



Managing natural resources

What do citizens say?



1. Introduction

In recent years, massive reserves of natural gas have been found in Tanzania. The Tanzanian authorities, with the support of development partners, are trying to institute the right measures so that Tanzania does not suffer from the ‘resource curse’ and face severe problems such as civil conflict, rent-seeking behaviour and reduced government accountability – as experienced by other resource rich developing countries such as Angola, the Democratic Republic of the Congo (DRC), Nigeria and Sudan.

In October 2013 the Ministry for Energy and Minerals released the National Natural Gas Policy of Tanzania. In this document, the Ministry describes a number of policy challenges related to the fast development of the natural gas industry, including: creating the legal framework; the availability of sufficient human resources, knowledge and infrastructure; managing markets, both domestic and exports; revenue management; protection of health, safety and the environment. The Policy emphasizes the role of NGOs, the media and communities, particularly in establishing dialogue, monitoring, exchange of information and increasing “public awareness, transparency and accountability”.

The emphasis in the Policy on public information and dialogue addresses an important need. Over the last few years, the country has witnessed the start of a public debate around the share of benefits potentially going to Tanzanian entrepreneurs and citizens. Local investors are demanding investment opportunities in the sector. Citizens, particularly from gas producing regions such as Mtwara, also want a share of the benefits.

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Few would argue against the need for policymakers to listen to people's views on natural resource management. If there is one lesson that can be drawn from the countless global experiences of mismanagement, it is the need to involve citizens in decision-making processes. If nothing else, this can help to close the gap between expectations and reality, which can reduce the likelihood of conflict. But what do Tanzanians want and expect from the natural resource boom?

To help better understand citizens' expectations, hopes and concerns with regard to the recent gas discoveries, Twaweza and the World Bank sought the opinions of citizens from mainland Tanzania. The data have been collected by *Sauti za Wananchi* (www.twaweza.org/sauti) a nationally representative mobile phone survey in Tanzania and the first of its kind in Africa. The findings in this brief are based on data from 1,562 households collected in two rounds of calls in October / November and December 2013.

The key findings are:

- 64% of Tanzanian citizens have heard about the discoveries of natural gas, but almost the same number wish to be provided with more information.
- Most people are optimistic about the prospects of natural gas with four out of five believing that the natural gas is good for them, their children and the country.
- 38% of Tanzanians want a substantial proportion of the revenues to be given directly to citizens in cash while 43% think that the revenues should go to the Government to be spent on social services such as education, health and security.
- A quarter (26%) expect that government officials will benefit the most from resource revenues, and an additional 11% believe that the benefits will go predominantly to rich people.

2. Eight facts about citizens' views on natural gas resources

Fact 1: Citizens know about gas discoveries but want more information

Two out of three Tanzanians (64%) indicate having heard about the gas discoveries, most of them during the past year (2013). And yet many Tanzanians feel they are not well informed. Two out of three (65%, Figure 1b) wish to be provided with more information. The majority (60%, not in graph) expect this information to be provided by Government, or the media (26%).

Figure 1a: When did you first hear about discoveries of gas fields in Mtwara?

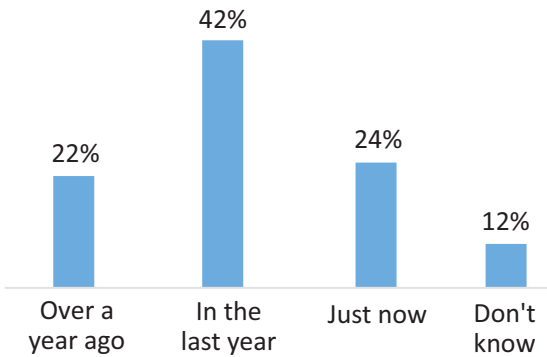
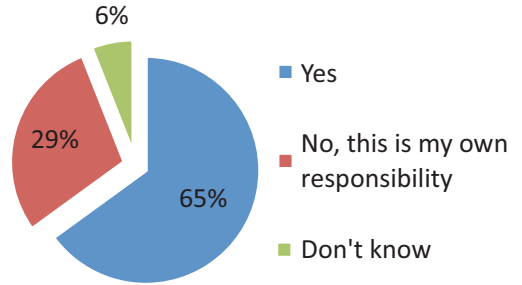


Figure 1b: Do you think someone should provide you with more information about the recent gas discoveries?



