



Unlocking the Governance Gaps of Natural Gas Economy: The Case of Lindi and Mtwara Regions

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Key Policy Messages:

- Ensure routine training and awareness on issues relating to natural gas management planning and revenues to both regional secretariats and Local Government Authority (LGA) officials.
- Improve Inter governmental co-operation and citizen engagement in planning and management of natural gas economy.
- Create awareness for the local community to tap the existing business opportunities from natural gas economy through investments for SMEs development.
- Create awareness to the regional secretariat and LGA officials on the differences between royalty and service levies and where exactly they are supposed to be paid.
- Disseminate Environmental Impact Assessment (EIA) results to the regional secretariat, the LGA officials and the community to raise awareness on environmental degradation and Marine ecosystem protection and empower National Environment Management Council (NEMC) to routinely monitor environmental impacts of the natural gas in the regions.
- Educate other stakeholders in Lindi and Mtwara regions especially the NGOs to ensure that accurate information is disseminated to the local communities and ensure continuous feedback among officials at different levels and between officials at those levels and the citizens to manage expectations and be prepared to tap into opportunities related to natural gas economy.

Executive Summary

Natural gas discovered in Tanzania is a high potential and sensitive natural resource that can potentially alleviate extreme poverty among people of Tanzania if properly managed. The existence of gaps in citizen's involvement, awareness of the laws surrounding natural gas extraction, general management of revenue and expenditures need to be well coordinated to avoid conflicts and ensure smooth conduct of natural gas production activities.

Round table discussions conducted in Mtwara and Lindi regions have revealed major gaps in govern-

ance issues between the regional and local government authorities (LGAs) which limit information dissemination to local people. To avoid riots, land conflicts and major insecurity problems in the future, the gaps in governance of natural resources should be narrowed and areas of concern should be addressed.

The following major gaps regarding natural gas extraction in Mtwara and Lindi were found:

- Unco-ordinated inter-governmental co-operation and citizen involvement.
- Poor management of revenues and

expenditure

- Lack of strategic sustainable development efforts.
- Land use conflicts
- Weak analysis of social and environment impacts

Low level of awareness and ability to seize the opportunities for entrepreneurship development.

INTRODUCTION: PROBLEM STATEMENT

In natural gas extraction evidence suggests that developments in the natural gas industry tend to cause numerous desirable and undesirable socio-economic, environmental, and geo-political changes (Harford, 2012).

The undesirable changes (costs) may outweigh by far the expected desirable changes (benefits) if there is overall poor planning and management of the resource, including poor involvement of stakeholders in the value chain process as well as unequal distribution of the benefits accruing from the resource wealth.

GOVERNANCE SHORT-COMINGS IN LINDI AND MTWARA REGIONS.

Information breakdown: Although considerable efforts to disseminate information to the LGAs and lower levels have been made and improvement has been made significantly, there are still tendencies of some officials not reporting what transpired in the meetings to their subordinates, thus creating information breakdown, which sometimes can be interpreted as lack of cooperation. Poor information dissemination can be a source of conflicts and civil wars.

Natural gas experts: Unlike other sectors, the energy sector (oil and natural gas) is not staffed with the appropriate experts at the regional and district government levels.

Insufficient opportunities tapping: The level of expectations of the local population from the gas economy has remained too high among the citizen. Many

still think in terms of what the gas economy is going to do for them and how they are going to benefit from the gas economy rather than how they are positioning themselves to take advantage of opportunities and contribute to the coming of the gas economy.

Inadequate knowledge regarding extracted natural gas: There have been a number of complaints from residents especially from Mtwara that they are buying gas for cooking at a very high price. They expected to pay for cooking gas at a lower price than what is charged in Dar es Salaam since the gas is coming from their doorsteps. This is clear evidence of the lack of awareness that LNG currently in the market is very different from the compressed natural gas (CNG) that is sold in the market. (Lloyd, 2012).

The people of Mtwara had been misinformed that the natural gas from the region was the same gas that was packed as Liquefied Petroleum Gas (LPG). It is this misinformation that had led them to demand that the gas should have been made available to them at a lower price compared to other regions. What is obvious is that while officials are aware of the difference between LPG and CNG, some citizens are not informed about these differences.

Environmental impacts: The regional and local governments admit to have received complaints or hearsay from the public regarding environmental effects especially on the marine ecosystem allegedly caused by explosion activities during the exploration of natural gas. Fishermen have noticed disappearances of some of the fish species, which they associate with the blasts during the explorations, and some fishermen claim the water within 60 meters to the exploration area is electrified. The major gap is that there is neither research that has been done to produce scientific evidence nor

independent verifications so far conducted (Harford, 2012).

Social Impacts: On the positive side there are new skills gained among the youths and technological transfer among those who managed to secure employment in those companies. However, it was also observed that there are social impacts relating to the increasing incidences of single mothers, diseases and strangers and unacceptable behavior of children and youth observed since the extraction of natural gas commenced. This is an indication that action needs to be taken to mitigate the negative impacts and to put in place incentives and other actions to promote the positive effects (Lloyd, 2012).

POLICY RECOMMENDATIONS

Improving intergovernmental cooperation and citizen engagement

This process should close the knowledge gap between government officials at all levels and make sure information is disseminated to all stakeholders especially the local people. The regional and LGAs should have a natural gas expert who is tasked to provide accurate information and educate NGOs and local people. Also managing expectations deserves high priority, and citizens need to appreciate that benefits from the gas economy can be influenced by how they position themselves and what preparations they actually make to take advantage of the gas economy.

Better management of revenues and expenditures

Clarity about the revenue and expenditure of the finances generated or received at the village irrespective of the sources of funds must be transparent. This means that funds from all sources should be integrated into the budgets at the local government or village level and be managed in a transpar-

ent manner through regular meetings in the respective levels of government.

A strategic plan for sustainable development effort

The regional and local governments should undertake appropriate initiatives to ensure sustainability of the benefits derived from the gas resource after its exhaustion. The process of finding ways to sustain the development should be a continuous process such as through education and alternative livelihood means. Efforts should be realized at the regional and district levels of the government to promote other sectors of the economy (e.g. agriculture, fishing, forest (i.e. Timber) so as to attract new investments in the regions that can lead to a sustainable economy.

Prevention of land use conflicts

The observed causes of land use conflicts at the local government level are due to scramble for resources, lack of transparency, different land valuation methods between land valuers and government valuation method which should be resolved by raising the level of awareness and transparency in land management, knowledge of the laws governing the land. Village governments should set affordable tax rates to encourage tax compliance and gas companies and other investors should be required to use resident valuers to avoid unnecessary confusion over different ways of valuing land for compensation payment.

Account for social-environmental impacts

The regional and local governments should be assisted through research and independent environmental assessments periodically to identify negative

impacts and appropriate actions that should be taken to mitigate these impacts. Also as the requirement of the National Environmental Act 2004, all projects and developments should be enforced to undertake the environmental impact assessment as they are required by law and findings disseminated.

Create awareness and enable locals to seize the opportunities for entrepreneurship development.

Strategic action should be taken to provide more education on how local citizens may benefit from the gas economy and facilitate identification of other opportunities on what actions they should take to harness these opportunities. Finally the local governments' efforts should be directed towards providing awareness creation and helping entrepreneurs to secure reliable markets for their products. The regions could establish a marketing desk, which could have the task of networking with other market development institutions in the country and beyond to improve access to appropriate markets.

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