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tax justice network - Africa

WHERE IS THE MONEY?

Taxation and the state of Africa
Mining Vision implementation:
A case study of Tanzania and East Africa

July 2016

Acknowledgement

WHERE IS THE MONEY?

Taxation and the state of Africa Mining Vision implementation: A case study of Tanzania and East Africa

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Our vision is ***'A new Africa where tax justice prevails to contribute to an equitable, inclusive and sustainable development'***

In line with our mandate, TJN-A's mission is ***'To spearhead tax justice in Africa's development by enabling citizens and institutions to promote***

equitable tax systems through research, capacity building, and policy Influencing'

TJN-A presently has 29 members in 16 countries across Africa. The members act as focal points for tax justice work in their countries and often lead national tax platforms that bring together several organisations interested or active in the tax justice campaign.

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List of Acronyms

AMDC	African Minerals Development Centre
AMV	Africa Mining Vision
AU	African Union
BITs	Bilateral Investment Treaties
CSR	Corporate social responsibility
DTTs	Double Taxation Treaties
EAC	East African Community
EITI	Extractive Industries Transparency Initiative
GDP	Gross Domestic Product
MDAs	Mining Development Agreements
MoEM	Ministry of Energy and Minerals
RECs	Regional Economic Communities
TEITI	Tanzania Extractive Industries Initiative
TMAA	Tanzania Minerals Audit Agency
TRA	Tanzania Revenue Authority
VAT	Value Added Tax
NEPAD	New Partnership for Africa's Development

Executive Summary

This study assesses the current mining sector regime in Tanzania, as well as in the East African Community (EAC), focusing on the mining fiscal regime as well as revenue use and management. The assessment is done to show the probable gaps between the aspirations of the Africa Mining Vision and what currently obtains in Tanzania (and the EAC). The objective of the study is to assess the gaps between the situation at the national and regional levels and what the AMV aspires to, so as to offer recommendations on areas that need to be addressed. The study uses the monitoring indicators, as outlined in the 'Action Plan for Implementing the AMV' of December 2011, as benchmarks.

The study establishes that over the years, Tanzania has improved its national capacity to physically audit mineral production and exports by putting in place a dedicated mineral audit agency, the Tanzania Minerals Audit Agency (TMAA). This has resulted in identification of unpaid taxes owed, while also helping build the capacity of mining companies to calculate tax revenues payable. Following the introduction of the Mining Policy of 2009, Tanzania has also undertaken reforms in the tax systems to increase revenue from the mining sector, which has seen the contribution of mining tax revenue to total tax revenue increasing from 2.41% in 2001 to about 4.41% in 2014.

There have also been a lot of capacity building initiatives intended to improve the capacity of government officials to negotiate mining contracts and monitor compliance with taxation laws, with the Africa Minerals Development Centre (AMDC), an institution established to ensure AMV compliance, also playing an active role. The transfer pricing guidelines by the Tanzania Revenue Authority as well as various initiatives by the TMAA have also helped curb leakages

through illicit financial flows from the mining sector.

Tanzania still needs to do more with respect to reviewing of terms of double taxation agreements and BITs which Tanzania has signed with host countries of mining companies. There are possibilities that the country lost some taxing rights to investors as the regime has become too protective of investors. In addition, the manner in which the mining development agreements (MDA) are being negotiated also appears to have outcomes that are in favour of the investor than Government, thereby reducing revenues.

Concerning mining sector revenue use and management, Tanzania is now at an advanced stage in establishing a sovereign wealth fund in the gas sector. However, there is need for sovereign wealth funds to also be established with respect to other minerals, as these are finite resources which need to also take cognisance of the need for future generations. However, Tanzania does not have a policy strategy to encourage mining firms to prioritise local communities

in employment decisions and there is no specific requirement for the mining firms to use part of the mining revenue to invest back into the community to enhance better health, education and general infrastructure.

At the EAC level, strategies at the regional level have been hampered by lack of consensus among Partner States regarding the mining sector strategy. As a result, the current efforts being done at the regional level are not directly in line with the aspirations of the AMV with respect to mining fiscal regime and revenue management, even though there are some efforts being done at the secretariat level worth appreciating

Based on the findings, the study makes the following recommendations at the national level, which civil society organisations such as the Tax Justice Network-Africa could also adopt in their advocacy programmes for generating awareness among non-mining industry stakeholders:

- i. Tanzania needs to maintain the current efforts towards developing a country mining vision formulated along the AMV. The momentum that had arisen from current efforts being done at government level in collaboration with the AMDC need not be lost. Civil society organisations can also structure their programme areas along the same lines to ensure that the momentum is built upon;
- ii. Tanzania needs to continue to ensure that the mineral audit capacity, which is inbuilt in the TMAA, is constantly strengthened so that the auditing

capacity matches evolving strategies on illicit financial flows that are constantly being used by players in the mining sector. There is need for awareness generation across all stakeholders about the need for this to be strengthened;

- iii. Tanzania should also continue to utilise the AMDC in other areas on mining sector revenue, including the capacity to negotiate mineral concessions as well as the best regime with respect to BITs and double taxation agreements to ensure that the country attains the optimal mining regime as envisaged under the AMV;
- iv. Tanzania should also demonstrate the same commitment it made towards a sovereign wealth fund for the gas sector with respect to other minerals. Other minerals are critically important, as the rationale for the gas sector is equally applicable to the rest of the minerals;
- v. In addition to the local levy, Tanzania also needs to develop a policy strategy to ensure that local communities, who are disadvantaged by mining activities in terms of both pollution and environmental degradation, also feel to be part of the mining projects. Part of the mining revenue can be invest back into the community through infrastructure projects intended to enhance better health, education and water and sanitation.

At the regional level, it is recommended that there is need to quickly come up with a



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mining strategy that is acceptable to Partner States. In addition, the EAC Secretariat can take advantage of the refusal by Tanzania to sign the current Mining Protocol by coming up with a new strategy that maps the AMV with

all aspects, including mining fiscal revenue and its management. The existence of the AMV actually helps by providing the issues which are of benefit to all countries, which all members have already agreed to.

1. Introduction

1.1 Background

In February 2009, the African Union (AU) Assembly of Heads of State and Government adopted a continental framework to promote mineral resource based development and structural transformation known as the Africa Mining Vision (AMV). The AMV seeks to foster a transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development. The main motivations for the adoption of the AMV was to ensure that there is a paradigm shift in mineral resource governance in Africa, with the transformation of minerals being used as a strategy for overall development. The concern was that while African countries are endowed with a lot of mineral resources, the benefits from the resources are minimal, as these are mostly exported in raw form, where earnings are influenced by fluctuations in international commodity prices.

One of the mechanisms through which benefits from mineral resources can be ensured under the AMV is to ensure that linkages between the mining industry and other sectors of the economy are strengthened. This would also call for measures to ensure that the allocation of revenue from the mining sector is done in an appropriate manner. Thus, mining fiscal regimes as well as mining revenue use and management are part of the focus of the AMV. This is the context through which the Tanzania mining regime is assessed under this study.

The AMV was designed to determine the course of future actions of the AU Member States as far as the mining sector is concerned. There is therefore a need to assess the extent to which AU countries have gone to ensure that they put in place the strategies that were identified as critical under the AMV. This would include identifying the existing gaps between the AMV desirables and the situations

obtaining in the countries, which would be useful for policy purposes.

Although the AMV has seven focus areas, this study focuses only on fiscal regime and revenue management. Within this area of focus, the study conducts an assessment of Tanzania as well as the East African Community (EAC), focusing on identifying the gap between what the AMV desires and what is obtaining on the ground.