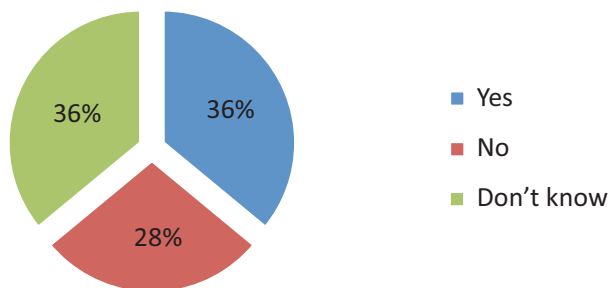
Source of data: *Sauti za Wananchi*, Mobile Phone Survey – Round 9, October / November 2013 and Round 11 December 2013

Fact 2: One in three Tanzanians believes that gas companies are already earning money from natural resources

Lack of information can lead to unrealistic expectations about the timing of benefits from natural gas. Exploration of large off-shore gas reserves in Tanzania is still in its early stages and it will take time until large-scale production is set to begin, approximately seven to ten years according to current estimates.

However, while 28% of Tanzanians are aware that benefits will take time to materialise, 36% believe that companies are already making profit and another 36% are unsure. These information gaps ought to be addressed through transparent communication about the timeline and expected gas earnings. This will avoid a mismatch between expectations and reality, which could ultimately lead to popular discontent.

Figure 2: Do you think that the oil / gas companies are already making money from the discoveries of oil and gas offshore and in Mtwara region?

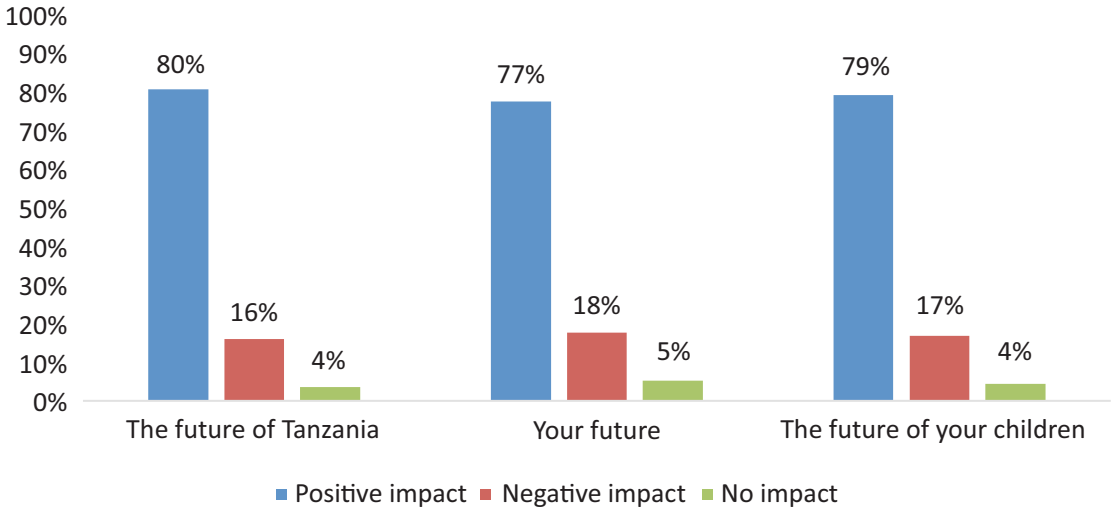


Source of data: *Sauti za Wananchi*, Mobile Phone Survey – Round 9, October / November 2013 and Round 11 December 2013

Fact 3: Most Tanzanians are optimistic about the prospects of natural gas

A clear message from the survey is that Tanzanians are hopeful and optimistic about their countries newly found natural resources. Figure 3 shows that four out of five Tanzanians believe that natural gas will be good for them, their children and the country.

