an urban area</p>

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No	Objectives	Inputs	Output	Outcome
			<p>510,663 ha of 24 forest plantations were protected through foot patrol and nine (9) surveillance events.</p> <p>781 km of boundary was cleared, 73 signboards and 372 beacons installed in 11 forest plantations.</p> <p>115 firefighting campaign meetings were held, involving 10,476 participants in 111 villages surrounding 14 forest plantations.</p> <p>A feasibility study was conducted on 68,000 ha of the Mpepo Forest Plantation.</p> <p>793,980 seedlings of different tree species were raised and planted in urban areas.</p> <p>A technical tree-planting catalogue, specific to Tanzania's climatic zones and developed for Indigenous species.</p> <p>73ha of seed sources comprising 9 species were established.</p> <p>50 seed orchards/sources covering 465.5 were weeded.</p> <p>40 seed sources were geo-referenced, assessed for productivity and genetic quality, and documented.</p> <p>25.3 tons of clean seeds were collected from 44 tree species</p> <p>35,039,365 tree seedlings were raised in 24 Forest Plantations (17,833,055), 7 Zones (15,183,388) and 4 Tree Seed Centres (2,022,922).</p> <p>3 seed biology SOPs updated, Tree Improvement Guideline, and one Nursery Guideline prepared.</p> <p>One guideline for ex-situ conservation was prepared and implemented.</p>	
	<p>Institutional capacity to deliver services enhanced</p>	<p>Strengthen human resource management.</p> <p>Strengthen the working environment.</p> <p>Strengthen stakeholder collaboration and involvement;</p> <p>Strengthen financial management; and</p> <p>Strengthen performance management systems.</p>	<p>Long-term training to 95 staff and short-course training to 443 staff on several disciplines.</p> <p>Convened four meetings for confirmation of 133, recategorization of 81 staff, replacement permits of 51 and promotions of 751 staff.</p> <p>The agency's Salary structure amendment has been prepared, and the Scheme of Service has been approved for review.</p> <p>Human Resources Establishment Plan (HREP) and Personal Emolument (PE) budget for Financial Year 2025/2026 prepared.</p> <p>436 vehicles, 257 motorcycles, 42 plants and 4 generators were maintained.</p> <p>57 transport facilities and plants, including 30 vehicles (6 Prado VXL, 1 Prado TXL, 3 Prado GXR, 14 Toyota Hardtop, and 6 Lorries), 3 Tractors, one Motor grader, and 23 Motorcycles (AG 200 YAMAHA-14 and XTZ-9) procured.</p> <p>44 buildings, including 15 office buildings, 6 staff houses, 21 ranger posts, a security hut and a restaurant, are at different stages of completion.</p> <p>Seven office buildings and 36 staff houses were rehabilitated</p>	<p>Increased human resource capacity (number, skills, and enhanced working environment</p> <p>Increased revenue</p> <p>Increased customer satisfaction</p>