1.2 Objectives of the study

The main objectives for this study were:

- i. Identify the mining sector fiscal regime and the provisions on how revenue obtained from the mining sector is used and managed in Tanzania and the other EAC countries;
- ii. Assess the gaps between the situation at national and regional levels and what the AMV aspires;

- iv. Develop a scorecard to measure the gap between Tanzania's regime and the AMV with respect to mining fiscal regime and revenue management.

1.3 Methodology for the Study

This Report is generally a desk review of existing literature on the AMV, on the Tanzania's mining sector, Tanzania's mining sector revenue policy and legislation as well as mining sector revenue regimes in general. Greater reliance was also placed on official publications and statistics from government institutions involved in the mining industry in Tanzania, including the Ministry of Energy and Minerals, the Tanzania Minerals Audit Agency and Tanzania Revenue Authority. The key provisions of the AMV, especially those pertaining to mining sector fiscal regime and revenue management were used as a benchmark, especially as provided for under the 'Action Plan for Implementing the AMV' of December 2011. The benchmarking involved picking out the activities, time frame and monitoring indicators that countries are expected to follow and checking whether these exist at regional and national levels.

Although the study also tries to identify any actions that were undertaken as a response to the AMV, the study is more focused on analysing the gaps existing rather than the response to the AMV. This is due to the fact that attribution is difficult; a policy measure can be adopted following the establishment of the AMV but done in response to other

factors rather than the AMV. Thus, the study is focused on identifying gaps between the AMV provisions and the situation that obtains on the ground. If there are no gaps identified, then the regime is deemed compliant with the AMV provisions. This approach has been adopted given that the main aim of the report is to outline the areas that still warrant attention within the AMV context. Areas that are already in line with the AMV do not need further attention, even if they were not done as a response to the AMV.

The study has also not focused much on the political economy issues on mining sector in general, even though these could explain the general orientation of the AMV. This includes political economy issues such as whether indigenisation of mining activity, market liberalisation and foreign participation in mining promotes development.

The study has also produced a scorecard, which is generally an attempt to measure, on a scale ranging from zero to five, the extent to which the regime in Tanzania is in line with the AMV provision. A score zero implies total absence of the indicator while five shows total compliance with the AMV. The scorecard has been produced by the authors and we acknowledge that there might be some subjectivity in this measurement. However, the scoring is actually based on how each measure is assessed in the study, thus the authors consider this as having some objectivity.

2. AMV Key Provisions on Mining Sector Fiscal Regime and Revenue Management

One of the strategies identified by the African Union (AU) Heads of State and Government to ensure the effective implementation of the AMV provisions was the establishment of the African Minerals Development Centre (AMDC) to provide strategic operational support for the Vision and its Action Plan. In November 2012, The African Minerals Development Centre Business Plan was developed, with financial support from the Australian and Canadian Governments. The Mission of the AMDC is to work with AU Member States and their national and regional organisations, including the Africa Union Commission (AUC), the New Partnership for Africa's Development (NEPAD) Planning and Coordinating Agency (NPCA), and Regional Economic Communities (RECs) to enable mineral resources play a greater transformative role in the development of the continent through increased economic and social linkages, and in this manner, help address its intractable poverty and limited development. However, although the AMDC has now been established, it is not performing very active roles in ensuring that many countries have not yet started the AMV mapping process.

The AMV groups aspirations into three; those that pertain to the short term (within 5 years), the medium term (5-20 years) and the long term (over 20 years). The provisions which pertain to mining sector fiscal regime and revenue management include the following:

a. Short term issues

The short term aspiration of the AMV includes promoting natural resources governance. This includes managing stakeholders' engagement¹ throughout the mine life cycle² and improving the management of transfer payments associated with the mining activities. Within the context of the mining industry, such

transfer payments mainly focus on returns to shareholders and service providers during all stages of the mine life cycle. In order to achieve this, the AMV recommends the following activities:

- i. Mainstreaming the Extractive Industries Transparency Initiative (EITI) principles and the Kimberly Process Certification Scheme in national policies, laws, and regulations;
- iii. Encouraging the establishment of national oversight bodies and incorporating parliamentarians and independent committees in the monitoring of mining projects;

¹ There are different stakeholders that can be identified across the mining life cycle stages. These include the communities affected by the mining, extraction companies, artisanal and small scale miners, mining sector advisers, lawyers, financiers, explorers, analysers, installation and drilling companies, transportation companies, government and government agencies as well as other specialists focusing on decommissioning and environmental clean-up activities.

² The mine life cycle has five main stages: (1) contract negotiation and signature; (2) exploration activities and evaluation; (3) development of the infrastructure; (4) extraction, production and export; as well as (5) abandonment and decommissioning.

- v. Considering decentralization of mineral revenue distribution;
- vii. Building capacity to manage mineral revenue of national and sub-national institutions.

The AMV also considers the fostering of inter-generational equity in the sharing of resources generated from the minerals sector as one of its short term aspirations. To achieve this, the AMV recommends that countries should consider the use of 'Future Generation Funds' and Stabilization Funds' as strategies to build resources that would be enjoyed by future generations. The AMV also recommends the integration of mining in national development plans and poverty reduction strategies as a strategy to ensure inter-generational equity. The objective could also be met by considering initiatives to decentralize revenue distribution and allocation as well as ensuring broad-based, active and visible involvement of affected communities in the approval, planning, implementation, and monitoring of mining projects.

Another short term aspiration of the AMV is for countries to ensure capital mobilization into the mining sector. This includes harnessing the potential in the public-private sector partnerships as well as instituting innovative approaches to improve domestic savings and channelling them to finance national projects/programmes.

b. Medium term issues

In the medium term, the AMV recommends countries to strengthen the enforcement of standards, legislations or codes governing

the mining industry. This involves improving the legal and regulatory framework governing the mining industry and increasing public awareness and participation in formulating the regulatory framework. This also involves developing enforcement strategies with credible and strong criminal sanctions and licence revocation in case of illegal conduct involving mineral resources. Legislations governing the mining industry also need to ensure consistency and predictability by developing explicit and clearly defined rules and guidelines to reduce the scope for conflicting interpretations.

The AMV also recommends the need to improve the value chain and maximize diversification of economies as one of its medium term aspiration. This would include mining resource diversification, which would include the creation of a conducive environment for development of backward and forward linkages, value addition (especially semi processing and cluster development), with technology sharing among countries. This would also include investment of rent/capital generated through resources into other sectors of the economy.

c. Long term

With respect to the mining industry, the long term aspiration of the AMV is to maximize the local economic multipliers and spill-overs. This would be achieved by diversification away from mineral resources, based on linkages to ensure that rent/capital generated through mining sector resources is invested into other sectors of the economy. Thus the long term is mostly concerned with consolidating the gains from the mining industry to ensure that mining

contributed meaningfully to gross domestic product as well as poverty alleviation and society well-being.

2.1. AMV Action Plan, 2011

In February 2009, the African Union Heads of State and government requested the AU Ministers in charge of mineral resources development to develop a concrete action plan for the realization of the AMV. This culminated in the development of the 'Action Plan for Implementing the AMV' dated December 2011, comprising of nine programme clusters of activities, namely mineral rents and management; geological and mining formation

systems; building human and institutional capacities; artisanal and small scale mining; mineral sector governance; research & development; environment & social issues; linkages and diversification; and mobilising mining and infrastructure investment.

The Action Plan thus can be used as a yardstick in assessing the extent to which countries have mapped the AMV strategies in their mining sector policies. With respect to mining sector fiscal regime and revenue management, the following are the concrete plans that were agreed upon in the short term (ST), medium term (MT) and long term (LT) at the national level (Table 1).

