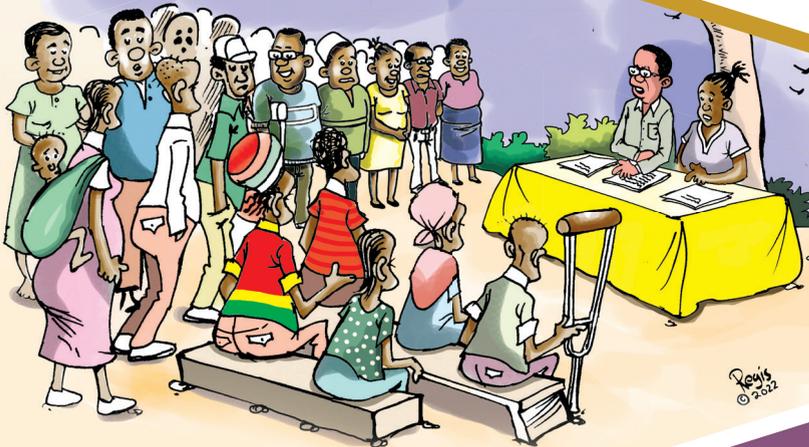


Transparency and Citizen Participation in Collecting and Distributing Mining Service Levies: **The case study of Geita and Mara**



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SUBMITTED TO:



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LIST OF ABBREVIATIONS

ASM	Aartisanal and Small-scale Miners
CSR	Corporate Social Responsibility
GoT	Government of Tanzania
LGAs	Local Government Authorities
MPs	Members of Parliaments
TEITA	Tanzania Extractive Industry Transparency Act
TEITI	Tanzania Extractive Industry Transparency Initiative
URT	United Republic of Tanzania



EXECUTIVE SUMMARY

Tanzania's mining sector has recently experienced tremendously changes in its legal and policy frameworks. Generally, the said reforms were aimed at ensuring that country's natural resources benefit all Tanzanians particularly through government revenue collection and corresponding distribution. Citizen participation is key in collecting and distributing revenues from mining operations. It is in this context that this study was undertaken with the aim of providing a critical analysis on the level of transparency and the extent to which citizens participate in the collection of mining service levies and engage in the distribution of the same. The study employed both primary and secondary data from available official documents relevant to the mining sector, semi-structured interviews with various stakeholders within Geita and Mara as well as direct observation.

Results from this study show that Tanzania does not have a specific law that solely speaks to citizen participation. However, the same has been implied in various laws including in the constitution of the URT, which is the mother law of the country. Results further point out that there is a lingering problem pertaining to lack of enforcement of the law in the country. Moreover,

results from primary data suggest that there is not only low level of literacy about mining service levies in communities but also very minimal citizen participation in collecting and distributing mining service levies. It is thus not surprising to see that respondents are concerned with unequal distribution of revenues (benefit) from levies to diverse social groups.



Results from this study calls for four main recommendations. The first recommendation that comes strongly from this study is the need to enforce the law. Citizen participation is widely implied in Tanzania's policy and legal framework. However, the problem has always been associated with the lack of compliance and enforcement. The second recommendation is that communities need to be fully involved in collecting and distributing mining service levies if proceeds from the said levies are to be effectively and efficiently managed.

Thirdly, benefits from mining service levies must be distributed in a manner that enhances equitable benefits to various social groups that should necessarily include women, youth and persons living with disabilities. Lastly, the level of literacy about mining service levies among people in the community seem to be too low. Therefore, there must be community awareness sessions in place to sensitize communities about mining service levies.



01

INTRODUCTION

1.0 Background of the Study

Since early 2000, Tanzania's mining sector has experienced tremendously changes in its policy and legal frameworks. Expectedly, the development has significantly changed the prospects of the country's mining sector political economy. Generally, the said reforms were aimed at ensuring that country's natural resources benefit all Tanzanians mainly through government revenue collection and corresponding distribution. Chief among these reforms were the notable development in 2017, which culminated into three major pieces of legislation which were passed by the national assembly under the certificate of urgency¹. The Laws have significantly impacted the mining sector governance by expanding non-tax and tax revenue streams including but not limited to:

¹ The Written Laws (Miscellaneous Amendments) no. 7 of 2017, The Natural Wealth and Resources (Permanent Sovereignty) Act 2017 and The Natural Wealth and Resources (Review and Re-Negotiation of Un-conscionable Terms) Act 2017

the introduction of a minimum 16% Free Carried Interest², increased royalties' rates in all types of minerals, the introduction of 1% inspection fee etc. Furthermore, and more relevant to this study is the fact that the Local Government Finance Act empowers local government authorities to collect service levy at the rate of 0.3% of the annual turnover of mining companies.

Collecting revenues is one thing but equitable and fair distribution of the same is another. Communities expect that accrued revenues will be efficiently distributed by the government based on the priorities set by them (citizens/communities) living around mining areas through financing of the public service delivery. Moreover, additional benefits from mining investments are expected to be captured through forward and backward linkages.

² Section 10 of the Mining Act of 2010 (re. ed. Of 2018) (R.E 2019)



At the community level, mining companies are contributing to socioeconomic infrastructure development to acquire social licence to operate³. However, the requirement to give back to communities is not expressly provided in the mining legislations even though in some cases, social investment (i.e. Corporate Social Responsibility) has been a requirement for granting a mineral rights/licence. In Tanzania Social investments such as development of infrastructure, education facilities, health care services and local business have been the common contribution of companies to the local communities through Corporate Social Responsibility.

Citizen participation can come handy in terms of ensuring that public resources are efficiently and effectively collected and distributed to communities. This is because citizen participation is key in the quest for creating community ownership and by extension transparency and good governance in collection and distribution of revenues from mining operations. It is in this context that the present study aims at providing a critical analysis on the level of transparency and the extent to which citizens participate in collecting mining service levies and engage in the distribution of the same.