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No	Objectives	Inputs	Output	Outcome
			<p>126 km of new forest roads, 5 new culverts, and 5 new bridges constructed; and 2,305 km of forest roads, 35 culverts and 32 bridges maintained in 20 forest plantations. Two plots of land with 5,637 sqm acquired in MRNFR SHZ (737 sqm) and Kakonko District (4,900 sqm). Biological asset valuation for TFS's plantations was conducted, with the assets estimated at TZS 1,254,195,620,664 as of 30th June 2024. Stocktaking of physical assets was conducted in seven zones, and a stock balance is in place. 2,107 permanent employees were paid their statutory allowances on time. Wages for 1,460 contract employees in seven (7) zones, 4 tree seed centres, and 24 forest plantations are paid. Conducted paramilitary recruitment courses to 369 staff (118 officers and 251 rangers) and transformation courses to 65 staff (28 officers and 37 rangers). 372 messages, 287 video clips, 8 cartoons, 56 feature articles, 6 documentaries, 37 adverts, 58 Radio programs, 79 TV programs, 688 strategic newspaper articles, 140 short online videos, and 128 graphic posters prepared and aired to publicise TFS TFS participated in 8 exhibitions and 9 National fora, including Sabasaba, Nanenane, Honey Day and World cooperation. Five (5) sports bonanzas were held to raise awareness of forest conservation and bee resources. Community support worth TZS 6,795,736,383 provided, including 15,496,105 tree seedlings worth TZS 6,198,442,000, 1,059 beehives and protective gears worth TZS 163,050,000, and various development projects amounting to TZS 434,244,383 36 stakeholder meetings were conducted in 24 districts involving 468 participants (186 females and 282 males). TZS 200 million provided to forest and beekeeping Institutions, namely TAFORI (50 million), FITI (50 million), FTI (50 million), and BTI (50 million). 1,238,220.2 m³ of standing trees (98%), 5,582 m³ of firewood, and 8,177 pieces of poles harvested in 14 Forest Plantations 82,853 m³ of trees, 156,107,716 kg of charcoal, 184,378 pieces of poles, 98,297 m³ of firewood, and 3,889 mangrove scores harvested from natural forests. Inspection of forest and bee products was conducted at 158 checkpoints, 13 border posts, and 3 ports. 1,002 revenue inspections were conducted along the roads, market centres, harvesting sites, and general lands in 7 zones and 12 forest plantations.</p>	

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No	Objectives	inputs	Output	Outcome
			<p>TZS 36.9 billion remitted as Obligatory Transfers to TRO (29.8 billion), TaFF (7.1 billion), and TDL (50 million).</p> <p>97 staff trained on system updates, including asset management, payable management, contract management, and payroll.</p> <p>Three (3) MAB meetings were convened to discuss and deliberate on Agency plans and reports.</p> <p>Four (4) tenders and 37 delegated tender board meetings in 7 zones and 2 forest plantations.</p> <p>Plans and budget estimates for the 2025/2026 FY were prepared and approved</p> <p>Quarter and annual reports for the 2024/2025 FY are ready and in place</p> <p>The Annual Monitoring Exercise for 2023/24 and the Semi-annual for 2024/25 were conducted at seven Zonal, Forest Plantations, and Headquarters offices.</p> <p>The TFS Statistical Facts and Figures report for 2024/25 has been prepared and is in place.</p> <p>FREMIS, PBS, and Honey Traceability Systems were updated with several key enhancements.</p> <p>Monitoring and troubleshooting were conducted on the TFS servers.</p> <p>Two ICT Steering Committee meetings were conducted to review the implementation.</p> <p>Two ICT System assessments and security scans across all applications were conducted.</p>	

Appendix 2: The framework outlining the method for the Agency to track the progress of the intended results

Development Objective	Objective Codes	Medium-term Objectives	Intermediate Outcomes	Outcome Indicators
Enhanced contribution of forest and bee resources to environmental sustainability and the national economy	A	Intervention and Prevention of HIV/AIDS and Non-Communicable Diseases Programmes at the workplace strengthened.	<ul style="list-style-type: none"> i) Reduced HIV infections ii) Increased staff volunteering for HIV tests iii) Decreased NCD cases iv) Improved work attendance of staff living with AIDS 	<ul style="list-style-type: none"> i) Percentage of new HIV infection; ii) Percentage of staff with NCD; and iii) Level of satisfaction with HIV/AIDS support services
	B	Internalisation of the National Anti-Corruption Strategy Enhanced	<ul style="list-style-type: none"> i) Reduced corruption incidents ii) Improved compliance with rules and guidelines iii) Reduced gender imbalance iv) Improved participation of people with disabilities 	<ul style="list-style-type: none"> i) Level of diversity and Inclusion; ii) Percentage change of corruption incidences; and iii) Audit opinion.