Table 1: Mining sector fiscal regime and revenue management strategies under the AMV at National Level

Expected outcome	Activities	Time frame	Monitoring indicators
Enhanced share of mineral revenue accruing to African mining countries	Improve national capacity to physically audit mineral production and exports	ST	Physical audit system in place and implemented with trained inspectors.
	Review mineral regimes in terms of optimising revenues.	ST	Reviews of mineral regimes undertaken and Level of improvement in fiscal revenue collected by African mining countries.
	Build capacity and enhance skills of officials in negotiating fiscal issues and effectively monitoring compliance with taxation laws.	ST-MT-LT	Increase in numbers of policy makers and other stakeholders participating in capacity building initiatives.
	Negotiate or renegotiate contracts to optimize revenues and to ensure fiscal space and responsiveness to windfalls	ST-MT	Degree of improvement in the design of fiscal terms.
	Develop systems to evaluate components of tax regimes for leakages, losses and tax avoidance & evasion (e.g. transfer pricing).	ST-MT	Extent to which tax leakages are reduced by evaluation systems as determined by independent audits of tax compliance.

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Expected outcome	Activities	Time frame	Monitoring indicators
Enhanced share of mineral revenue accruing to African mining countries	Review terms of double taxation agreements and BITs with host countries of mining companies including the principle that minerals should be taxed at the point of extraction.	ST-MT	Number of double taxation agreements signed and implemented by Member States.
	Build capacity & systems to auction mineral rights where applicable.	ST	Extent to which competitive and transparent mineral concession systems are implemented.
Improved management and use of mineral revenue	Explore strategies for investing windfall earnings and mineral rent into sovereign wealth funds including stabilization funds and infrastructure funds.	ST	Number of SWFs established by African mining countries.
	Develop rent distribution systems for allocating part of mineral revenue to communities near mining areas and local authorities.	ST	Degree to which local authorities and communities benefit from mining projects.
	Develop mechanisms to facilitate local communities' access to jobs, education, transport infrastructure, health services, water and sanitation.	ST-MT	Degree to which local authorities and communities benefit from mining projects.
	Develop the capacity of local communities to negotiate partnership agreements	MT	Degree to which local authorities and communities improve their management of mineral revenues
	Develop systems for strengthening capacities for national and sub-national bodies for revenue management.	MT	Extent to which guidelines are used by RECs and Member States.

Sources: AMV Action Plan, 2011.

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The Action Plan also identifies strategies and monitoring indicators at the regional level (Table 2) which also have clearly defined time frames.

Table 2: Mining sector fiscal regime and revenue management strategies under the AMV at Regional Level

Expected outcome	Activities	Time frame	Monitoring indicators
Enhanced share of mineral revenue accruing to African mining countries	Review the current fiscal environment in African mining countries to develop guidelines & standards for optimizing revenue (eg. Tax& dividends) packages in a manner that does not discourage mining investment.	ST	Guidelines, standards and toolkits completed and distributed to RECs & Member states.
	Develop mineral taxation guidelines for implementation at the REC & national levels.	ST	Guidelines, standards and toolkits completed and distributed to RECs and Member States.
	Develop typical financial models for mineral projects for Member States and run training workshops at REC level.	ST	Number of financing models that are developed and used by Member States.
Improved management and use of mineral revenue	Compile best practise guidelines on mineral revenue management and deployment for implementation at the REC & national levels.		Best practise guidelines on mineral revenue management compiled.

Sources: AMV Action Plan, 2011.

These generally form the context with which the assessment would be done. The purpose of this report is to assess the extent to which the current mining sector fiscal regime as

well as the revenue use and management regime in Tanzania is in line with these AMV aspirations.

3. Overview of The Mining Sector in Tanzania

Tanzania is endowed with variety of mineral deposits and is recognized as one of Africa's most mineral rich countries. The minerals found in Tanzania can be grouped into five broad categories; metallic minerals, gemstones, industrial minerals, building materials, and energy minerals. Examples of minerals from each category are given in Box 1. Tanzania also has considerable unexploited mineral potentials, as many exploration projects are currently going on, with the potential to increase the mining sector contribution further.

Box 1: Examples of minerals found in Tanzania

Metallic minerals

- gold, iron, silver, copper, platinum, nickel and tin;

Gemstones

- diamonds, tanzanite, ruby, garnet, emerald, alexandrite and sapphire;

Industrial minerals

- kaolin, phosphate, lime, gypsum, diatomite, bentonite, vermiculite, salt and beach sand;

Building materials

- stone aggregates and sand; and

Energy minerals

- coal and uranium

These mineral deposits can be found throughout the country, although there are some areas which are traditionally known to be dominated by some specific minerals. For example, gold is mostly found in the greenstone belt south, east and west of Lake Victoria while diamonds are found in kimberlite pipes in central and south of Tanzania and southern part of Lake Victoria Goldfield. Nickel, cobalt, copper, tin, and tungsten minerals are mostly concentrated in north-western Tanzania while titanium, vanadium and iron are mostly confined to south-west of Tanzania. Similarly, coal is mostly in south-west of Tanzania while uranium is in central and southern Tanzania.

Soda ash, salt, gypsum, travertine and trona (evaporites) are mostly found in the rift valley and along the coast, while kaolin, mica, phosphate, magnesite, beach sand, diatomite, stone aggregates, dimension stone and sand can be found in many different parts of Tanzania.

Although the mining sector is important in Tanzania, its contribution to GDP is lower compared to other sectors of the economy. For example, between 2007 and 2012, the average contribution from mining and quarrying was about 2.8% while other sectors such as agriculture and fishing (24%), construction and real estate (17.2%), trade,

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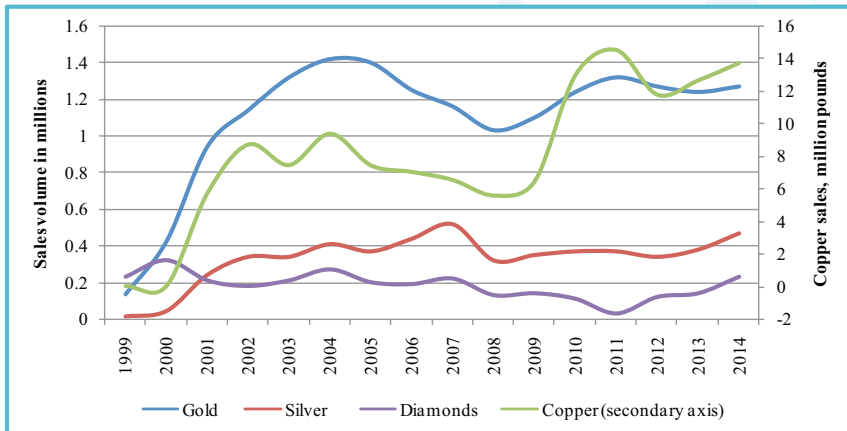
hotels and restaurants (17%), manufacturing (9%) and transport & telecommunication (8%) performed better (Baunsgaard, 2014). The contribution of the mining sector to Gross Domestic Product (GDP) increased steadily from 1.4% in 1998 to 3% in 2008, but as other sectors also improved, the contribution declined to 2.5% and 2.4% respectively in 2009 and 2010 (Muganyizi, 2012). Currently, the mining sector contribution to GDP is estimated at 3.5%, although this is projected to reach 10% of the GDP by 2025 due to various measures introduced in the mining sector (Ministry of Energy and Minerals (MoEM), 2015).

A look at production volumes of the major minerals by the major mines also shows that there has been a general upward trend in the volume of minerals production since 1999

(Figure 1). Gold production increased from about 130 thousand tonnes troy ounces in 1999 to about 1.27 million troy ounces in 2014. Silver also increased from about 10 thousand troy ounces in 1999 to about 4.70 thousand ounces in 2014. Copper increased from 5.73 million pounds in 2001 to about 13.78 million pounds in 2014. Diamonds, however, have generally failed to have any upward trend, as in 2014, it maintained its volume of about 230 thousand carats registered in 1999.

There are also a lot of fluctuations in mineral volumes, which are affected by the life spans of mining projects as well as the general geology of the mines, where some period could be characterized by smaller quantities mined.