Figure 3: What do you think the impact of natural gas will be?



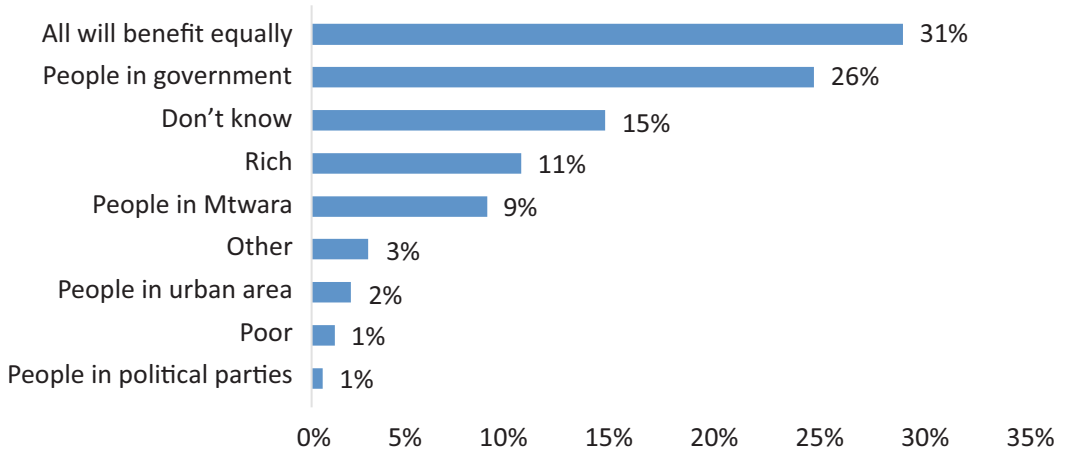
Source of data: *Sauti za Wananchi*, Mobile Phone Survey – Round 9, October / November 2013 and Round 11 December 2013

Fact 4: Many also fear that resource benefits will not be shared equally

A well-known problem in the context of natural resource extraction is that the benefits are often not shared widely, but captured by a narrow group of people, often with connections to politics or the industry.

Opinions amongst Tanzanians are somewhat split on this issue: while 31% are optimistic that benefits will be shared equally by the Tanzanian people, 37% expect that government officials or rich people will benefit the most from natural gas. Furthermore, when asked explicitly about the risks associated with natural gas extraction, citizens do include “resource curse” issues (not in graph): 19% mention the capture of rents by foreign companies, followed by crime/violence (11%), and corruption of government officials (7%).

Figure 4: Who will benefit most from Tanzania's recent gas discoveries?

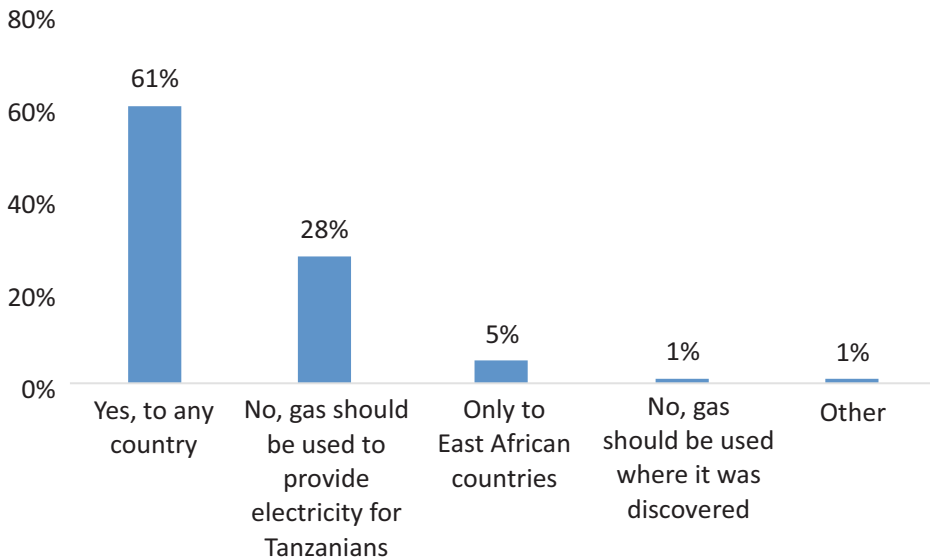


Source of data: *Sauti za Wananchi*, Mobile Phone Survey – Round 9, October / November 2013 and Round 11 December 2013