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Development Objective	Objective Codes	Medium-term Objectives	Intermediate Outcomes	Outcome Indicators
			v) Improved access to TFS services for people with special needs	
	C	Natural Forest resources and ecosystems improved	i) Increased land covered by vegetation ii) Increased community participation in forest undertaking iii) Increased biodiversity iv) Reduced illegal tree-cutting and encroachment	i) Forest cover; and ii) Specie richness.
	D	Beekeeping and bee resources improved	i) Increased supply of bee products in the market ii) Increased number of beekeepers and bee product dealers iii) Increased areas for beekeeping production	Percentage change in the production of honey
	E	Quality forest and bee products enhanced	i) Increased varieties of value-added forest and bee products ii) Increased demand for different types of forest and bee products	i) Change in quality of plantation standing trees; ii) Change in quality of honey; iii) Change in types of products; and iv) Change in sales of products
	F	Ecological and cultural tourism services improved	i) Increased tourism products ii) Increased accommodation, iii) Increased amenities iv) Increased accessibility	Change of tourists in environmental and cultural sites
	G	Forest Plantations, tree seeds and propagating materials improved	i) Increased silvicultural area ii) Increase in demand for seed iii) Increased seed customer satisfaction iv) Increased trees in an urban area	i) Germination capacity; ii) Customer satisfaction; iii) Productivity in forest plantation; and iv) Forest plantation cover
	H	Institutional capacity to deliver services enhanced	i) Increased human resource capacity (number, skills, and ii) Enhanced working environment iii) Increased revenue iv) Increased customer satisfaction	i) Change in revenue; ii) Level of customer satisfaction

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Appendix 3: The framework

No.	Objectives	Strategies
a)	<u>Objective A:</u> Intervention and Prevention of HIV/AIDS and Non-Communicable Diseases Programmes at the workplace strengthened.	i. Short-Term Strategies by June 2025 <ul style="list-style-type: none"> • Conduct 16 awareness seminars on HIV/AIDS to 960 staff and 730 villagers in seven zones, six forest plantations • Provide food supplement/diet food to 30 staff living with HIV AIDS; and • Convene 10 awareness seminars on NCD involving 617 staff and facilitate 563 staff to participate in physical exercise, Bonanza, and sports events ii. Medium-Term Strategies by June 2026 <ul style="list-style-type: none"> • Implement HIV / AIDS preventive interventions in all TFS stations. • Provide supportive services to staff living with HIV/AIDS • Implement NCD prevention interventions in all TFS stations. iii. Long-Term Strategies <ul style="list-style-type: none"> • Scale up HIV and AIDS preventive and supportive measures; and • Advocate for NCD prevention and control.
b)	<u>Objective B:</u> Internalisation of the National Anti-Corruption Strategy Enhanced	i. Short-Term Strategies by June 2025 <ul style="list-style-type: none"> • Conduct quarterly Ethics Control Committee meetings, facilitate Disciplinary Committees to inquire on emerging disciplinary cases, and conduct 11 awareness seminars on Anti-Corruption to 464 staff. • Facilitate external audit of the Agency, provide audit assurance on internal controls and follow up audit queries in 7 zones and 24 plantations. • Provide training on risk and fraud risk management to TFS Management and MAB Members and review Risk and Fraud Registers and Action Plans for 7 Zones, 24 plantations, Tree seed Centres, and Headquarters. • Prepare and review quarterly performance, internal audit reports and the annual risk-based audit plan and conduct 7 Audit Committee meetings of 2 days each. • Conduct 20 investigation operations and litigate, prosecute, and defend 90 civil cases and 5 criminal cases in the Court of Law and Tribunals. • Conduct 4 training seminars on legal matters to 91 staff and facilitate 6 staff to attend professional seminars. • Review and vet 100 contracts, treaties, and MOUs signed by the Agency.