Figure 1: Historical Minerals Sales by Major Mines (1999-2014)



Sources: Tanzania Minerals Audit Agency (TMAA), 2014.

The mining sector is also important as a source of tax revenue for the government. The contribution of mining sector revenue

from the nine major mines to total revenue increased from 2.41% in 2001 to 4.41% in 2014, although this peaked at 10.97% in 2012

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(Table 3). Thus on average, the nine major mining companies contribute about 4% to total tax revenue for the mainland Tanzania economy.

Table 3: Nine major mines' contribution to total tax revenue in Mainland Tanzania

	Royalty	Other taxes	Total tax paid	Total tax revenue	Mining tax/ total tax revenue (%)
2001	6.56	13.57	20.13	834.764	2.41
2002	10.22	19.41	29.63	941.5965	3.15
2003	14.97	22.09	37.06	1107.954	3.34
2004	18.87	20.95	39.82	1339.195	2.97
2005	21.34	37.16	58.5	1625.239	3.60
2006	29.3	22.21	51.51	1968.593	2.62
2007	30	34.18	64.18	2575.649	2.49
2008	32.69	67.27	99.96	3376.568	2.96
2009	43.34	82.16	125.5	4051.964	3.10
2010	70.37	100.63	171	4437.933	3.85
2011	97.03	208.68	305.71	5315.148	5.75
2012	115.17	597.88	713.05	6502.6	10.97
2013	112.42	215.03	327.45	7739.298	4.23
2014	102.88	311.32	414.2	9383.047	4.41

Sources: TMAA, 2014 and Tanzania Revenue Authority National Statistics Database.

The mineral sector expanded rapidly following the mineral policy reforms of 1997, which saw many players entering the sector. There are about eight large scale mines (six for gold and two for gemstone) and a number of small scale mines mainly for gold, diamonds and coloured gemstones. A number of mining projects are now at advanced stages, which are also expected to result in more large scale mining operations. Examples of such projects are given in Box 2.

The various reforms undertaken in the minerals sector can be attributed to positive

developments that have been witnessed in the sector. Export earnings from mineral export increased from an average of 1% of total export in 1997 to 52% in 2013; direct employment in the large scale mining industry increased from 1,700 to 15,000 in 2013 (MoEM, 2015).

The performance of the mining sector can be attributed to various policy reforms that the government introduced over the years. These include the formulation of the Mineral Policy of 2009, the enactment of the Mining Act of 2010 (which repealed and replaced the Mining

Box 2: Projects which are now at an advanced exploration stage

Kabanga nickel project	Mantra uranium project	Mchuchuma coal project
Liganga iron ore project	Nyanzaga gold project	Canaco gold project
Panda Hill niobium project	Ngualla REEs project	Resolute-Nyakafuru gold project
Uranex graphite project	Dutwa nickel project	Ngwena nickel project
Kiwira coal project		

Sources: MoEM, 2015

Act of 1979 and the Mining Act, 1998) and establishment of fiscal incentives aimed at attracting both local and foreign investors. The Mineral Policy of 2009 was formulated as part of implementing the Tanzania Development Vision 2025. The main objectives of the Mineral Policy include:

- I. To continue to attract private investments in exploration and mining;
- II. Government to participate in strategic Projects;
- III. To emphasize integration of the mineral sector with the rest of the economy;
- IV. To establish a fiscal regime which balances benefits with investments competitiveness;
- V. To support mineral beneficiation and marketing;
- VI. To underpin development of small scale miners;
- VII. To promote public participation in mining activities;
- IX. To guide investors towards sustainable exploitation of mineral resources of Tanzania in a win - win manner.

After the reforms, large scale production of gold is mostly by major seven mines. The Bulyanhulu Gold Mine Ltd began production in 2001. The North Mara Gold Ltd is another gold mine, which started its production in 2002 under the ownership of Afrika Mashariki Gold Mines Ltd. Other major gold mines include Tulawaka Gold mine, Geita Gold mine, Golden Pride Gold Mine, Buhemba Gold Mine and Buzwagi Gold Mine.

The Mineral Policy of 2009 can be attributed to the improved performance due to a number of reasons. The policy was introduced to replace the Mineral Policy of 1997, which had some weaknesses. For example, more focus is now given to promoting economic integration of the mineral sector with the rest of the economy through value-added activities as well as increasing the amount of revenue that government receives from the sector (Oxford Policy Management, 2011). The Mining Act, 2010, therefore, had to be enacted to reflect this new focus, as the Mining Act, 1998 had also been formulated based on the previous policy. It guarantees investors' security of tenure, repatriation of capital and profits, and transparency in the issuance and administration of mineral rights.

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Under the Mining Act of 2010:

- i. Mineral property and control over minerals is vested in the United Republic of Tanzania;
- ii. No prospecting or mining operations is allowed without a Mineral Right;
- iii. Joint ventures with local companies is encouraged;
- iv. Exploration and mining is open to locals and foreigners or joint ventures between local/foreign companies except for the following:
 - a) Foreigners are not permitted to hold or conduct their exploration/mining activities using PMLs;
 - b) Gemstone exploration and mining is reserved for locals.
 - c) Mineral trading can be conducted by locals or jointly by locals and foreigners where locals must hold not less than 25% shares in the joint venture; and
 - d) Licensing of exploration and mining is based on 'first come first served' principle.

In line with the need to have more revenue, in the Mining Act 2010 royalties paid by companies were altered both in terms of the method by which they are calculated and in terms of the rates applied. Royalties are now calculated based on the gross value of minerals (at export or point of domestic delivery) rather than the net value (net back value) which was used in the past. While royalties levied on diamonds have remained at 5%, the rates for several other minerals were increased (Oxford Policy Management, 2011).

In order to operate in the mining industry, a dealer license is needed, which can be issued to Tanzania citizens and foreigners. In addition, broker licenses, which can be issued to Tanzania citizens only, is also a requirement. Dealer and broker licenses can be issued with respect to gold, metallic minerals, coloured gemstones, diamonds, coal and industrial minerals.

The Tanzania's licensing system also distinguishes mineral rights by mining scale and type of minerals. Mineral categories under the Mining Act of 2010 have already been discussed in Box 1. Mineral rights types under the Mining Act of 2010 include a prospecting licence, a retention licence, a special mining licence, a mining licence, processing licence; smelting licence and refining licence. A prospecting licence is granted for a period of three years and at each renewal, at least 50% of the area is relinquished.

A mining licence is granted for medium scale mining operations whose capital investment is between US\$100, 000 and US\$100 million. A special mining licence is granted for large scale mining operations whose capital investment is not less than US\$ 100 million. In general, a licence to mine gemstones is granted to Tanzanians, except for cases where skills, technology or huge capital is required to develop the ore body. However, participation of a foreign investor would have to be below 50% (MoEM, 2015).

Application fees for various licences are charged as follows:

- i. Prospecting license for metallic minerals, energy minerals, building

- material minerals, gemstones and kimberlitic diamond is set at US\$ 300;
- ii. Prospecting license for industrial minerals is set at US\$ 200;
- iv. Retention license costs US\$ 4,000;
- vi. Special Mining License US\$ 5,000;
- viii. Mining License US\$ 2000.

Tanzania also has steep charges for dealer licences, especially for those involving gold, diamonds and other metallic minerals. A dealer's licence for gold, metallic minerals and coloured gemstones costs US\$1,000, payable on application while it would cost the dealer about US\$800 to renew it. A dealer licence for diamonds costs US\$2,000, while renewing it would cost \$1,500. License for other minerals are lower, for example, coal and industrial minerals dealer license cost about US\$500. The Government, however, ensures that dealing in minerals would also entail payment of fees which are significant, to ensure that only serious investors participate in the mining. This also ensures that a significant amount is raised as revenue by government.