³ The paths to social license to operate: An integrative model explaining community acceptance of mining - ScienceDirect

1.1 Mining Revenue Streams and Sharing Mechanisms: A Global Context

In recent years, the demand for transparency and citizen participation in the mining sector decision-making processes has become increasingly common in most of resource rich countries⁴. Unfortunately, while the distribution of mining revenues to communities living adjacent to mining areas particularly in Africa is on the decline, inequalities and economic fragility of the same are rampant. This suggests for better governing of the mining sector in Africa. It is not surprising then that cluster five of the Africa Mining Vision, among others, calls for a well-governed mining sector that is inclusive. This can mainly be achieved in the presence of meaningful citizen participation in mineral revenue collection and equitable revenue distribution of the same⁵.

Usually, resource-rich governments set rules for mining revenues collection and distribution between central governments and local government authorities. Typically, opted streams for mining revenue collection and sharing/distribution must

⁴ "Citizen Participation in the Regulation of Surface Mining" by Joshua I. Barrett (wvu.edu)

⁵ Africa Mining Vision English (au.int)



consider the simplicity of calculating, collecting and verifying a particular revenue stream. Common revenue streams for revenue sharing includes Royalties, Resource rent tax, Corporate Tax and dividends through state participation⁶.

Resource revenue sharing between central governments and subnational/local government authorities has been promoted as a remedy to enhance community growth, livelihood and mitigate economic fragility in communities. Usually, subnational governments receive public funds either through direct revenue collection or through allocation from central government transfers. The formula and rules applicable differ across countries. For example, unlike in Tanzania, in the Democratic Republic of Congo and Nigeria the distribution of revenues from exhaustible resources to subnational authorities is administered using separate rules from those governing the distribution of revenues from sources other than non-renewables⁷.

Moreover, in countries such as Nigeria and Peru, more than 80% of budgets in subnational governments depend much on revenue allocated by the central governments. While in Uganda

and Mongolia, the central governments use the so called 'indicator-based' formula in which case the population density, revenue generation, poverty level or geographic characteristics are main indicators for revenue sharing. Meanwhile, in Australia and the United States, subnational governments collect substantial revenues directly from the companies and that constitute a significant volume in their local budgets⁸.

1.2 Revenue Sharing Mechanism and Practice in Tanzania

As alluded to earlier, the mining sector in Tanzania has experienced significant legal and policy reforms since early 2000. These changes were mainly aimed at ensuring Tanzania as a country and its citizens in particular accrue more benefits from their natural resource endowment. However, such benefits can only be realised only if governance of the mining sector through citizen participation in collecting and distributing of proceeds from the sector is improved.

⁶ nrgi_undp_resource-sharing_web_0.pdf (resourcegovernance.org)

⁷ nrgi_undp_resource-sharing_web_0.pdf (resourcegovernance.org)

⁸ Ibid



It should be noted that the government of United Republic of Tanzania (URT) legally owns all minerals (and other natural resources) with the control of these natural resources vested under the president as the sole trustee^{9,10}. This has meant that there is a limited scope in the country of allowing separate set of rules to collect and distribute mining revenues to subnational authorities.

However, in order to ensure even distribution of mining proceeds across communities, Tanzania's national budget distributes all public resources based on government priorities, the size of revenue collected and population density¹¹. That said local government authorities in Tanzania are empowered to impose and administer different local revenues and non-revenues streams such as mining service levy and corporate social responsibility (CSR).

The two were specifically introduced to enable local community development. It is against this background that this study aims at analysing citizen participation in both collecting and distribution of mining service levy in Tanzania using Geita and Mara as case studies.

⁹ The Natural Wealth and Resources (Permanent Sovereignty) Act 2017

¹⁰ The Constitution of the URT 1977

¹¹ en-1646126251-BUDGET SPEECH ENGLISH - PDF.pdf (mof.go.tz)

1.3 Overall Objective:

The main objective of this study was to explore transparency and citizen participation in collecting and distributing mining service levies in Geita and Mara.

1.4 Specific Objectives

Specific objectives guiding this study include, to:

1. analyse how local communities are involved in mining revenues collection and distribution.
2. assess to what extent different social groups benefiting from the mining revenues
3. probe how the current policy and legal framework regulating the extractive sector addresses participation and engagement of local communities.
4. assess the level of local communities' literacy on revenue collection and allocation of mining service levy and recommend capacity needed.
5. make recommendations for policy and legal reforms to allow full and effective local communities' participation in decision making in revenue collection and allocation.



02

METHODOLOGY

2.0 Approach to the Study

This study adopted a case study design to analyse participation of Geita and Mara communities in collecting and distributing mining service levies. The selected methodology allowed for among others, generalisation of findings, location of deviant cases and regional comparison.

Subsequently, the present study employed both primary and secondary data. Secondary data was mined from relevant available official documents. On the other hand, primary data was collected using the semi-structured interviews administered to various stakeholders within Geita and Mara as well as direct observations of levy collection and distribution processes and results. The three instruments of data collection are succinctly discussed below.

2.1 Desk Study or Literature Reviews

The study involved a desk review that focused on building cases, in order to pin down relevant information on issues of interest, to enhance the quality of the analysis findings. The study collected secondary quantitative and qualitative data and information from various sources so that all objectives and scope are fully covered. It drew on existing research and data where possible and reviewed all available documents concerning and relevant to citizen participation and with a particular bias on revenue streams in Tanzania's mining sector.

2.2 Semi-Structured Interviews

Under this technique, the study extended consultation with key informants to discuss mining levies and how the local communities are engaged in the collection and distribution of the same. Semi-structured interviews involved both closed and open-ended questions.