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No.	Objectives	Strategies
		<p style="text-align: center;">Strategies</p> <ul style="list-style-type: none"> • Facilitate the preparation of Government Notices (GN) for 60 Forest Reserves and 5 Bee Reserves, and review of laws by involving 20 staff. <p>ii. Medium-Term Strategies by June 2026</p> <ul style="list-style-type: none"> • Prepare and implement the workplace diversity and inclusion strategy. • Operationalise TFS Anti-corruption strategy. • Assure the effectiveness of internal controls. • Attend all Agency legal matters. <p>iii. Long-Term Strategies</p> <ul style="list-style-type: none"> • Promote diversity and inclusion at the TFS workplace. • Promote good governance.
c)	<u>Objective C: Natural Forest Resources and Ecosystems Improved</u>	<p>Short-Term Strategies by June 2025</p> <ul style="list-style-type: none"> • Prepare 16 forest management plans covering 221,825 ha, review 32 plans and validate 65 forest management plans. • Carry out five eviction operations in five forest reserves in three zones. • Consolidate boundaries of 170 forest reserves by resurveying 554 km, clearing 1,394 km, installing 1,675 beacons and 279 signboards and planting 9,16,900 trees. • Conduct quarterly meetings to scrutinise and review 40 carbon applications. • Protect 10,853,932 Ha of forests by conducting 3,244 patrol events in seven zones. • Validate the Forest Protection Manual and Standard Operating Procedure for Rapid Response Team (RRT). • Register 3 Forest Reserves with 4,194 hectares and remove 1ha of invasive species in Lubaga Forest Reserve. • Acquire 4 forests in the Lake and Northern zones and conduct 4 village awareness meetings. • Conduct 76 awareness meetings on forest and bee products trade procedures and guidelines to 5,960 forest and bee product dealers. • Prepare and air 50 radio and 12 TV programmes, 160 online materials, 12 Documentaries, and produce 16,000 copies of extension materials. • Conduct 184 fire awareness meetings in 187 villages adjacent to forest reserves. • Formulate 4 Village Natural Resources Committees (VNRCs) in 4 villages and conduct 5 joint forest management meetings in five villages. • Publicise TFS business by participating in 9 exhibitions. • Conduct 44 awareness meetings on forest conservation, covering individuals from 86 villages. • Plant 79,000 tree seedlings in 57 ha of 6 mangrove blocks. • Protect 106,442 Ha of Mangrove Forest Reserve through 224 patrol events in three zones. • Resolve 50 conflicts and implement Government directives and strategic communication initiatives. • Facilitate the gazettment and registration of 60 forest reserves and draw maps of 2 bee reserves.

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No.	Objectives	Strategies
		<ul style="list-style-type: none"> • Survey and identify endangered tree sites, collect seeds and facilitate on-site gene bank repositories of 10 endangered trees. <p>ii. Medium-Term Strategies by June 2026</p> <ul style="list-style-type: none"> • Develop forest management plans for 5,500,000 ha of natural forest reserves. • Protect 14 million ha of natural forest reserves. • Establish 100,000 ha of new natural forest reserves. • Reduce forest encroachment Incidents from 60 to zero. • Resolve all forest reserve boundary conflicts with surrounding communities. • Provide forest extension services to all districts. • Manage 158,100 ha of mangrove ecosystem. • Conserve at least 75% of the known 358 threatened plant species ex situ. • The area of Nature Forest reserves increased from 924,876 ha to 1,100,000 ha. <p>iii. Long-Term Strategies</p> <ul style="list-style-type: none"> • Increase reserved natural forest resource areas. • Strengthen the management of natural forests; and • Strengthen the conservation of biodiversity.
d)	Objective D: Beekeeping and Bee Resources Improved;	<p>i. Short-Term Strategies by June 2025</p> <ul style="list-style-type: none"> • Produce 78,050 kg of bee honey, 6,058 kg of beeswax, 103 kg of pollen and 7 kg of Propolis from 17,899 beehives in 188 apiaries and conduct honey production assessments. • Conduct a baseline study on bee fodder species and supervise apiary management, harvesting, processing and storage of bee products. • Conduct training on modern beekeeping to 161 beekeepers from 109 groups. • Carry out four outreach law enforcement on beekeeping dealers at Honey selling points in the Central Zone. <p>ii. Medium-Term Strategies by June 2026</p> <ul style="list-style-type: none"> • Increase bee products from Agency apiaries by 21 tonnes to 40 tonnes. • Increase annual production of quality honey from farmers from 30,400 tonnes to 60,000 tonnes. • Establish 20 Beekeeping zones. • Increase the Bee reserves area from 2162 ha to 45,524 ha. <p>iii. Long-Term Strategies</p> <ul style="list-style-type: none"> • Promote appropriate beekeeping practices; and • Strengthen management of bee reserves and apiaries.