Fact 5: Most Tanzanians support gas exports

Tanzanians support drawing on foreign expertise in natural gas exploitation. More than half (52%) say that foreign firms should partner with local firms (who should be the majority shareholders) when bidding for oil/gas blocks. One third (35%) think that local firms should be given priority bidding rights.

Figure 5: Should Tanzania sell oil and gas to other countries to generate money for the country's development?



Source of data: *Sauti za Wananchi*, Mobile Phone Survey – Round 9, October / November 2013 and Round 11 December 2013

Fact 6: Tanzanians want local firms to be involved in the oil and gas sector

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Figure 6: When bidding for the oil / gas blocks...



Source of data: *Sauti za Wananchi*, Mobile Phone Survey – Round 9, October / November 2013 and Round 11 December 2013

Fact 7: Citizens want a share of the revenue

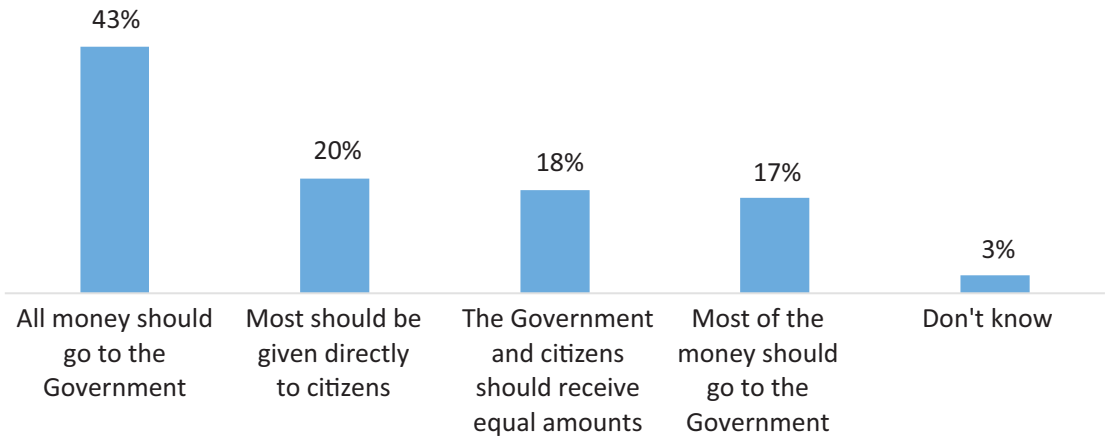
In recent years direct transfers to citizens of some of the cash revenues from natural resources have been recommended as a means to fight poverty more effectively and increase accountability of decision-makers and politicians. While new to Africa, such schemes are already established in places such as Alaska or Iran.

Sauti za Wananchi asked the following question: “Tanzania is about to receive a lot of money from natural resources. Should the Government spend this money on behalf of Tanzanians (e.g. on education, health and security), or should the money be given directly to Tanzanians as cash?”

More than half (55%) of Tanzanians support redistribution of natural resource revenues to citizens: 20% prefer most of the money being sent directly to citizens; 18% prefer an equal split of revenue between Government and citizens, while 17% prefer Government to receive the majority of the revenue and citizens to receive the balance.

However, a significant group of Tanzanians (43%) want all the revenue to go to the Government (for expenditure on services such as education, health and security).

Figure 7: Where should the revenue from oil and gas go?