2.3 Sample Size

With literature pointing to a large sample being comprised of least 25 observations, this study aimed at purposively sampling 26 respondents for each case region. The choice for employing an even sample size was predicated on the need to have a 50-50 representation of respondents across the gender divide. Table 2 below, provides anticipated backgrounds of respondents.

Table 1: Respondents distribution table

Respondent	Gender Distribution		Region	
	Male	Female	Geita	Mara
LGAs	2	2	4	4
Mining Company	1	1	2	2
NGOs/CSOs	2	2	4	4
Official employees	2	2	4	4
Political parties	1	1	2	2
Mining Associations	2	2	4	4
Religious Organization	1	1	2	2
Secondary students	2	2	4	4
Total Respondents	13	13	26	26
Respondents' Grand Total across Geita and Mara Regions				52

2.4 Direct Observations

Another method that was employed in this study is direct observation. This method was applied in order to document vivid cases pertaining to benefits accruing from mining levies collection and distribution in Geita and Mara. Subsequently, photos have been used to document such cases.



03

ANALYSIS AND RESULTS

Over several decades, the importance of governance in ensuring socioeconomic development of any country has been on the forefront of mainstream literature. At the centre of good governance is the capacity of the bureaucracy to appreciate the fact that through community participation and engagement, citizens can voice their priorities, invite the government to respond to their demands and ultimately hold the governments accountable for their actions¹²¹³¹⁴¹⁵.

The importance of participation and engagement is based on the premise that, it is communities

and not elites that understand their surroundings better and therefore solutions to their challenges mostly reside with them. Moreover, through probing, communities can scrutinize the processes of collecting and expending public coffers in a manner that is beneficial to all social groups. It is in this context that citizen participation and engagement is viewed as the best way to improve public management of resources through reducing corruption and increasing accountability of the bureaucracy¹⁶.

Community participation and engagement can also enhance inclusion of the traditionally marginalised groups such as women (and girls) and persons living with disabilities thereby strengthening civic skills and democratic citizenry which in turn can improve various policy outcomes. Moreover, it can

¹² Kinyondo, A. and Pelizzo, R. (2022). Evaluating the Performance of Parliamentary Committees. *Otoritas: Jurnal Ilmu Pemerintahan*, 12(1), pp. 1-5

¹³ Coghill, K., Holland, P., Kinyondo, A., Lewis, C. and Steinack, K. (2012). "The functions of Parliament: reality challenges tradition". *Australasian Parliamentary Review*, 27(2), pp. 55-70

¹⁴ Kinyondo, A. and Pelizzo, R. (2019) Enhancing citizen participation for development in Tanzania. *Otoritas: Jurnal Ilmu Pemerintahan*, Vol. 9, No. 1, pp. 1-11

¹⁵ Pelizzo, R. and **Kinyondo, A.** (2014). "Public Accounts Committees in Eastern and Southern Africa: A Comparative Analysis" (2014). *Politics and Policy*, 42(1), pp. 77-101.

¹⁶ Kinyondo, A. and Pelizzo, R. (2019) Enhancing citizen participation for development in Tanzania. *Otoritas: Jurnal Ilmu Pemerintahan*, Vol. 9, No. 1, pp. 1-11



lead to the creation of ownership on the part of communities as well as social licence to operate on the part of investors^{17,18}. Note that the likelihood of all these outcomes to materialise is partly based on the existence of solid policy and legal framework. It is against this background that the next section discusses Tanzania's policy and legal framework regulating community participation and engagement in the mining areas.

3.1 Policy and legal framework regulating Community participation and engagement in the Mining Sector

As alluded to earlier on, participation of local communities is key for ensuring good governance in collecting and expending mining levies.

¹⁷ Siri, L. and Kinyondo, A. (2016) "Resource nationalism and local content in Tanzania: Experiences from mining and consequences for the petroleum sector". *The Extractive Industries and Society*. 3(4) pp. 1095 - 1104.

¹⁸ Kinyondo, A and Huggins, C. (2020). Centres of excellence' for artisanal and small-scale gold mining in Tanzania: Assumptions around artisanal entrepreneurship and formalization. *The Extractive Industries and Society*, Vol. 655. DOI: <https://doi.org/10.1016/j.exis.2020.03.011>

Nevertheless, in order for it to be realised, there needs to be a sound policy and regulatory framework that guides the rules of engagement. It is in this context that the present section examines the extent to which the current policy and legal framework regulating the mining sector addresses public participation and engagement in mining areas. The main objective here is to assess whether the legal framework adequately safeguards community involvement in decision making in the mining sector or whether the existing policies and laws need further adjustments to address any shortcomings thereof.

It should be noted that there is no special act or policy that explicitly regulates participation and engagement of the local communities in mining areas. However, the same has been implied in the Constitution of the United Republic of Tanzania (URT) and in several policies, laws, rules and national plan. Examples of such include the Mining Act of 2010 as revised in 2019 the Tanzania Extractive Industry Transparency Act (TEITA) of 2015; the Natural Wealth and Resources (Review and negotiations of unconscionable terms) Act of 2017; the Natural Wealth and Resources



(Permanent Sovereignty) Act of 2017; and the Mineral Policy of 2009. They are discussed next.

3.1.1 The Constitution of URT of 1977

The Constitution of URT provides for a foundational principle for citizen participation in public affairs that may have direct or indirect impact in people's livelihoods. Specifically, article 8 of the constitution of URT invokes accountability and citizen participation values in public affairs. Since the constitution vests sovereignty in the people, the people/citizens must be at the centre (involved and fully participate) of every possible plan and decision. In this context, citizen participation in all public affairs including mining sector decision-making chain is not only an implied legal requirement but also important in ensuring that decisions and agreement taken by the government explicitly aim at improving their welfare.