In occupying the area for mining activities, the government of Tanzania has set the rentals to be paid annually as "License Area" which is paid per square kilometre. For metallic minerals, energy minerals and kimberlitic diamond, building materials and gemstones, annual rent for first renewal of a prospecting license is US\$ 150 per square kilometre while annual rent for second renewal of prospecting license is US\$ 200 per square kilometre. Annual rent payable by a holder of a special mining license is US\$ 5,000 per square kilometre, while a holder of a mining licence for metallic minerals, energy minerals, gemstones and kimberlitic diamonds has to pay US\$ 3,000 per square kilometre. Having charges corresponding to the area mined is a positive development, as this is a form of compensation for using the land.

The application fee for export permit of minerals is US\$ 100 while the application fee for special export permit of minerals for non-residents is US\$ 2,000. The application fee for special export permit of minerals purchased at Gem Trade fair is US\$ 200.

4. Overview of Tanzania’s Mining Sector Fiscal Regime

The Mining Act, 2010 provides the basis for the mining fiscal regime in Tanzania. In addition to the Mining Act, 2010, legislation relevant for the mining sector includes the Income Tax Act Cap. 332 Revised Edition 2008 and the Value Added Tax Act, 2014. These, together with the various regulations that are passed each year in response to the various fiscal policy announcements that would have been prescribed by the budget statement relevant to that period, have resulted in a mining fiscal regime which can be described as follows:

4.1 Royalties

The Ministry of Energy and Minerals is responsible for designing and enforcing policies for the sector in Tanzania. It also plays a role in the determination of the royalties to be paid by the miner, in consultation with the Ministry of Finance.

Based on sections 87 to 92 of the Mining Act of 2010, every authorized miner has to pay to the Government of the United Republic of Tanzania a royalty on the gross value of minerals produced³ at the following rates:

Minerals	Rate
In the case of uranium	5%
Gemstone and diamond	5%
Metallic minerals such as copper, gold, silver, and platinum group minerals	4%
Gem (cut and polished),	1%
Gold and other metallic minerals	4%
Minerals, including building materials, salt; all minerals within the industrial minerals group	3%

However the Act instructs that there shall be a sorting fee which shall be payable to the Government by the mineral right holder who opts to sell the gemstone produced or acquired by him to the company which is in the control of such mineral right holder.

4.2 Input Taxes

As part of the mining sector investment incentives, mining companies enjoy import duty exemption for mining equipment and supplies directly related to the mining operations which is granted up to one year after the start of production. After

³ “Gross value” means the market value of minerals at the point of refining or sale or, in the case of consumption within Tanzania, at the point of delivery within Tanzania

operations, the mining companies enjoy a cap limit of 5% customs duties on imports of capital equipment and supplies. Value Added Tax (VAT) on domestic sales is 18% and exports are zero-rated. VAT paid is fully recoverable and there is full relief from VAT for services or goods exclusively for mining activities. Holders of mineral rights are also exempted from domestic withholding tax on goods and services supplied by them. However, they shall be obliged to withholding tax on domestic goods or services purchased by them.

Withholding tax on technical service payments to subcontractors is fixed at 5% of gross payment to residents and 15% of gross payment to non-residents, based on invoiced amounts. Fuel Taxes (Fuel Levy and Excise duty on fuel) is charged at a flat rate of US\$200,000 per annum, while the Local Government levy is charged at 0.3% of annual turnover and is paid to the local government authority where the mine is located.

4.3 Profit Taxes

Corporate tax on income from mining activities is 30% of the net income of the corporation,

which is the standard rate for all corporate bodies in Tanzania. Since July 2010, there is 'ring fencing' in the Tanzania mining sector, where losses incurred in one mine cannot be used to offset profits of another mine, even if both mines are part of the same legal entity (PricewaterhouseCoopers, 2012). This is intended to maximize tax payable. Depreciation is allowable to all mining capital expenditure and on exploration and production rights.

Withholding tax on paid out dividends and tax on distribution of branch profits to non-residents is 10% of the gross amount. Withholding tax rates on loan interest or interest paid to related parties is 10% of gross value, but shall not apply to interest paid to resident financial institutions. Tanzania also has a carried interest equity regime, especially with respect to the petroleum sector. Under a carried equity interest, the contractor finances the government's contribution to the development of the project only to be repaid (with interest) from the future revenue to the government (IMF, 2014).

5. Tanzania Mining Sector Revenue Use and Management

5.1 Key institutions with a role in revenue use and management

Institutions that have a role to play in the collection and management of revenue in Tanzania include the following:

5.1.1 Ministry of Energy and Minerals

The Ministry of Energy and Minerals is responsible for guiding the development of the Mineral Sector in Tanzania through its Mineral Division. The Mineral Division issues guidance on Minerals Sector investment opportunities; grants licenses, permits and authorization in matters related to explosives, mineral trading; mine installations, mineral exports and imports; exploration, mining and mineral processing; and provides support services for small scale mining (MoEM, 2015).

The Ministry of Energy and Minerals is responsible for issuing licences and collecting the associated fees, including annual rental fees and other charges. The key role of the Ministry, as given in the Mineral Policy, 2009 is 'to stimulate and guide private mining investment by administering, regulating and facilitating the growth of the sector through a well-organised and efficient institutional framework'. Under the mining policy, the role of the ministry is regulation, promotion, facilitation and provision of services.

5.1.2 The Tanzania Minerals Audit Agency (TMAA)

The Mineral Policy 2009 stipulated the need for an auditing institution that could cover the mining of all minerals at large, medium and small scale mines. The policy

was responding to weaknesses that had been identified in the mining sector regime. These included limited expertise in personnel, limited scope of work (as it only covered gold), inadequate funding, lack of autonomy and weak degree of harmonisation and coordination with other sectors. In November, 2009, the government established the Tanzania Minerals Audit Agency (TMAA), a semi-autonomous institution entrusted with conducting 'financial and environmental audits as well as auditing the quality and quantity of minerals produced and exported by miners in order to maximize benefits to the Government from the mining industry for sustainable development of the Country' (TMAA, 2014). The TMAA was established through Government Notice No. 362 under the Executive Agencies Act, Cap. 245. It took over the functions previously undertaken by the Minerals Auditing Section under the Ministry of Energy and Minerals.

The TMAA visits major mines every year. It checks records, including main accounting summary records and underlying documentation and invoicing. After the visit, it drafts a report containing its conclusions both for royalties and other tax purposes (including income taxes), focusing on comparing tax liability and actual payments. Final audit reports by the TMAA are submitted to the Minister of

Energy and Minerals, the Minister of Finance and Economic Affairs and the Commissioner General of the Tanzania Revenue Authority.

5.1.3 The Tanzania Revenue Authority (TRA)

The Tanzania Revenue Authority is a key player in revenue administration in the mining sector. It administers all taxes applicable to the sector. These include taxes on income (including corporate income tax, employment taxes and withholding taxes) and tax on consumption, mainly VAT and customs duties. Taxes on the mining sector are handled by the Large Taxpayers Department in TRA. TRA was established by Act of Parliament No. 11 of 1995, and started its operations on 1st July 1996.

5.2 Initiatives governing revenue management in Tanzania

5.2.1 Mining Development Agreements (MDAs)

Mining Act of 1998 allowed the minister responsible for mining to enter into development agreements with mining companies. These agreements included clauses that stabilise fiscal conditions which had to be negotiated with mining companies. As part of the reforms, the Government negotiating committee was formed in 2007 to review existing mining development agreements with mining companies to achieve a win-win situation. Currently, under the Mining Act, 2010, to ensure that the rights of both parties are fully defined and

protected, holders of Special Mining Licences (for investments exceeding US\$100 million) may enter into MDA with the Government. One example of a MDA was recently signed in October 2015 between the Government of Tanzania and Magnis Resources Limited on the terms for the Nachu Graphite Project in Tanzania. The key terms agreed are summarised as follows:

- i. A 5% free carried shareholding in the Project for the Government of Tanzania.
- iii. An option for the Government to purchase an additional 10% of the Project at "fair market value" as determined by an internationally recognised value;
- iv. Fiscal stability which ensures all taxation, royalties and duties are fixed for the term of the MDA;
- vi. A tax rate of 30% and a 3% production royalty;
- viii. Provisions that prevent any form of nationalisation of the Project⁴.