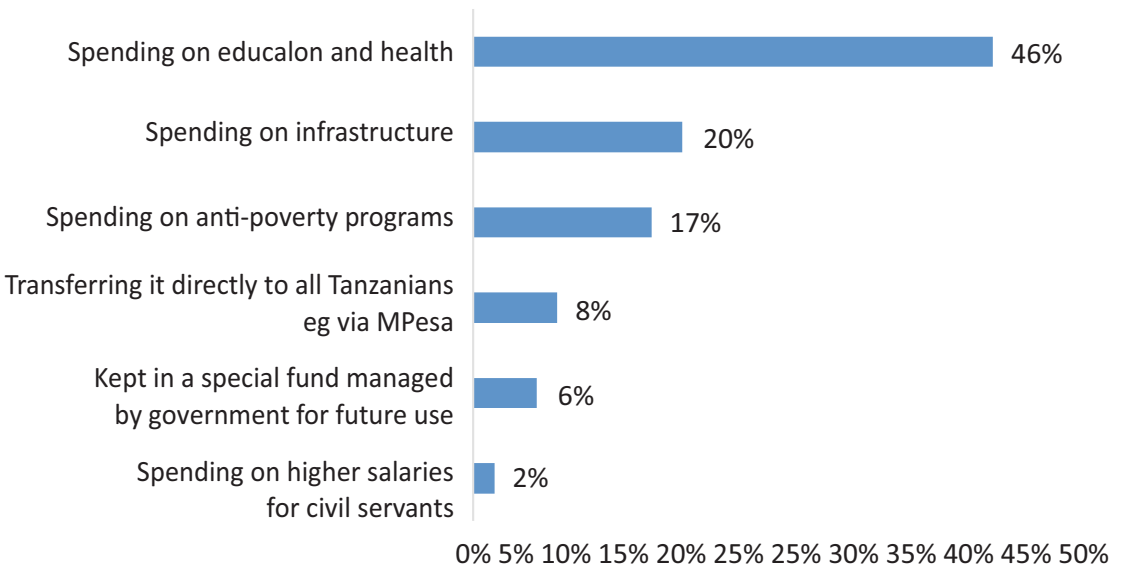


Source of data: *Sauti za Wananchi*, Mobile Phone Survey – Round 9, October / November 2013 and Round 11 December 2013

Fact 8: Gas revenues should be spent on education and health

Citizens may prefer oil and gas revenues to be managed by Government so that public social spending can be increased. Almost half (46%) state that spending on education and health would be the most beneficial use of revenues from oil and gas, followed by infrastructure (20%) and spending on anti-poverty programs (17%).

Figure 8: Which of the following ways of spending money from oil and gas would bring the most benefits to Tanzanians?



Source of data: *Sauti za Wananchi*, Mobile Phone Survey – Round 9, October / November 2013 and Round 11 December 2013

3. Conclusion

Most citizens are hopeful that natural resources will benefit their families, now and in the future, but they are also aware of risks. Some are wary of potential adverse consequences such as proceeds mainly benefitting foreign companies, increased conflict, and corruption of government officials.

Many Tanzanians support the involvement of foreign companies in the extraction of gas. At the same time they want local firms to be involved in the bidding process and to be majority shareholders in any joint ventures with foreign companies.

For citizen feedback to be even more useful it is important that citizens are well informed. Therefore, continuous, transparent and accurate information-sharing regarding gas extraction, investments and proceeds is essential to ensure that the public have realistic expectations. This offers a potential route to transform the 'resource curse' into a resource blessing.

While citizens trust their government to manage the natural resources and to keep them informed, a majority want to receive some type of cash transfer so that they can directly share in the benefits. In part this may stem from the belief that the people in government and the rich will profit most from gas. Indeed, can government officials disseminate information effectively and manage resources in the best interest of citizens when they themselves have a strong interest in capturing those revenues? These responses raise a pertinent corollary question: are citizens sufficiently informed to provide useful guidance and safeguards against possible malpractices?

Gas is a national store of wealth that should produce benefits far into the future, long after current generations of politicians, civil servants and experts have left office. For this reason, the expressed desire of Tanzanian citizens to use the gas proceeds for investments in the human capital (education, health) of future generations should be heard and receive priority in national budgets.