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No.	Objectives	Strategies
e)	<u>Objective E: Quality Forest and Bee Products Enhanced</u>	<p>i. Short-Term Strategies by June 2025</p> <ul style="list-style-type: none"> • Operationalise TFS Mitsu Company Limited. • Operationalise and maintain two bee product processing plants in CZ and WZ. • Construct 1000 bee hives in the Central Zone. • Operate the honey shop at Mpingo House and carry out special market inspections at 20 sales points on the quality assurance control. • Establish a bee value-added products-based unit in EZ and produce diversified bee products at Mwambao Bee farm in NZ. • Conduct quarterly follow-ups and backstopping on the use of the Honey traceability system in CZ and LZ. • Convene 2 2-day meeting on reviewing the implementation of beekeeping activities and the use of the honey traceability system in SHZ. • Analyse chemical residues from honey by collecting 126 samples from 30 districts. • Carry out inspection and grading of sawn timber and processed forest products for export in SHZ. • Coordinate a two-day National Wood-Based Panel Symposium and conduct bi-annual follow-ups on the progress of value addition within wood-based industries in two zones. • Participate in 10 international fora and trade fairs and prepare to host the 50th Apimondia Congress. • Promote sales of forest and bee products by producing 10,000 promotional materials and installing 9 signboards. • Construct 1 shop of honey and bee products in the Lake Zone. <p>ii. Medium-Term Strategies by June 2026</p> <ul style="list-style-type: none"> • Establish and operationalise three investment entities for forest and bee products value addition. • Establish and enforce Forest and bee products standards. • Operationalise the forest and bee products marketing strategy. <p>iii. Long-Term Strategies</p> <ul style="list-style-type: none"> • Promote diversification and value addition of forest and bee products; and • Market forest and bee products.
f)	<u>Objective F: Ecological and Cultural Tourism Services Improved;</u>	<p>i. Short-Term Strategies by June 2025</p> <ul style="list-style-type: none"> • Construct 22 km of access road, 3 camp sites, 1 viewpoint, 4 picnic sites, 2 boom gates, 1 toilet, 1 information Centre, 4 Resting sites, 13 visitor's cottages, 2 tourist bandas, 1 boardwalk, and develop 21.7 km of Nature trail.