Note also that under the current constitution, every person has the right to be informed of important actions and freedom to fully participate in the process leading to the decision on matters affecting them. Specifically:

"The United Republic of Tanzania is a state which adheres to the principles of democracy and social justice and accordingly - (a) sovereignty resides in the people and it is from the people that the Government through this Constitution shall derive all its power and authority; (b) the primary objective of the Government shall be the welfare of the people; (c) the Government shall be accountable to the people; and (d) the people shall participate in the affairs of their Government in accordance with the provisions of this Constitution" (Article 8 of the URT Constitution 1977).

Furthermore, chapter three of the URT constitution establishes a branch of government known as legislature which among other functions serves



to represent the voices of the people. Note however that while the ideal situation is having the parliament representing people, debates persist on whether members of parliaments (MPs) represent voters, parties that sponsor them or simply themselves. Indeed, proper people representation entails engaging communities in identifying local problems, prioritising them and collectively coming up with local solutions to be presented in the parliament. Nevertheless, there is no evidence that MPs in Tanzania bother going to that extent hence lingering concerns whether they represent their voters or their political parties and themselves. The obvious next step is to have in place laws that ensure that MPs are responsive to voters' interests^{19,20}.

Furthermore, given the size of the government and the population, decentralization by devolution is key in ensuring maximum and meaningful participation and engagement of the local communities in public affairs including in the mining activities. Subsequently, articles 145 and 146 of the URT constitution establishes

¹⁹ Kinyondo, A. and Pelizzo, R. (2022). Evaluating the Performance of Parliamentary Committees. *Otoritas: Jurnal Ilmu Pemerintahan*, 12(1), pp. 1-5

²⁰ afrobrieffno133.pdf (afrobarometer.org)

local government authorities (LGAs) in the URT. Moreover, the Local Government Finance Act empowers LGAs to collect service levy at the rate of 0.3% of the annual turnover of mining companies.

It should be noted that the main purpose of establishing LGAs is to transfer authority closer to the people. Consequently, LGAs are required to engage communities in planning and implementation of development programmes within their localities through ward councillors who mirror the functions of MPs at the local level. Unfortunately, the same challenges facing public representation at the national (parliamentary) level are mirrored at the LGA level.²¹

3.1.2 The Mineral Policy of 2009 and Mining Act of 2010 (revised edition of 2019)

The Government of Tanzania (GoT) has recognised inadequate citizen participation in the mining operation as a big challenge. It thus re-introduced a local content clause that existed in the Mining Act of 1979 but was curiously and suspiciously

²¹ Nationwide Foundation of Improved O&OD. (2017) Guide for LGAs to Establish Mechanism to encourage Community Initiatives



removed in subsequent policies and laws. Indeed, at the heart of the Mineral Policy of 2009 was the need to maximize local participation and engagements in the mining activities in general. This entailed strengthening socioeconomic relations between mining companies and surrounding communities. Note that through meaningful participation, mining companies are able to acquire social license to continue with their operations²². That said, the onus is on the government to ensure that citizen participation is not only operational but also meaningful in a manner that benefits locals and this can only happen if mining companies are encouraged to involve local communities in setting priorities for community development projects.²³

Astonishingly, the Mining Act of 2010 did not include provisions regarding community participation in negotiating mining activities in their localities. However, Section 105 of the same stressed on the mandatory participation and approval of LGAs in preparation of the Corporate Social Responsibility (CSR) plans on annual basis on behalf of the host communities. In addition, LGAs were vested with

²² [the_challenge_of_the_mines_0.pdf \(miningwatch.ca\)](#)

²³ Chapter 9 Local Communities and Mines

the mandate to prepare CSR guidelines, oversight role of the implementation of CSR action plan and provide awareness to the public/communities on projects in their areas. The law therefore created a wedge between mining companies and communities by assuming that engaging LGAs is the same thing as engaging communities.

Meanwhile, the 2010 Mining Act went on to establish the Mining Commission which among others, was given the mandate to supervise and monitor local content and CSR plans of mineral rights holders in accordance to section 22.²⁴ It is obvious that the success of the Mining Commission is incumbent on its ability to hold regular engagements with host communities something that has not been adequately happening thus far.

3.1.3 The Tanzania Extractive Industry Transparency Act of 2015

Community participation without sound information cannot be meaningful. It is for this reason the Tanzania Extractive Industry Transparency Act (TEITA) of 2015 provides for transparency and disclosure requirements to

²⁴ The Mining Act 2010, Tanzania



enable citizen participation in the monitoring of the sector, thereby ensuring that agreements and operations are in line with the interest of all Tanzanians. The act includes provisions regarding social investment disclosure and environmental reporting.

The Act establishes among others, a committee that is responsible for developing a framework for transparency and accountability and promote effective citizen participation and awareness. Ideally then, communities must be supplied by the TEITI committee with timely and adequate information related to mining operation in their areas to enable them engage effectively.

Unfortunately, host communities are not aware about the role of TEITI. On the other hand, TEITI has limited engagements at community level due to inadequate budget allocated to it²⁵. In this regard, it is highly important for the government to strengthen both financial and administrative capacity of the TEITI so that it can effectively engage at local levels. A good example of the importance of TEITI reports is on 2011 when the

²⁵ Ministry of Minerals Budget Books for the financial year 2019/20, 2020/21 and 2021/22

reconciliation for the financial year 2008 to 2009 exposed the fact that for years Pan African Energy Tanzania Limited had been wrongly paying service levies to Ilala municipality instead of Kilwa district²⁶. Consequently, the company is currently paying 0.3% of their annual turnover to Kilwa District Council with a total of 20% of the 0.3% disbursed to LGA in the Songo Songo village where the actual production of gas is taking place. Subsequently, with that revenue, the village authority has been able to prioritize and implement their own development projects²⁷.