It remains debatable whether the MDAs are very beneficial to the Government. For example, in the press release, Magnis Resources indicates that the terms they got are more favourable than what they could have obtained in comparative regimes. Thus, while this is good as an investment attraction, it also involved reduction in revenues due to the government. In addition, the MDA actually provides that these terms can only be reviewed after the end of 10 years, which might imply that any new fiscal reviews would

⁴ Details found in a press release by Magnis Resources Limited to announce the MDA at website <http://magnis.com.au/article.php?id=120> accessed 12 December 2015

not apply to a firm that has an MDA with government.

5.2.2 Transparency in Use of Mining Sector Revenue

Tanzania joined the Global Extractive Industries Transparency Initiative on February 2009 following a recommendation as part of the 2007 Mineral Sector Review Study. The country established the Tanzania Extractive Industries Transparency Initiative (TEITI) to deal with all issues related to transparency in extractive industries, in line with the EITI. The TEITI is a multi-stakeholder initiative that aims to increase transparency and accountability in the extractive industries in Tanzania (TEITI, 2015).

On September 2015, Tanzania was deemed not EITI-compliant because of delay in the publication of the fourth (2012/2013) report as required by the EITI Standard. We understand that this delay in reporting was caused mainly by the significant delays in procuring the services of the independent administrator. Tanzania is making some efforts towards complying with the EITI, however some delays in reporting the reconciliation on time as stipulated with EITI reveals that there are still some challenges with general compliance (TEITI, 2014; TEITI, 2015).

5.2.3 Bilateral Investment Treaties (BITs) and Double Taxation Treaties (DTTs)

The Tanzania Government has made strides in promoting investments by offering a well-balanced and competitive package of fiscal incentives to investors. This includes

both international and domestic investors, with a view to attracting new investments. In addition, the Government signed new bilateral investment agreements (BITs) which are aimed at promoting and protecting new and existing investments. It also signed double taxation treaties (DTTs) with various countries.

As of now, the government of Tanzania has signed BITs with the Governments of Germany, Italy, Finland, South Korea, The Netherlands, United Kingdom, Sweden, Denmark, Canada, Switzerland, Thailand, China, Oman, Kuwait and Zimbabwe. On the other hand, the Government of Tanzania has entered into DTTs with the Governments of United Kingdom, Italy, Sweden, Norway, Denmark, Finland, South Korea, Switzerland, Oman, Malaysia, Thailand, Canada, The Netherlands, and Kuwait. Tanzania is also a member of Multilateral Investment Guarantee Agency (MIGA), International Centre for Settlement of Investment Disputes (ICSID) and is signatory to the United Nations Commission on International Trade Law (UNCITRAL) (BOT et al., 2013).

5.2.4 Local Community Benefits from Mining

Given that mining communities are affected by mining activities, some countries make attempts to ensure that part of the mining sector revenue is earmarked for redistribution back to mining regions and mining communities where such mining takes place. However, in Tanzania, revenues collected from the mining activities is subject to the central government's general resource allocation system as tax revenues are part of the consolidated fund. This implies that mineral

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revenues can only be channelled back to the mining communities through the general expenditure allocations approved in the annual budget process (ICMM, 2009). While this can be regarded as being insensitive to the plight of the mining communities, there might be some justification for this practice in Tanzania. The majority of the mining revenue comes from just six out of a total of 117 local districts and there are more districts which are far poorer than those in which mining takes place. Thus, mining regions are expected to enjoy higher levels of income than these poorer regions, hence using revenue from the mining regions to cater for those in the poorer regions might not be unreasonable (ICMM, 2009).

However, a report by the Oxford Policy Management, commissioned by the Ministry of Energy and Minerals in 2011, actually reveals that benefits from being in mining communities might actually be less pronounced, demonstrating the need for some compensation mechanisms from Government. The report, based on a study of four major mines (Geita Gold Mine, Mwadui Diamond Mine, Bulyanhulu and Buzwagi Gold Mines) established that the majority of community respondents have negative perceptions of the benefits from mining. Communities generally do not feel the mines have provided good employment opportunities and benefits. The presence of large-scale mining had also increased levels of inequality between those receiving benefits from the mines and those not receiving them, causing deterioration in social cohesion in some of the communities. People receiving jobs from the mine would naturally have more disposable income than those who do not, resulting in complaints about the creation of a new 'class' of people

(Oxford Policy Management, 2011). Those left out would still require some level of attention from government.

Mining companies have also been investing some of their profits in corporate social responsibility (CSR) to increase their visibility, acceptance and social ties in the communities. Some recognized efforts have been the areas of education, health, water and roads. Acacia (formerly African Barrick Gold) set a community development fund, the Maendeleo (development) Fund, in 2011 as part of its CSR strategy and has since spent over US\$18 million to finance projects in education, health and sanitation, water, infrastructure, livelihoods, and others (Concern for Development Initiatives in Africa (ForDIA), 2012). A total of US\$11.5 million was also spent by African Barrick Gold on community development projects in 2013; of which US\$5.4 million was spent on education and health (African Barrick Gold, 2014). In 2010, African Barrick donated 50 million Tanzanian shillings to victims of floods in Bukombe District, launched a disaster fund, and spent 22.6 million to send to college 30 entrepreneurs from Kakola village, Bugarama ward in Kahama District (Poncian, 2015).

Although CSR projects can be seen as solely investor driven, the Government can also be given credit, as the Mining Policy also has a section focusing on 'promotion of relationships between mining companies and communities surrounding mines', where mining companies are encouraged to contribute significantly to the development of the local communities through their corporate social responsibility policies. However, it should be appreciated that it is mainly the responsibility of the

government to ensure that part of the mining sector revenues benefit local communities rather than the mining companies themselves. Thus, CSR should generally be seen as a voluntary role of the mining sector firms rather than a policy objective of the government. In other countries, the government normally loses a lot of tax revenue, as firms use CSR to escape taxation. However, this does not appear to be the case in Tanzania, as CSR is not classified as an allowable deduction for income tax purposes. Government needs to strive to perform the roles that the firms do through CSR, as the AMV aspires for more government role in local mining communities benefiting from mines.

5.2.5 Sovereign Wealth Funds

Tanzania is also at an advanced stage in setting up a sovereign wealth fund, focusing mostly on natural gas. The Natural Gas Policy of 2013 proposes for a Natural Gas Revenue Fund to be established and managed to ensure transparency and accountability over collection, allocation, expenditure and management of all natural gas revenues (ESRF, 2014). As a result, the Oil and Gas Revenues Management Act, 2015 was enacted in July 2015 to operationalize the policy. Under section 8 of the Act, the objectives of the Fund shall be to ensure that

- i. Fiscal and macroeconomic stability is maintained;
- iii. The financing of investment in oil and gas is guaranteed;

- v. Social and economic development is enhanced;
- viii. Resource for future generations is safeguarded.

The financing of the Fund is provided for under section 9 of the Act as:

- i. Royalties;
- iii. Government profit share;
- v. Dividends on Government participation in oil and gas operations;
- vii. Corporate income tax on exploration, production and development of oil and gas resources;
- ix. Return on investment of the Fund.