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No.	Objectives	Strategies
		<ul style="list-style-type: none"> • Maintain 394.9km of nature trails, 113 km of access road, 59.1 km of forest road, 79 km of drive route, 5 cottages, 4 resting benches, 18 camp sites, 2 toilets, 1 picnic site, 1 viewpoint, install 2 billboards and 13 signboards. • Construct 2 campsites, 2 picnic sites, 1 cultural theatre site, 3 swing sets for kids' play, 2 slippery slopes, and 2 gallows. • Rehabilitate 100m of road, 2 historical buildings, resting bandas, and install 1 audiovisual for digital interpretation. • Promote cultural heritage by installing 6 signboards at Tabora Municipal. • Promote ecotourism by implementing MNRT Tourism Digital Marketing Strategy, producing 14,082 ecotourism promotional materials, airing 6 radio and 8 TV programs, and participating in 12 National and International Tourism exhibitions and events. • Facilitate 12 ecotourism sports events and activities, including Motor rallies & Marathons in 12 FRs. • Identify and map potential tourist attractions in forest reserves in Chunya District. <p>ii. Medium-Term Strategies by June 2026</p> <ul style="list-style-type: none"> • Develop access facilities, use infrastructure and 100 Ecotourism visitors. • Develop and rehabilitate Historical and cultural tourism facilities in six sites; • Increase tourists in forest reserves and cultural sites from 34,317 to 63,543. <p>iii. Long-Term Strategies</p> <ul style="list-style-type: none"> • Increase accessibility and amenities to ecological and cultural tourism sites; and • Market ecological and cultural attractions.
g)	<u>Objective G</u> : Forest Plantations, tree seeds and propagating materials improved;	<ul style="list-style-type: none"> • Short-Term Strategies by June 2025 • Conduct compartmentation of 14,300 ha in seven Forest Plantations. • Prepare a management plan for 3 forest plantations. • Carry out planting at 2,340 Ha, replanting 5,315.8 ha and beating up of 2,244.7 ha in 23 forest plantations and 3 woodlots. • carry out weeding/slashing/climber cutting 32,386.7 ha, pruning in 10,789 ha, thinning in 4,727 ha, and fertilisation in 208 ha. • Maintain 5,067 km of fire lines in 20 forest plantations and one woodlot. • Construct 2, maintain 18 fire towers and 7 control centres in 4 forest plantations. • Recruit 25 fire crews with 415 crew members to prevent and control forest fires in 6 forest plantations. • Protect 510,663 ha of 24 forest plantations through foot patrols and 12 surveillance events.

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No.	Objectives	Strategies
		<ul style="list-style-type: none"> • Slash 804 km of existing boundaries, resurvey 95 km of boundaries, install 296 beacons and 83 signboards in 7 forest plantations. • Carry out 112 fire campaign meetings in 107 villages adjacent to 14 forest plantations. • Carry out a feasibility study and soil analysis of newly acquired land at Mpepo Forest Plantations. • Raise 800,000 tree seedlings of different tree species for planting in urban centres. • Prepare and implement a Tanzania's climatic zone site-specific technical tree planting in urban centres. • Plant 3000 indigenous trees in 2 bee reserves (Aghondi and Lebbajumbe) for enriching bee fodder plants. • Establish 69 ha of seed sources of nine different species. • Carry out weeding in 716 ha, rouging in 11.6ha, and maintain 3 km of the boundary of seed sources. • Validate and map all seed sources in 7 zones. • Collect, transport, process, and handle 26.3 tons of quality tree seeds of different species. • Conduct viability test of 26.3 tons of quality tree seeds by carrying out 1,100 germination tests. • Raise and manage 34,407,000 tree seedlings of various species in 23 forest plantations and 7 zones. • Review and update the 3 seed biology SOPs and one nursery guideline. • Finalise the preparation of the Tree Improvement Guideline. • Prepare and operationalise 1 guideline for ex-situ conservation collection management. • Carry out land preparation and plant a new area of 15 Ha, and maintain the planted area of 15 Ha in the Mbeya botanical garden. <p>ii. Medium-Term Strategies by June 2026</p> <ul style="list-style-type: none"> • Develop Forest plantation management plans for 550,000 ha of forest reserves. • Increase area under silvicultural operations from 117,250 ha to 167,000 ha. • Protect 550,000 ha of plantation forest reserves. • The area of tree seed sources increased from 270 ha to 770 ha and is managed. • Produce 150 tons of quality tree seeds and 130,000,000 seedlings. • Increase Forest plantation reserve areas from 500,000 ha to 550,000 ha. • Prepare and implement the urban afforestation and reforestation of degraded forest land strategy. • Establish and enforce Tree seed quality standards. • Develop and implement a tree improvement strategy. • Establish and maintain a gene bank of native tree species. <p>iii. Long-Term Strategies</p> <ul style="list-style-type: none"> • Increase tree seed quality and quantity production • Increase forest plantation areas.

