

BRIEF REPORT ON THE 7:30 BREAKFAST DEBATE – SEPTEMBER 25TH 2009

“EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE” WHAT BENEFIT FOR TANZANIA

Tanzania has just joined the EITI in February 2009 as a candidate country. The Ministry of Energy and Minerals is in charge of its implementation. The government has a tight two-year Period to fully implement one cycle of the Initiative and undergo an independent EITI validation Process, which certifies compliance with the EITI criteria. Failure to complete validation by 15 February 2011 may result in suspension from the EITI with adverse impact on the country's reputation and donor contributions to the national budget. To achieve compliant status a country must complete an EITI Validation within 2 years of becoming a Candidate Country. Once a country is Compliant, the country must undergo Validation at least every 5 years, or upon the request from the EITI International Board.

Policy Forum in collaboration with Revenue Watch Institute dedicates this monthly Debate to EITI. The presentations debate was done By Mr. Alex Magayane, Assistant Commissioner for Small Scale Miners Development, from Ministry of Energy and Minerals, presented on Status of the Implementation of Extractive Industry Transparency Initiatives and Mr. Silas Olang, Tanzania Program Country Coordinator, from Revenue Watch Institute, presented on what are opportunities for ordinary people to benefit and Country to grow. Prof. Mwesiga Baregu, a Lecturer from Department of Political Science and Public Administrations, University of Dar es Salaam was a discussant. .Mr. Albanie Marcossy facilitated the debate.

The first presentation was done by Mr. Olang who started by saying that, broadly, there are four problems facing extractive resource rich countries which are **domestic governance problems**- effective & efficient utilization of resources (including the mismanagement and corrupt use of revenues, reflecting poor quality budget processes and budgetary outcomes) and **regulatory problems**- obligations of extractive companies, including transparency of what they pay as revenues to government relative to what they earn and retain.

EITI involves the reconciliation of company payments with government receipts by an independent administrator and disclosure of that information to the public. The objective of the EITI is to ensure that accurate figures about revenues are publicly available, to identify any potential discrepancies between payments & receipts and to investigate and address the underlying causes.

What are the benefits of the EITI for government and CSO's? It demonstrate a commitment to transparency and the fight against corruption that is, increase transparency and scrutiny over payments will make it easier to detect corruption, Improve revenue collection and management processes which will lead to improved public services and value for money as well as recommendations of the Administrator will help identify management systems' weaknesses and initiate reforms, Improve sovereign ratings that is to say a country's ability to raise funds on the international markets (e.g. through loans) is based on ratings provided by international companies. These ratings depend also on the quality of national governance. Mr. Olang, added that the higher the rating, the 'cheaper' money is to borrow and improve a government's national or international reputation with its citizens and the international community – TRUST.

Actors in EITI are Government, Oversight Bodies and Companies which they do form national National Multi-stakeholder Group. But Civil society's role is to Form an EITI Coalition by drawing upon different strengths and increase influence and diversity of opinions represented in MSG, review and comment on key documents and report analysis and dissemination through assisting in outreach and awareness raising.

On his conclusion remark he shows the challenges which are like Voluntary: It takes genuine commitment and political will to implement EITI, Impact of EITI depends on the effectiveness of

the MSG and the public at large, Beyond the basics: From recompilation to Comprehensive Audit and Does not account for externalities e.g. Social and environmental impacts

Second presentation was made by Mr. Magayane, on his presentation he started by giving out the requirement for becoming a Candidate Country which are, Applicant must fulfill the Four sign-up stages before applying for the EITI Candidate Country status namely; Issuing an unequivocal public statement of its intention to implement EITI principles; Committing to work with civil society and companies on EITI implementation – by inaugurating a multi-stakeholder EITI working group immediately following the launch-workshop; Appointing a senior individual to lead EITI implementation efforts; and Publishing a costed work plan, with measurable targets and with an implementation timetable.

Mr Magayane confirmed that the Ministry of Energy and Minerals has already appointed Government representatives to the working group. The Chair of the multi-stakeholder Working Group will be appointed by the President. The Multi-Stakeholders Working Group Representatives are as follows; for CSO's groups involves of FBO's, Trade Union, Disabled Organization, Medias and Research and Development Centers. For Mining, Oil and Gas industries are small scale miners and TCME and for government organization are Local government authorities, TPDC, Ministry of Energy and Minerals, MoF and TRA.

On his conclusion he said that the next step the government is working in are, Appointment of the Chairman for the EITI National Working Group, Formation of a dedicated EITI Secretariat/Office, Securing financial resources for the EITI Work Plan in Tanzania (e.g. EITI Multi Donor Trust Fund) and Implement the EITI work plan.

After the two presentations the discussant commented that, EITI deals with all resources in general so we need to look on it in a holistic way. Since were in a very critical conjunction where Africa resources are becoming more demanded and when we talk of EITI it is about people and resources and the extraction of resources have become more resource curse than blessing that is helping to eradicate the deepen poverty in Africa.

If the above mentioned is true Africa need it's own EITI plan though it does not mean that we have to ignore the initiative from abroad like that of the Briar Commission, but the solutions of our own problems of the EITI need to be driven from within Africa by the Africans themselves.

Among the solutions which need to be regarded are like negotiation, there is a say that, Tanzania always takes the first option when it comes to negotiation without considering the projection of price rate for ten years to come, this leads to our country to earn little after sometime due to poor negotiation which was done previously. We need to have also transparency responsibility in contracts since EITI should not only look on publishing what you pay and what you get but also what you earn, that is, this will ensure that the government is getting what it deserve and it reasonable.

Comments and Questions:-

- EITI is the starting point of initiative since it tells about the figures but doesn't solve all problems because the negotiation and contracting has been top secret of this country.
- EITI depends on the commitment of the government on transparency
- Why EITI at this time and did not start from within?
- EITI still it prefer with the World Bank indicators, this will be a problem to Africa
- Why there is a delay for selecting the chairperson for Mult-Sectoral Group of EITI? And what are the criteria's for selecting the members since it does not have gender balance?
- Why not the government uses the little money they have to full implement the EITI because we re remaining with only one year?
- Is EITI possible to a country which is not ready for transparency?
- Does the EITI going to solve the problem of exporting Tanzanite by neighboring country and not Tanzania itself?

Responds and Comments:-

- The export of tanzanite by other countries is the question to be asked by all of us and not only the government but EITI to some extent will help to solve this.
- MSG with gender sensitivity is the question of nature since men mostly prefer to opt for geology subjects even the ministry for Energy and Mineral have few women
- Even though one year is remaining, but the government are in a good position to implement since now we have formulated our own mining policy and laws from those laws which people were shouting on and the chairperson for MSG will be chosen by the president from among the MSG members before end of this year.
- Even though the initiative started abroad still this is the opportunity to serve our country when we will be implementing those EITI principles. Actually it started in Angola and developed in Europe
- Principally EITI will not work if there is no political will for transparency so this is a challenge to the government commitment to transparency.

Mr. Albanie from policy forum closed the discussion and welcomed the participants to the other next month breakfast debate.

