



ROADMAP FOR DISCLOSING CONTRACTS IN TANZANIA

Contract transparency is increasingly seen as an essential element of extractive sector good governance in Tanzania. In view of the importance of open and transparent process on contracts, the Tanzania Extractive Initiative Transparency Act, No. 23 of 2015 (TEITA Act, 2015) that came into force in October 2015 mandates the TEITI Committee (Multi- Stakeholders Group-MSG) to cause disclosure of Mining, Oil and Gas contracts signed prior to coming into operation of the Act. In addition, the law provides a provision for the TEITI Committee to determine confidential information in the contract. The rationale for such a clause is to protect information that may jeopardize competitiveness of the concerned parties.

Section 16 (1) (a) of the TEITA Act, 2015, requires the Minister to publish in the website or through a media which is widely accessible all concessions, contracts and licenses relating to extractive industry companies. In implementing the provision of the Act, on 15th December 2016, the then Ministry of Energy and Minerals informed the extractive companies with Mining Development Agreements (MDAs) and Production Sharing Agreements (PSAs) to comply with the requirement. The extractive companies were requested to communicate any concern regarding the disclosure. Subsequently, the companies responded by noting the need for maintaining commercial confidentiality and proposed that the Ministry undertake public awareness-raising campaigns before disclosure of such contracts.

The Ministry engaged in various discussions on awareness with stakeholders in 2017 and 2018. In January, 2019 TEITI MSG requested for technical support from the Natural Resource Governance Institute (NRGI) in order to comply with the contract disclosure requirement. In February, 2019 NRGI accepted to provide the support to

TEITI MSG and propose procedures to be followed in implementing the requirement. The Government and NREGI conduct various meetings with the aim of finding ways on how to implement the requirement. To date, the Government entities continue with discussions on how to implement the disclosure.

Upon implementation of section 16 of TEITA Act 2015, the Ministry through TEITI faces challenges including: lack of awareness among stakeholders and the public's unrealistic expectation on the extractive sector.

The Ministry through TEITI conduct workshops, participate in different national exhibitions aimed at creating awareness on extractive sector. Further, TEITI plans to conduct awareness campaign on the importance of disclosure of contracts. Some areas of importance include:

- Increasing public trust on how the Government manages extractive industries;
- To manage public expectations on the benefits from extractive industries;
- Public will have the right to know whether the Government has entered into Contracts in accordance with the existing legislation;
- Improving monitoring and compliance with contractual obligations: Contract transparency will enable better monitoring of the implementation of contractual obligation and ensure consistency between contractual obligations and the overall legal framework; and
- Improving monitoring of the impact of the extractive sector to the communities which host the extractive sector. Disclosure will facilitate monitoring of projects and prevent risks including corruption that undervalue national assets.

In addition, section 2.4 of the Extractive Industries Transparency Initiative (EITI) Standard of 2019 provides that any new contract entered, granted or amended from January 2021 should be disclosed.

Therefore, the Government of Tanzania will continue to emphasize transparency and accountability in the extractive sector as an open and transparent system benefits all stakeholders, including the private sector and the broader public.

Tanzania views extractive investments as a major factor in our development equation and we still prioritize the role of these times of Global economic confusion. Tanzania is still a viable destination for capital investments and profitable extractive business. It is our belief that, TEITA Act 2015 and its Regulations, 2019 together with other laws governing extractive industry such as the Mining Act, 2010 and Petroleum Act, 2015 will direct us to a more equitable win-win situation between the Government (on behalf of the people of Tanzania) and the investors while, maintaining an internationally competitive investment climate.

During the 2019 EITI Global conference held in Paris, the Minister of Minerals committed that, Tanzania will ensure that the contract disclosure requirement is effectively implemented and the information required is easily accessible to the public. Notwithstanding, there are some agreements which are disclosed. These agreements include the PSA signed between the Government of Tanzania and Pan African Energy Tanzania Limited; and PSA Gas Addendum with ExxonMobil and Statoil available (See: <http://resourcecontracts.org/countries/tz>).

For the effective implementation of the contract disclosure requirement, the TEITI Committee has prepared the following roadmap for disclosure of contracts:

| Objectives | Activities | Responsible | Deadline |
|--|--|---|-----------------|
| 1. Legal framework for contract disclosure | a) Review of national laws on contract disclosures | Government agencies responsible in extractive industries | March 2019 |
| | b) Review of existing contracts on contract disclosures | | September 2020 |
| | c) Conduct a meeting with Senior Government Officials | AG, PS-MoE, PS-MoM, DG –PURA, ES-MC, ES-TEITI, and DG-eGA | May 2021 |
| 2. Level of disclosure details and data reliability | a) Agree and publish a plan for disclosure contracts | TEITI-Committee and other stakeholders | May 2021 |
| | b) Discuss and agree how contracts will be disclosed and the level of disclosure | TEITI-Committee and other stakeholders | August 2021 |
| | c) Discuss and agree where contracts will be disclosed | TEITI-Committee and other stakeholders | October 2021 |
| 3. Capacity Building and Stakeholders Engagement | a) Conduct two (2) consultation meetings with Government entities | TEITI, Government agencies and other stakeholders. | November 2021 |
| | b) Conduct two (2) consultation meetings with extractive companies | TEITI Secretariat and Extractive companies | December 2021 |
| 4. Institutional Framework | Establish portal for disclosing contracts | Host Government agency and Consultant | January 2022 |