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No.	Objectives	Strategies
		<ul style="list-style-type: none"> • Promotion of public and private sector engagement in afforestation and reforestation • Strengthening management of forest plantations
h)	<p><u>Objective H: Institutional Capacity to Deliver Services Enhanced.</u></p>	<p>i. Short-Term Strategies by June 2025</p> <ul style="list-style-type: none"> • Convene three Recruitment Committees meetings for Promotion and Confirmation of staff. • Provide long-term training for 95 staff and short-course training on various disciplines to 941 staff. • Review the TFS scheme of service and prepare the Human Resource establishment plan and PE Budget. • Provide and maintain office working facilities and utilities for TFS headquarters, 7 zones, 24 plantations, and 4 tree seed production centres. • Acquiring 25 motor vehicles, 38 motorcycles, 3 boats, 1 lorry, 1 plant, and 1 lowbed for HQ, 7 TFS zone, and 24 plantations. • Construct 11 office buildings, 17 ranger posts, 9 staff houses, one checkpoint, and 8 water points. • Renovate 3 office buildings, 32 staff houses, 2 ranger posts, 17 checkpoints, 25 water systems, 2 stores and one electrical plant. • Construct 15 office buildings, 17 ranger posts, 3 staff houses, 1 restaurant, and 6 office fences. • Rehabilitate 9 office buildings, 34 staff houses, 26 water systems, 7 checkpoints, one cold room, one dry room, one ambient store, and one electrical plant in 18 forest plantations and 4 zones. • construct 134 new forest roads and rehabilitate 2,231 km of existing roads, 44 culverts, and 36 bridges in 20 forest plantations. • Install one repeater communication station and procure 10 radio calls at Nyahua Mbuga FR. • Acquire 2 plots of land with 13,000 square meters and complete the acquisition of 2 title deeds. • Update fixed asset register, value of Biological Assets; and conduct annual stocktaking and disposal of assets. • Provide statutory allowances and social amenities to 2,096 staff. • Conduct paramilitary recruiting courses for 200 staff and paramilitary leadership courses for 700 staff. • Finalise construction of Armoury fencing, installation of CCTV Camera, and shelving in zones. • purchase field safety equipment for forest patrol activities. • Publicise TFS Business by participating in 9 exhibitions, preparing and airing 104 messages, 100 video clips, 12 cartoons, 36 feature articles, 1 documentary, 10 adverts, 46 radio, and 76 TV programs. • Prepare and execute the TFS Online Presence Strategy. • Facilitate four sports events for awareness raising on the conservation of forest and bee resources. • Facilitate community development projects in 7 zones, HQ, and forest plantations. • Prepare a stakeholder engagement plan and convene 39 stakeholders' consultative meetings. • Support forest and beekeeping Institutions and facilitate 80 staff to participate in national celebrations.