3.1.4 The Natural Resource and Wealth (Permanent Sovereignty) Act of 2017

This legislation is aimed at emphasising the fact that the people of URT have permanent sovereignty over their natural resources. The said sovereignty over wealth and resources is exercised by, and through the government on behalf of the people of URT. Since the citizens of Tanzania are the primary owners of the resources, one expects that

²⁶ [Tanzania EITI 2008-2009 Reconciliation Report.pdf \(resourcegovernance.org\)](#)

²⁷ UONGOZI Institute (2017): The Social License to Operate in Tanzania: Case Studies of the Petroleum and Mining Sectors. [SLO-Report.pdf \(africaportal.org\)](#)



they must be aware and participate in the mining activities value/decision chain. In other words, meaningful citizen participation is necessary in order to ensure that the principle of permanent sovereignty is accordingly adhered.

However, the permanent sovereignty principle has not been adhered to so far. For example, while according to Section 12 of the Natural Wealth and Resources (Permanent Sovereignty) Act of 2017, there must be a full disclosure of resource development agreements to the national assembly to be debated before they can be signed by the government, contracts have been signed without the involvement of the parliament. Examples of such signed contracts without involving the parliament include, the new mining arrangements between the GoT and Mining Companies such as BARRICK Mining Corporation (Twiga Mineral Corporation); Blackrock Mining Limited (Faru Graphite Corporation); Nyati KABANGA NICKEL Mining Company (Tembo Nickel Corporation); Nyanzaga Gold Mining Corporation (Sota Gold Mining Corporation); Strandline Limited (Nyati Mineral Sands Limited); Petra Diamonds Limited (Williamson Diamond Limited)²⁸.

²⁸ [\(776\) #TBCLIVE: HAFLA YA UTIAJI SAINI MIKATABA BAINA YA SERIKALI NA KAMPUNI ZA UCHIMBAJI MADINI - YouTube](#)

To make matters worse the said contracts are yet to be availed in public domain for scrutiny. Moreover, communities in North Mara, Shinyanga, Ngara where the corresponding mining operations are located, were not involved at any point along the decision-making chain.

3.1.5 The Natural Resource and Wealth (Review and renegotiation of unconscionable terms) Act of 2017

In order to safeguard interests of the people of URT and the principle of Permanent Sovereignty, the national assembly enacted the Natural Wealth and Resources (Review and Re-Negotiation of Unconscionable Terms) Act of 2017, which empowers the national assembly to review any natural resource arrangements or agreement entered between the government and investors. Indeed, according to Section 5 (1-2) of the Act:



"All arrangements or agreements on natural wealth and resources made by the Government shall, within six sitting days of the National Assembly next following the making of such arrangement or agreements be reported to the National Assembly. (2) where upon consideration of the report submitted pursuant to subsection (1), the National Assembly finds that the arrangement or agreement contains unconscionable terms, it may, by resolution, direct the Government to initiate re-negotiation of the arrangement or agreement with a view to rectifying the terms".

This Act is in line with the principle of representative democracy²⁹³⁰ and URT constitution, which establish the legislature (National Assembly) as the supreme people's representation organ. The logic behind this law is that the parliament will

²⁹ Coghill, K., Holland, P., Kinyondo, A., Lewis, C. and Steinack, K. (2012). "The functions of Parliament: reality challenges tradition". *Australasian Parliamentary Review*, 27(2), pp. 55-70

³⁰ Kinyondo, A. and Pelizzo, R. (2022). Evaluating the Performance of Parliamentary Committees. *Otoritas: Jurnal Ilmu Pemerintahan*, 12(1), pp. 1-5

ensure that people's voices, in this case those from mining areas will be represented when finalising mining agreements. It follows that this Act was meant to be a step forward towards improving participation and engagement of local communities in the mining decision-making chain and its governance in general. Unfortunately, the lack of compliance and enforcement of the law, once again, leaves a lot to be desired as it has never been practiced.

3.2 Results from Collected Data in Geita and Mara

Primary data used in this study was collected from 52 respondents residing in Geita and Mara regions. Specifically, 26 respondents were interviewed per each region. As Table 3 and Figure 1 show, the majority of respondents (94.2%) aged 50 years and below, reflecting the youthful nature of Tanzania's population. That said close to 60 percent of respondents were married despite the youthful nature of the sample.



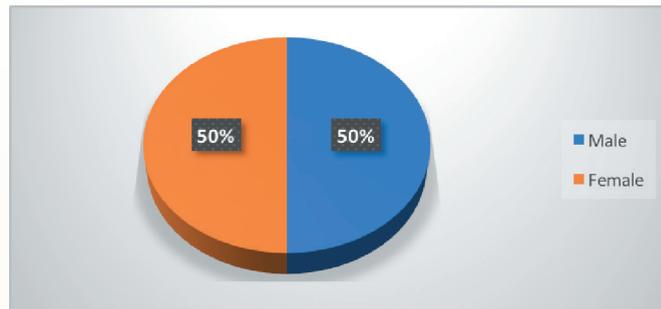
Table 2: Age of respondents

Age		
	Frequency	Percent
10-20	5	9.6
21-30	17	32.7
31-50	27	51.9
Above 50	3	5.8
Total	52	100.0

Source: Authors

Meanwhile, the same number of female and male respondents (50-50) were interviewed to reflect the national statistics (51% versus 49% for female and male population), according to the current census. The data generally shows no statistical difference in terms of regional education level. This seems to have had impact on awareness level of mining service levies, which mostly shows no significant differences on various levels across the two regions.

Figure 1: Gender of respondents in percentage



Source: Authors

Education level attained by respondents was quite impressive with all of them having been to primary school or above. Specifically, while a quarter of them had secondary school qualification, 67 percent had tertiary education qualification. This suggests that respondents could grasp questions posed to them and provide fairly accurate responses.