To ensure that the Fund is not abused, section 11 of the Act provides restrictions on the accessibility of the Fund. The amount of money deposited in the Fund shall not be used: (a) for providing credit to the Government, public enterprises, private sector entities or any other person or entity; (b) as collateral or guarantees, commitments or other liabilities of any other entity; and (c) for rent seeking or be the subject of corrupt practices, embezzlement or theft.

Although Tanzania only has a sovereign wealth fund applicable to natural gas only, it has made important strides to ensure that future generations are catered for. However, it is critical that such schemes be also introduced for other mineral resources.

6. EAC Guidelines on Mining Sector

The foundation of the mining sector strategies in the East African Community (EAC) is Article 114 of the EAC Treaty focusing on Management of natural resources. Under the Article, focusing on the management of the mineral resources sector, Member States agree, among other things, to pursue the creation of an enabling environment for investment in the mining sector and to harmonise mining regulations to ensure environmentally friendly and sound mining practices.

The EAC Protocol on Environment and Natural Resources Management can also be regarded as the policy regime that has been done at the EAC level on the mining sector. However, the protocol is not yet in force, as Tanzania is yet to ratify it. Article 18 of the protocol focuses on the mining sector. Among other issues, it provides that The Partner States shall develop and harmonise common policies, laws and strategies for access to and exploitation of mineral resources for the socio-economic development of the Community. The Partner States also aimed at developing strategies on sustainable production, value addition and marketing of minerals and their products, with effective measures being in place to regulate mineral resources trading in the Community. All the envisaged activities are, however, currently on hold, as Tanzania is still consulting stakeholders before committing to ratify the protocol.

Discussions during the 5th Meeting of the 1st Session of the East African Legislative Assembly in Kigali, Rwanda on the 12th – 26th April 2013 also show that there are some efforts being done at the EAC secretariat level in undertaking strategies which would go a long way in meeting the AMV agenda.

A programme to facilitate the development of extractive and mineral processing industries is currently being formulated through technical support by the Commonwealth Secretariat. The objectives of the project include: (a) Review of regulations, policies and laws governing the extractive industries and mineral processing with a view to making such regulations more supportive of the development of extractive industries and mineral value addition; (b) Strengthening regional and national capacities in mineral development policy; (c) Identification of opportunities for investment in extractive industries and mineral value addition.

The EAC has carried out a feasibility assessment of mineral resources in the region with potential for local value addition to create local employment and ensure that the local Community derives maximum benefit from the mineral resources in the region. Efforts towards the harmonization of mineral policy and regimes in Partner States were also reported to be underway. The focus areas for harmonisation include access to and ownership of land; access to and ownership of minerals; mineral royalties to Government and communities; procedures to follow for Environmental

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Impact Assessments and Monitoring of environmental plans; taxation regimes; benefits for the Communities during and after mining; value addition to minerals with consequent employment and entrepreneurial development; role of the communities, local authorities, central government and the mining companies; marketing of minerals; as well as employment and human resources development (EAC, 2013).

In the absence of a binding protocol on mining, there has not been anything that the EAC

Secretariat could use to ensure that Partner States' mining sector fiscal regimes as well as the manner in which they use resources from the mining sector is in line with the AMV. Thus, while there are already some discussions going on in the right direction, the actual domestication of the AMV appears to be quite distant, due to lack of common understanding on mining processes, as demonstrated by Tanzania's refusal to ratify the Protocol on Environment and Natural Resources Management

7. Assessment: Mapping the AMV at National Level

Activities being done at the country level generally show that Tanzania is in the process of ensuring compliance with the AMV as far as the mining sector is concerned. Currently, the country is in the process of establishing a Country Mining Vision (CMV), through the assistance of the AMDC, for which some progress has been made. While there is limited progress as far as the actual reforming of the mining fiscal regime as per the AMV requirement is concerned, it is encouraging that this is work in progress. This section assesses the mining fiscal regime in Tanzania against what is provided for under the AMV to measure the current gap as far as AMV objectives are concerned. Thus, this assessment of AMV mapping is only restricted to mining fiscal regime as well as revenue use and management.

7.1 Tanzania Mining Fiscal Regime Mapping

One of the main aims of the AMV is to ensure that the mining sector regime delivers value for the country over the long term. This includes improving the management of transfer payments associated with the mining activities. Under the AMV Action Plan, efforts to achieve this are generally captured by strategies that are intended to ensure that there is enhanced share of mineral revenue accruing to African mining countries. A look at the identified monitoring indicators would help show the Tanzania situation as far as meeting the AMV objectives is concerned:

a. Improve national capacity to physically audit mineral production and exports

The Mineral Policy of 2009 saw the transfer of functions previously held by the Minerals Auditing Section to an independent agency; TMAA. The monitoring indicator to ensure compliance, as given under the AMV Action Plan is a 'physical audit system in place and implemented with trained inspectors.'

A look at TMAA's operations, as reported in its annual reports, which are publicly available on its website, shows that it now has expertise in the field and has contributed positively towards increased revenue from the mining sector. For example, the audit of financial records and tax review conducted by TMAA in collaboration with the Tanzania Revenue Authority (TRA) has helped to accelerate payments of corporate tax by Geita Gold Mine Limited (GGML) owned by AngloGold Ashanti Limited. The audit of financial records and tax review conducted by TMAA in year 2014 resulted in collection of unpaid Government revenues as follows:

- i. Withholding tax amounting to TZS 905.5 million which was not paid from payments made to mining technical services providers;
- ii. Royalty amounting to TZS 761.3 million and empowerment fund amounting to TZS 336.7 million;
- iii. Skills Development Levy (SDL) amounting to TZS 150.9 million;
- iv. Service Levy amounting to TZS 2.77 billion.

Regular financial audits conducted by the TMAA have also enhanced financial record keeping and compliance by major mining companies (TMAA, 2014).

The audit regime in the mining sector in Tanzania has thus greatly enhanced national capacity to physically audit mineral production and exports, in line with the AMV aspirations.

b. Review mineral regimes in terms of optimising revenues

Based on the monitoring indicators as provided for under the AMV Action Plan, the success for this would be measured by 'reviews of mineral regimes undertaken and level of improvement in fiscal revenue collected by African mining countries'. Tanzania undertook several reforms in the tax systems, especially since the enactment of the Mining Policy of 2009. One of the rationale for the reforms was to increase revenues from the sector, which saw royalties being increased. This review also saw charges being reviewed for licences while new licensing regimes were also introduced. Thus, reviews were indeed undertaken with the objective of optimising revenue. What is necessary, however, is to ascertain the extent to which the review resulted in optimisation of revenue from the mining sector.

Mining sector tax revenue from the major mines as a percentage of total tax revenue increased from 2.41% in 2001 to about 4.41% in 2014. In 2009 when the tax reforms were introduced through the mining policy, tax revenue from the major mines constituted about 3.10%. This has increased to 4.41% in 2014, despite the decrease in international commodity prices in the international market, which has also affected mining earnings and

hence revenue. This also shows that the reforms have generally been able to result in an increase in mining sector revenue. However, it is not clear if this has been optimised. This is so since mining sector revenue as a percentage of total tax revenue actually peaked in 2012 at about 10.97%, after also recording a high value of 5.75% in 2011. Thus, if these two 'highs' reflect the potential of the mining sector, then the revenue regime is yet to be optimised.

Thus while there is an indication that the mining tax revenue capacity of Tanzania has increased, there are indications that what is being collected currently is not the optimal.

c. Build capacity and enhance skills of officials in negotiating fiscal issues and effectively monitoring compliance with taxation laws

Under the AMV Action Plan, the monitoring indicator for compliance for this is the increase in numbers of policy makers and other stakeholders participating in capacity building initiatives. It is critical to note that part of these responsibilities are performed by the TMAA, which has already built expertise in auditing, through capacity building support from various institutions. However, it is also critical for other government officials at policy level to undertake such capacity building initiatives to adequately perform their roles. Development partners have generally facilitated with capacity building programmes for government officials.