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No.	Objectives	Strategies
		<ul style="list-style-type: none"> • Conduct 5 MoU meetings on forest trade across the Ruvuma River, Mangrove Forest, and Forest plantation management. • Allocate and supervise harvesting of standing trees 1,245,019 cbm, firewood 5,300 cbm, poles 61,000 rm/pcs. • Convene 93 harvesting committee meetings in seven zones. • Inspect forest and bee products at 158 checkpoints, 6 border posts, and 3 Ports. • Develop 6 project proposals for funding forestry and beekeeping, and finalise PES position papers. • Carry out Revenue inspection in 7 zones and 14 plantations. • Transfer Obligatory Remittance to Treasurer Registrar (TRO) and Tanzania Forest Fund (TAFF). • Provide technical support and training to 7 zones and 23 plantations on MUSE updates. • Prepare annual financial statements for the financial year 2023/2024. • Conduct 6 Ministerial Advisory Board (MAB) meetings for 3 days each and 5 days of field visit. • Review work performance by convening 51 meetings in 4 forest plantations and the TFS Headquarters. • Conduct 4 quarterly tender board and 42 delegated tender board meetings. • Conduct annual stock taking and asset verification in 7 zones and forest plantations. • Prepare Agency plans, budget, and reports. • Assesses execution of Business Plan for 2024/2025 FY and provides technical backstopping to field activities. • Prepare TFS statistical facts and figures for 2024/2025 FY. • Facilitate a 5-day workshop involving 26 members of the Monitoring Technical Working Group (METWG). • Improve TFS MIS System through implementation of a Client's Portal and Client's Mobile application. • Update PBS and M&E Systems (Web portal, Mobile Application) through system Integration with PLANREP and MUSE. • Carry out 4 routine Hardware Maintenance and quarterly TFS Servers Monitoring and Troubleshooting. • Conduct 4 ICT Steering Committee meetings. • Conduct 2 Systems Vulnerability (RISK) Assessment and Quality Assurance. <p>ii. Medium-Term Strategies by June 2026</p> <ul style="list-style-type: none"> • Implement the Human Resource Development Plan by 60%. • Attain Office working facilities and utilities attained to 60%. • Implement the asset management plan. • Attain the provision of institutional, staff statutory allowances and amenities. • Establish and maintain Paramilitary. • Increase Public awareness on TFS mandate, products and services by 45% at all levels. • Implement the Community support programme. • Increase stakeholders' collaboration and cooperation on resource management by 100%.

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No.	Objectives	Strategies
		<ul style="list-style-type: none"> • Increase revenue collection by 10% annually. • Revised and operationalised financial management systems. • Manage Agency performance. • Establish a Planning, Monitoring and Evaluation system. • Develop, review and maintain ICT infrastructure and systems. <p>iii. Long-Term Strategies</p> <ul style="list-style-type: none"> • Strengthen human resource management. • Strengthen the working environment. • Strengthen stakeholders' collaboration and involvement. • Strengthen financial management; and • Strengthen performance management systems.

Appendix 4: Risks and their management

SN	Risk	Impact	Mitigation
1	Failure to detect errors and fraud in financial reports	Medium	IPPF 2018; Internal Audit guidelines. Internal Audit Charter: Conduct regular awareness to the top management and other staff; Communicate the Audit Engagement effectively, and Involve competent audit staff
2	Insufficient and unsatisfactory salaries	Medium	Existence of the Public Service Act 2004 Timely payment of Statutory allowances, and improve and timely use of the Agency salary scheme
3	Paralysis in the technology of revenue collection Systems	High	Existence of the Public Service Act 2004. Existence of Anti-Money Laundering Act, Cap. 423 R.E 2019; Reprimand actions in relation to employee misconduct. Train staff and capacitate ICT staff, and collaborate with respective Ministries and Agencies
4	Fire outbreaks: The possibility of fire outbreaks in both natural and forest plantations may result in loss of value and biodiversity	High	Use of existing relevant national policies and regulations; Making fire lines; Awareness creation to forest adjacent communities; establishment and use of firefighting teams; securing new technologies and use of the existing fire detection systems and fighting equipment and tools; Conducting Forest patrols; and Training and sensitisation of staff
5	Illegal harvesting of forest products and encroachment of forest reserves	High	Use of existing relevant national policies and regulations; Awareness creation for forest-adjacent communities; Conduct Forest patrols; Use of the 2017 harvesting guidelines; Establishment of new and use of existing ranger posts; Strengthen and use of FSU; Consolidation of forest boundaries; and Secure improved forest monitoring technologies.

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6	Conflicts with forest adjacent communities due to high dependence on forest resources	High	Presence of relevant policies and regulations; Community support programmes, Support villages in preparing land use plans, and conducting awareness meetings
7	Non-compliance with forest laws, regulations and procedures	High	Existence of Legal unit; Internal Regulations; In-house training and capacity building on legal matters; Presence of external law firms and Attorney General's Office, and presence of Mediation and Arbitration settlement of legal issues.