Finally, it was hypothesized that living in an area for a sizable length of time, could affect knowledge about the surroundings in a positive way. It was therefore important to know from respondents



the number of years they have resided in Geita or Mara. Only 12 of them (23%) had resided in the areas for five or less years with 21 of them (40%) having lived in mining areas for more than 15 years. This suggested that respondents had a good understanding of their surroundings and thus were the right candidates for questioning.

Since the discussion is centred on mining service levies, it is important to spell out how it is arrived at. In a nutshell, LGAs charge 0.3 percent on total mining revenues to get their shares of service levies. This is in accordance to the Local Government Finance Act that empowers local government authorities to collect service levy at the rate of 0.3% of the annual turnover of mining companies.

The process is a bit more complicated for artisanal and small-scale miners (ASM) not selling their products in mineral trading centres as various methods are used to ensure that they also contribute their share of service levies. For instance, according to a senior government official in Geita, ASM are charged anything from TZS. 1,000 per a sack of ore; TZS 21,000 on a less than 10 tones capacity vehicle carrying the ore; to charging TZS 30,000

on a vehicle that weighs more than 10 tones. Whatever the case may be, both large-scale miners and ASM seem to contribute their share of mining service levies in Geita and Mara.

3.2.1 Involvement in mining revenues collection and distribution

As explained earlier on, citizen participation in collecting and distributing levies is crucial in ensuring proper management of the corresponding resources. Results suggests that there is negligible involvement of communities in collection and distribution of levies. Indeed, regardless of age, gender, education level or number of years living in mining areas, a considerable number of respondents (34 out of 52) are not aware about how levies are collected and distributed in mining areas. The situation seems to be worse in in Geita where 22 out of 26 respondents said they did not know of levies as compared to 12 respondents in Mara.

Deeper probing into the situation resulted into a realisation that citizen participation is lower that indicated above. Indeed, 51 out of the total 52 respondents have no idea about the amount



collected by LGAs in the form of mining service levies (see e.g. Table 4). Worse still, exactly the same number of respondents reported to have no clue about how collected mining service levies are distributed.

Table 3: Number of respondents (by age) who know amounts of mining levies collected

Do you know amounts collected of mining levies?			Number of years living in the area			Total
			Below 5 years	5 - 15 Years	Above 15 years	
Yes	Age	31-50		1		1
	Total			1		1
No	Age	10-20	0	3	2	5
		21-30	5	6	6	17
		31-50	7	9	10	26
		Above 50	0	0	3	3
	Total		12	18	21	51
Total	Age	10-20	0	3	2	5
		21-30	5	6	6	17
		31-50	7	10	10	27
		Above 50	0	0	3	3
	Total		12	19	21	52

Source: Authors

Nevertheless, it is interesting to note regional differences in terms of the understanding of who actually collects the levies (Table 5). Specifically, while respondents from Geita are more inclined to believe that, it is the central government (8) rather than LGAs (5), which does the collection; those in Mara tend to think LGAs (13) are more likely to be the collectors than the central government (2). This suggests a need for awareness raising as citizens cannot have meaningful participation if they do not know for sure the level that is responsible for collection and distribution of levies.



Table 5: Who collects levies (by region)?

Central and Local government		Who collects mining levies?						Total
		Central Government	Citizens	Do not know	LGAs	No answer		
Region	Geita	1	8	0	2	5	10	26
	Mara	1	2	4	0	13	6	26
Total		2	10	4	2	18	16	52

Source: Authors

The situation could be exacerbated by the fact that issues pertaining to mining service levies seem to seldom feature in village meeting in both Mara and Geita. Indeed, only 2 out of 52 respondents reported to have been in a meeting where mining levies collection and distribution were a subject of discussion. This means that communities are very rarely involved, if at all, in the process of collecting and distributing mining service levies.

What is clear though is the fact that communities want to be involved. Indeed, 45 out of 52 respondents think local communities need to be involved in collecting and distributing levies. Only four males and three female respondents objected to the need for community involvement suggesting nonexistence of statistically significant gender

difference in this particular response. Similarly, results show no statistically significant differences in responses across age, education level, marital status and years living in surrounding mining areas.

3.2.2 The extent different social groups benefit from mining levies

Mining service levies are expected to benefit communities at large if well managed. They form an important source of revenues in mining areas. For instance, according to one senior government official in Mara, “mining service levies constitute 75 percent of all domestic revenues in Tarime District Council”. Meanwhile in Geita, Geita Gold Mine Company has been paying a service levy of



more than TZS 2 billion since the 2014/15 financial year, which represents around 50% of the council's own source revenue. It was not surprising then that in Geita and Mara, 38 respondents (73%) claim to be aware of benefits that are associated with mining levies (Table 6).

Table 5: Number of respondents (in gender and years living in an area) who claim to know benefits from mining levies

Do you know of any benefit from service levies in your community?			Experience			Total
			Below 5 years	5 - 15 Years	Above 15 years	
Yes	Gender	Male	2	6	11	19
		Female	4	7	8	19
	Total		6	13	19	38
No	Gender	Male	2	4	1	7
		Female	4	2	1	7
	Total		6	6	2	14
Total	Gender	Male	4	10	12	26
		Female	8	9	9	26
	Total		12	19	21	52

Source: Authors

Moreover, a considerable number of respondents (32 out of 52) listed provision and improvement of social services such as roads, schools, hospitals and water as the type of benefits that are mainly enjoyed through mining service levies returns. However, a quick follow-up showed that when it comes to mining revenues, respondents tended to confuse CSR with mining levies. In this particular case, they meant to point to CSR (which they seem to grasp better) rather than mining service levies proceeds.



This fact notwithstanding, interviewed LGA official confirmed that some of the proceeds from levies were directed towards social infrastructures (see e.g. Figures 2 and 3) as suggested by other respondents. Note that the data shows no statistically significant gender divide in responses among these respondents (19 male and female respondents apiece) and marital status divide (20 for married and 18 unmarried respondents).

