

## BRIEF REPORT OF THE 7:30 BREAKFAST DEBATE –JANUARY 24<sup>TH</sup> 2013

### The Natural Gas Policy of Tanzania: Does it address the interests of citizens?

In pursuit of realising significant developments and addressing the challenges in the natural gas industry, the government embarked on developing the policy and legal framework to govern exploration and production, transportation and distribution of natural gas. In November 2012, the Ministry of energy and minerals released a draft natural gas policy for public consultation.

Tanzania has been exploring for oil and gas for more than half a century, where the first natural gas discovery was made in Songo Songo Island in 1974 followed by another one in Mnazi Bay in 1982. In 2004 and 2006 commercial production of natural gas both Songo Songo and Mnazi Bay commenced. Since commercialization of the natural gas, Tanzania has witnessed further exploration and discoveries of large quantities of natural gas both onshore and offshore.

Natural gas discoveries of about 8 trillion cubic feet (TCF) have been made from the onshore gas fields at Songo Songo, Mnazi Bay, Mkuranga, Kiliwani North and Ntorya. As of June 2012 natural gas discoveries of about 33TCF (6 billion barrel of oil equivalent-BoE) have been made from both onshore and offshore basins. The deep sea discoveries have indicated a new era in the exploration for petroleum in Tanzania and the region at large. Tanzania looks at these developments as an important platform towards future exploration successes. In spite of the developments registered, the industry is facing a number of challenges including natural gas infrastructure, natural gas revenue management, policy, institutional and legal frameworks to administer the industry effectively, human resources with the requisite skills and knowledge in the natural gas industry.

This is why Policy Forum held a Breakfast Debate on Thursday 24th January, 2013 to discuss the draft gas policy and present were CSO and industry representatives to air their views, the debate is titled: **The Draft Gas Policy in Tanzania: The Natural Gas Policy of Tanzania: Does it address the interests of citizens?**

The main presenters of the breakfast talk were by **Malcolm Taylor, the Gas Infrastructure Manager of Songas and Amani Mustafa, the Executive Director of Hakimadini.**

The Debate was facilitated by Alex Ruchyahinduru from the Policy Forum Secretariat.

In his presentation, Taylor, whose company Songas does supplies cheap thermal power and around a third of the country's power from UPP, said the

Policy should do the following to address the citizens' needs: facilitate informed democratic debate that enables people to participate effectively, address strategic opportunities, encourage inward investment and support a stable, regulatory structure.

On his part, Amani Mustafa presented the CSO's perspective on the draft gas policy. He stressed the government to consider developing a comprehensive petroleum policy incorporating both oil and gas at all stages (i.e. up-mid-downstream since there are missing links between the three). The draft policy correctly points that natural gas upstream activities shall be addressed extensively by the Petroleum Policy. The implication is that upstream will have to necessarily align with midstream policy, otherwise, should the upstream policy contradict midstream or discourage investment upstream, the risk is that midstream operations could be hampered.

He continued to say that, Government participation should be strategically placed in building infrastructure at both upstream and midstream levels, The role of the government and TPDC should be clarified in mid and downstream operations, Downstream activities should be left to national private sector or combined Public Private Partnerships.

He also said that the state should work to avoid leakages through contract transparency (encourage country-by-country reporting) and reduction in Capital flight. He also stressed the need to protect the environment.

The discussant at the breakfast talk was **Dr. Prosper Ngowi, Lecturer of Mzumbe University**, who said the fundamental thing is how are we as Tanzania are able to tap the revenues from gas.

### **Plenary Discussion and comments**

- The best way of making people participate in the gas policy is make sure they have a say.
- What is the impact and failures of songas in this and what is the change?
- A lot of people expect to be employed in the sector, the question is what kind of employments can the sector offer, it is very important that the policy addresses this issue to avoid what happened elsewhere.
- It is important that there is transparency in the sector, stable environment and local competency
- Is it not possible to have a national policy and a small regulation of policy to address these problems of the local communities?
- Songas is not a gas explorer but only deals with the gas infrastructure.
- Every week Songas strategises on environmental impact and safety. Songas is not perfect but has lots of room for improvements.

- Let us opt for options that benefit our future generations and should not lose faith in the process.
- We need to manage public expectations
- There is need of a broader national wide consultation
- We need to develop our own model and not refer to the norwegian model all the time.
- We need to hold our government into account

Mr. Alex Ruchyahinduru closed the discussion and welcomed again participants to the next 7:30 Breakfast Debate in the coming month.



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