

## Tanzania



The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at [www.revenuewatch.org/rgi](http://www.revenuewatch.org/rgi).

### Background

Mining accounts for about 5 percent of Tanzania's gross domestic product and a third of exports. In 2011 the value of mineral exports reached \$2.1 billion, more than 95 percent of which came from six gold mines. Tanzania also produces copper, silver, diamonds, and natural gas. The importance of the sector is growing, with the value of mineral exports increasing nearly eight-fold between 2005 and 2010.

Tanzania	2000	2005	2011
Population (million)	34.04	38.83	46.22
GDP (constant 2011 international \$ billion)	13.0	16.0	23.9
GDP per capita, PPP (constant 2005 international \$)	868	1,070	1,336
Extractive exports (% total exports)	1%	12%	37%

SOURCE: World Bank.

### Tanzania's Performance on the RGI

Tanzania received a "weak" score of 50, ranking 27th out of 58 countries. A relatively high score on Safeguards & Quality Controls was offset by poor performance on other components.

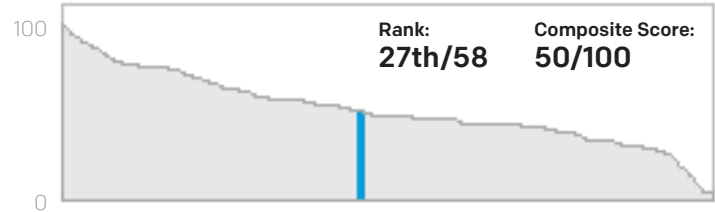
#### Institutional and Legal Setting

(Rank: 46th/58, Score: 44/100)

Tanzania's "weak" score is due in part to insufficient reporting requirements and the lack of a freedom of information law.

The Energy and Minerals Ministry and the Tanzania Revenue Authority both collect payments from mining companies. Companies make some direct payments to affected communities; otherwise, all revenues go to the treasury. After years of receiving very little in royalty payments from mining companies, the 2010 Mining Act increased the royalty rates between one and two percent depending on the mineral, although contract negotiations with extractive companies continue to be opaque.

Environmental impact assessments are required, but companies do not always submit them before licenses are granted, and the state mining company is not required to publish revenue reports. However, Tanzania has signed on to the Extractive Industries Transparency Initiative and achieved compliant status in December 2012.



#### Reporting Practices

(Rank: 27th/58, Score: 48/100)

While Tanzania provides some information on mineral production and revenues, the failure to publish mining contracts and a lack of data on the state-owned mining company contributed to a "weak" score.

Little information is available on the mineral licensing process before licenses are granted. Once mining rights are awarded, information is available only in a complex digital format for a fee, and environmental impact assessments are released only upon request.

The Finance Ministry publishes information on production volumes and the value of exports, but does not provide revenue data. The Energy and Minerals Ministry publishes data on reserves, production volumes, prices, export values, operating companies, taxes and royalties, but has yet to disclose figures on license fees, acreage fees, dividends or bonuses. The Bank of Tanzania publishes annual reports on exports and production volumes and values.

#### Safeguards and Quality Controls

(Rank: 17th/58, Score: 68/100)

Tanzania received a "partial" score, its highest on any component, due in part to conflict-of-interest disclosure requirements and satisfactory checks on the budgetary process.

However, new legislation has not eliminated the discretionary powers of the minister of energy and minerals in licensing and contract negotiations. The new mining law does not clearly outline the legislature's oversight responsibilities, and Parliament does not consistently review mining revenues.

The Tanzania Minerals Audit Agency was established in December 2009. While its autonomy is questioned by some members of civil society, its creation is generally regarded as a positive development, and the agency's annual reports have increased public access to information.

#### Enabling Environment

(Rank: 24th/58, Score: 42/100)

Tanzania has a "weak" enabling environment, with particularly low scores in government effectiveness and the rule of law. It scores poorly on corruption and accountability indicators.

## State-Owned Companies

(Rank: 31st/45, Score: 33/100)

The State Mining Corporation (STAMICO) is entirely government-owned. It has been largely inactive in recent years, but the government hopes to revitalize it in order to manage joint ventures with private companies. So far, STAMICO has only taken part in one joint venture and no information is available on future operations. The company is audited annually, but does not publish reports on its operations or revenues.

## Natural Resource Funds and Subnational Transfers

The government has stated its commitment to establishing a mineral development fund, but this has yet to happen. Civil society leaders have advocated for subnational transfers of resource revenues, and mining companies currently pay a one-time fee of \$200,000 directly to local councils in areas where they operate.

## Tanzania's Composite, Component and Indicator Scores

Rank (out of 58)		Score (out of 100)
<b>27</b>	<b>COMPOSITE SCORE</b>	<b>50</b>
<b>46</b>	<b>Institutional and Legal Setting</b>	<b>44</b>
	Freedom of information law	0
	Comprehensive sector legislation	67
	EITI participation	67
	Independent licensing process	100
	Environmental and social impact assessments required	50
	Clarity in revenue collection	67
	Comprehensive public sector balance	0
	SOC financial reports required	0
	Fund rules defined in law	..
	Subnational transfer rules defined in law	..
<b>27</b>	<b>Reporting Practices</b>	<b>48</b>
	Licensing process	50
	Contracts	0
	Environmental and social impact assessments	67
	Exploration data	50
	Production volumes	100
	Production value	100
	Primary sources of revenue	50
	Secondary sources of revenue	100
	Subsidies	0
	Operating company names	100
	Comprehensive SOC reports	0
	SOC production data	0
	SOC revenue data	0
	SOC quasi fiscal activities	..
	SOC board of directors	50
	Fund rules	..

Rank (out of 58)		Score (out of 100)
	Comprehensive fund reports	..
	Subnational transfer rules	..
	Comprehensive subnational transfer reports	..
	Subnational reporting of transfers	..
<b>51</b>	<b>Safeguards and Quality Controls</b>	<b>68</b>
	Checks on licensing process	33
	Checks on budgetary process	89
	Quality of government reports	71
	Government disclosure of conflicts of interest	100
	Quality of SOC reports	0
	SOC reports audited	50
	SOC use of international accounting standards	100
	SOC disclosure of conflicts of interest	100
	Quality of fund reports	..
	Fund reports audited	..
	Government follows fund rules	..
	Checks on fund spending	..
	Fund disclosure of conflicts of interest	..
	Quality of subnational transfer reports	..
	Government follows subnational transfer rules	..
<b>39</b>	<b>Enabling Environment</b>	<b>42</b>
	Corruption (TI Corruption Perceptions Index & WGI control of corruption)	42
	Open Budget (IBP Index)	48
	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)	46
	Government effectiveness (WGI)	38
	Rule of law (WGI)	36

<span style="color: green;">■</span>	Satisfactory	<span style="color: orange;">■</span>	Weak
<span style="color: yellow;">■</span>	Partial	<span style="color: red;">■</span>	Failing