Figure 2: A school structure in Geita built through proceeds from mining levies



Source: Authors

Figure 3: A school structure in Mara built through proceeds from mining levies



Source: Authors

Table 6 shows that people who lived adjacent to mining area longer were more likely to know of benefits. Indeed, out of 38 respondents who know of the benefits of mining levies, 32 of them had lived in the area for five or more years. This suggests that the longer people live in mining surroundings, the more likely is their ability to experience benefits coming out of mining service levies. Moreover, 36 out of 38 respondents who claimed to be aware of levies benefits have either

secondary (11) or tertiary (25) levels of education qualifications. This implies that more educated members of communities may be better placed to appreciate the corresponding mining service levy benefits.

One concern from the majority of respondents (48 out of 52) is that benefits from mining service levies are not equally distributed to different social

groups (Table 7). The number is mostly comprised of educated respondents (44) and people who have lived adjacent to mining areas for a long time (32). Since both variables, education and number of years living adjacent to mining areas are crucial in gauging the ability of an individual to be aware with surroundings, there can be no doubt that the distribution of mining service levies to different social groups need to be improved.

Table 6: Number of respondents (by marital status and education levels) who think benefits from mining service levies are equally distributed to different social groups

Are the benefits from mining levies equally distributed across different social groups?			Educational level			Total
			Primary education	Secondary education	Tertiary education	
Yes	Marital status	Not married		1	3	4
	Total			1	3	4
No	Marital status	Married	2	3	20	25
		Not married	2	6	9	17
	Total		4	9	29	42
Do not know	Marital status	Married		2	0	2
		Not married		1	3	4
	Total			3	3	6
Total	Marital status	Married	2	5	20	27
		Not married	2	8	15	25
	Total		4	13	35	52

Source: Authors



3.2.3 Communities' literacy on mining levy' collection and distribution

Literacy is key in making communities take interest and possibly get involved in mining levies collection and distribution. It was good then to see that a sizable number of respondents (38 out of 52) claimed to be aware of existence of mining levies. While the size seems impressive, this level of awareness does not mean much as the majority of respondents (51 out of 52) reported to have no clue about the actual amounts collected as mining service levies in Geita and Mara regions. Knowing actual amounts collected by LGAs is key particularly in helping communities monitor the corresponding distribution of mining levy proceeds. Note that gender dimension showed no statistical difference among respondents claiming to be aware of mining levies (20 males and 18 female respondents).

The lack of knowledge of the amounts collected could be a result of the tendency by LGAs to combine all its revenues in one basket. Indeed, according to a senior government official in Mara, "revenues from mining levies are usually added

to other domestic revenues ready for use in executing various projects within Tarime District Council". This definitely makes the scrutiny of mining service levies particularly difficult. There is a need to ensure that proceeds from mining service levies are separated from the rest of domestic revenues to allow for surgical inspection of the use thereof.

It is important to note that the majority of respondents who claimed to be aware of mining levies matters are educated (Table 8). Indeed, 26 of 38 respondents who claimed to be aware of mining service levies had tertiary education, nine of them had secondary education and only three had primary education qualifications. This implies that education is a key variable when it comes to citizens demanding more involvement in managing public resources.

Table 7: Number of respondents (by gender and education level) who claim to be aware of mining levies

Are you aware of mining levies?			Educational level			Total
			Primary education	Secondary education	Tertiary education	
Yes	Gender	Male	2	3	15	20
		Female	1	6	11	18
	Total		3	9	26	38
No	Gender	Male	0	2	4	6
		Female	1	2	5	8
	Total		1	4	9	14
Total	Gender	Male	2	5	19	26
		Female	2	8	16	26
	Total		4	13	35	52

Source: Authors

The number of years living adjacent to mining areas also seems to matter when it comes to awareness of service mining levies. Indeed, 31 out of 38 respondents who claimed to be aware of the levies had lives in the areas for five or more years. Leadership positions in committees related to service levies collection and distribution must thus consider the time an individual has spent life in mining surrounding areas.

3.2.4 Respondents' recommendations on how to improve the situation

Each respondent was asked to mention one thing that ought to be done to improve the process of collecting and distribution of mining service levies in Geita and Mara. Nine of them abstained from giving their opinions giving reasons from not knowing the answer to the question to simply declining to provide an answer. The rest of respondents generally provided six



recommendations. They are succinctly discussed below;

- Enhancing planning, policy and legal framework was a recommendation that was frequented by many respondents (9). Specifically, respondents believe that proper regulatory framework would ensure that everything is executed in a manner that is beneficial to communities living adjacent to mining areas.
- Improving access to education has also been mentioned by a sizable number of respondents (9) as an important factor in ensuring beneficial collection and distribution of mining service levies. Education is key as it enhances the ability of communities to be aware of their surroundings and hence enabling it to effectively manage collection and distribution of service mining levies. It is important to note that while more respondents in Mara (20) than Geita (10) suggested education as a solution, more respondents in Geita (8) than Mara (3) thought that awareness raising about mining service levies in the community would suffice. An important message here is

that, some level of understanding needs to be transferred to communities for them to be able to positively influence the collection and distribution of mining service levies.

- The need to improve governance around collection and distribution of mining service levies was one of the recommendations that was suggested by many respondents (8). This, they argued, should entail enhanced transparency and accountability in the mining sector. In turn, such a move would lead to improved collection and distribution of mining service levies around mining areas.
- Community participation and involvement was also given as a way forward by a sizable number of respondents (8). To this, respondents believed that, involvement would ensure effective management of levies as their involvement would instil good governance and equitable distribution of benefits from levies in line with the literature on citizen participation³¹. That said, while

³¹ Kinyondo, A. and Pelizzo, R. (2019) Enhancing citizen participation for development in Tanzania. *Otoritas: Jurnal Ilmu Pemerintahan*, Vol. 9, No. 1, pp. 1-11

- up to six respondents from Mara demanded that communities be involved in all levels of collection, planning and distribution of fund from levies, no one thought about the same in Geita. This suggests that Mara communities could be more proactive than their Geita counterparts.
- As for what exactly must be the modulus operandi of involvement, respondents across the two regions had similar views specifically in two main areas. First, 19 of them (10 from Geita and 9 from Mara) thought involvement should be via community meetings discussing about levy collection and distribution. Secondly, and with a lesser support, seven respondents (three from Geita and four from Mara) thought involvement must be through representation by political figures namely councillors and MPs.
 - Surprisingly, up to eight respondents called for safety and human rights as a solution that can bring proper collection and distribution of mining service levies. This may suggest that poking into the business of collecting and distributing mining services levies may not be a very safe endeavour. It is recommended that this claim be a subject of a separate and more detailed investigation.
 - Last but not the least is the recommendation by one respondent who proposed for the needs assessment to be conducted to identify needs of various social groups in the community to enhance equitable distribution of mining service levies. This does make sense, as one cannot possibly attain equal distribution without first establishing competing community needs and their corresponding priorities.



04

CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

Citizen participation is crucial as it enhances good governance through ensuring that citizen voices are heard and government actions are scrutinised, which in turn result into positive policy outcomes. The process to collect and distribute mining service levies is not an exception to the rule. Indeed, it is envisaged that through community involvement, revenues from mining service levies can be better managed.

However, citizen participation can only thrive in the presence of well-articulated and enforced plan, policies, laws, rules and regulations. It is in this context that this study set out to examine how the existing regulatory framework in Tanzania supports citizen participation in collecting and distributing mining service levies.

It also aimed at assessing the extent of citizen participation on the same, benefit accrued on levies as well as the level of literacy pertaining to mining service levies.

Results from document review show that while Tanzania does not have a specific law that solely speaks to citizen participation, the same has been implied in various laws including in the constitution of the URT, which is the mother law of the country. Meanwhile, results from primary data suggests that there is not only low level of literacy about mining service levies in communities but also very minimal citizen participation in collecting and distributing mining service levies. It is thus not surprising to see that respondents are concerned with unequal distribution of revenues (benefit) from levies to diverse social groups.



4.2 Recommendations

Results from this study generally call for four main recommendations. They are discussed below.

a) The first recommendation that comes out strongly from this study is the need to enforce the law. As explained before, citizen participation is widely implied in Tanzania's policy and legal framework. However, the problem has always been the lack of enforcement. The following are specific areas that could enhance citizen participation in Tanzania with a simple decision to enforce the law in the country:

- ✓ Ensure that TEITI is adequately resourced to enable its reports (both comprehensive and simplified versions) to be timely produced and shared to the general public as the law requires;
- ✓ Make sure that all signed agreements in the mining sector are fully disclosed to the public as the law demands;

- ✓ Let the parliament deliberate on unconscionable mining contract terms as the law requires; and
- ✓ Ensure that the parliament and councils around the country represent interests of the people rather than interests of political parties, which is mainly to gain or remain in power and/or interests MPs and ward councilors, which is gaining re-election.

b) The second recommendation is that communities need to be fully involved in collecting and distributing mining service levies. This is necessary if proceeds from the said levies are to be effectively and efficiently managed. Citizen participation must happen at two levels:

- ✓ Community level: regular citizens must be part of committees overseeing mining service levy collection and distribution. Moreover, mining service levies must be part of permanent agenda on all village meetings and;



- ✓ Government level: parliaments and councils should play their representational role based mostly on interests of voters. This will enhance good governance and ultimately improve policy outcomes when it comes to mining service levy collection and distribution.
- c) The third recommendation is that revenues accruing from mining service levies must be distributed in a manner that enhances equitable benefits to various social groups that should necessarily include women, youth and persons living with disabilities. Currently, this does not seem to be the case. Indeed, building infrastructure for provision of social service as it happens now may not adequately cover needs of all social groups. In the end, the following strategies should be executed to make mining service levies more equitably distributed:
- ✓ Conduct needs assessment in communities to identify competing needs and subsequently come up with priorities that cover the entire communities;
 - ✓ Review community priorities on regular basis to reflect changing demography and needs in mining areas through regular deliberations about mining service levies in village meetings, councils and the parliament and;
 - ✓ Create Special Levy Fund Management System in LGAs to provide for a separate handling of levy proceeds and a mechanism for disbursement of such to villages/communities adjacent to mining operations. This would allow for transparency and subsequently, better chance of scrutinizing the process of collecting and equitably distributing proceeds from mining service levies.
- d) Lastly, the level of literacy about mining service levies among people in the community seem to be too low. For instance, there is still confusion on which one between the central government and LGAs collects mining service levies for local community development.



Also there seems to be a confusion pertaining to obvious differences between CSR and levies among respondents. Moreover, people seem clueless when it comes to actual amounts in revenues that authorities collect and distribute for community development. That said it does seem that the more educated people and those that have lived longer around mining areas possess higher level of literacy on the matter. Two strategies should be applied to improve the situation:

- ✓ There should be community awareness sessions to sensitize communities about mining service levies. This may involve preparing and sponsoring educating content (e.g. ones pertaining to levies) on community radio stations, placing collected and distributed levy amounts on various public boards, etc.
- ✓ This must go hand in hand with increasing access to education to all, as higher levels of education seem to correlate with mining service levy literacy and;
- ✓ There must be proper documentations from mining companies pertaining to their total turn overs and subsequent payment of 0.3% levy payment. Proper documentation will not only ensure that companies pay their due shares but also provide a reference point where citizens can confirm the amount of actual levy amounts that have been collected for the purposes of awareness and subsequent scrutiny.





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