Tanzania is already in the process of ensuring compliance with the AMV. For example, in 2014, UNDP Country Office in Tanzania received a formal request from the

government of Tanzania through the Ministry of Energy and Mining (MEM) for support in formulating a Country Mining Vision (CMV), in line with the requirements of the AMV. This saw the UNDP and the AMDC acting as facilitators of the CMV, with the Minister of Energy and Mining as the lead government institution. Specific capacity building activities under the AMDC for compliance with the AMV were conducted, which is a positive development.

In 2012 The Ministry of Energy and Minerals (MEM) of the Government of Tanzania (GoT) also requested the Swedish International Development Agency (Sida) support for a project to strengthen the capacity of MEM towards sufficient management of the energy sector. This saw the Sustainable Development Strategies Group (SDSG) and the International Institute for Sustainable Development (IISD), in partnership with the Trade Policy Training Centre in Africa (TRAPCA) and the World Bank, conduct a five-day training seminar on the negotiation of mine development agreements. The workshop, designed for senior government officials who are involved in mining contract negotiations, took place from May 26 to May 30, 2014 in Arusha, Tanzania. The seminar was aimed at enhancing technical knowledge and skills of relevant government representatives in Africa on the effective negotiation of mine development agreements with foreign investors⁵.

Thus, generally, there is evidence that the Tanzania government has actually taken specific actions towards enhancing the capacity and skills of officials involved in the

mining sector for the purpose of negotiating fiscal issues. However, the authors could not establish the actual number of staff trained, which would have been needed to assess whether this has been increasing as per the AMV indicator.

d. Negotiate or renegotiate contracts to optimize revenues and to ensure fiscal space and responsiveness to windfalls

The reforms to the Tanzania mining sector regime to enhance revenue also impacted on existing contracts by mining companies. Tanzania has made mining licenses renewable, and at renewal, new terms are always negotiated depending on the mining policy at the time. Tanzania loses some freedom to renegotiate fiscal terms through the mining development agreements, where new negotiations and agreements have to be reviewed only after some period. While in the guidelines for investors prepared by the MEM, renewal is given as after every five years, the recent MDA that has been described actually shows that all terms are reviewed after 10 years. This implies that at times, investors have the ability to ensure that the terms of the MDA are to their advantage, as 10 years is too long and certainly makes the country lose some negotiation freedom in line with new policy developments.

e. Develop systems to evaluate components of tax regimes for leakages, losses and tax avoidance & evasion (e.g. transfer pricing)

The Tanzania Revenue Authority has tried to have an effective regime as far as transfer

⁵ https://www.iisd.org/pdf/2014/tanzania_negotiation_seminar_announcement.pdf.

pricing is concerned by coming up with transfer pricing guidelines. The objective of these guidelines is to provide taxpayers with guidance about the procedures to be followed in the determination of arm's length prices and provide consistency in administration of the Income Tax Act, and its regulations taking into consideration the Tanzania business environment. In addition, the income Tax (Transfer Pricing) Regulations, of 2014 was established as an attempt to curtail illicit financial flows through transfer pricing.

The TMAA also plays a role in counteracting minerals smuggling and minerals royalty evasion by stationing auditors at three major airports in the country (Julius Nyerere International Airport (JNIA), Kilimanjaro International Airport (KIA) and Mwanza Airport (MA)) in order to inspect and verify mineral exports. This is conducted in collaboration with relevant Government bodies, mainly the Minerals Department, Tanzania Airports Authority, Tanzania Police Force, Tanzania Revenue Authority and the Immigration Department. The AMV Action Plan puts the monitoring indicator as the extent to which tax leakages are reduced by evaluation systems as determined by independent audits of tax compliance. TMAA has been able to identify and prevent cases of illicit financial flows from happening, which shows its effectiveness. For example, during the year 2014, minerals worth TZS 832 million (equivalent to US\$479,263) were seized in 27 minerals smuggling attempts at JNIA, KIA and MA. The events were reported to other Government bodies for legal actions. Since July 2012 to December 2014, minerals worth TZS 15.92 billion (equivalent to US\$9,216,590) were seized in sixty six (66)

different minerals smuggling incidents at the three airports (TMAA, 2014). Thus, systems to prevent leakages through illicit financial flows are relatively strong in Tanzania.

f. Review terms of double taxation agreements and BITs with host countries of mining companies including the principle that minerals should be taxed at the point of extraction

Under the AMV Action Plan indicators, the number of double taxation agreements and bilateral investment treaties (BITs) signed and implemented between the African country and its investment partner states is the measurement criterion. What is not clear is whether having a high number of signed agreements is good or not. It is important to note that double taxation agreements generally result in the country losing some taxing rights to investors from countries it has signed such agreements with. This might also affect the ability of the country to tax minerals 'at the point of extraction' as required by the AMV as some factors could be introduced to show that taxing a firm in Tanzania could be double taxing if some tax payment has also been done in the country of origin. In addition, other factors such as economic and political stability, cost of resources and availability of labour are normally considered more important in attracting investment than BITs. Thus, a high number of signed BITs might not be good enough for the country in the long run.

However, BITs also protect investors as they set actionable standards of conduct that apply to governments in their treatment of investors. These should not be seen to be too protective

of investors, to the extent of denying some possible tax payments due to protection under the BITs.

Tanzania has signed BITs with about 14 countries, even though discussions for

more are currently underway. Tanzania has also signed double tax agreements with 14 countries. This generally shows that Tanzania is committed to attracting investment into the country.

Countries signed BIT with Tanzania	Status
Egypt, Finland, Germany, Italy, Jordan, Korea, Republic of Mauritius, Netherlands, Oman, South Africa, Sweden, Switzerland, Turkey, United Kingdom and Zimbabwe	Under Operations

Sources: UNCTAD (2014).

Despite this high number of signed agreements, as per the AMV aspirations, the taxation system in Tanzania is still designed to ensure that tax is paid in Tanzania (at source), even if foreign investors are involved. The TMAA has also ensured compliance, as some of the tax owing that the audit agency has established over the years was actually owed by foreign owned companies. Royalties in Tanzania are all paid based on the export value of the commodity mined in Tanzania. However, there is also need to constantly review these signed agreements as required by the AMV to ensure that the taxation regime does not disadvantage Tanzania. While countries such as Zambia have renegotiated some of the double taxation agreements, the authors could not establish any examples of such renegotiated agreements in Tanzania.

g. Build capacity & systems to auction mineral rights where applicable

Under the AMV Action Plan, the monitoring indicator for this is the extent to which competitive and transparent mineral concession systems are implemented. While

there are a lot of regulations governing the procedure for an investor to obtain a mining license, the mineral concession regime in Tanzania is not very transparent. Factors to be taken into cognisance before granting a concession to the investor, especially if there are more than two investors interested in the concession are not in the public domain. To enhance transparency to the public, there is need for such a system to be developed, which would remove any doubt to the public that the decision to grant the concession was strictly on merit without any undue influence.

h. Other opportunities for mining fiscal regime mapping with the AMV

Tanzania has also made strides to ensure that minerals mined in Tanzania gain more value through value addition. The Mineral Policy of 2009 provides for value addition activities such as mineral beneficiation, gemstone cutting and polishing, jewellery making and stone carving. Taking advantage of the policy pronouncement, Tanzania has registered growth in gemstone cutting centres, copper

smelter plants, rock cutting and polishing facilities (dimension stones) (MoEM, 2015). One of the significant developments in the country is the Arusha Gem Show, an annual international gem show established in Arusha in 2012. The purpose of the show is to encourage competition in value-addition infrastructure so that the country gets more direct benefit from the mining sector, including employment creation. Value addition also cushions Tanzania against falling commodity prices. The focus on value addition industry places Tanzania ahead of many African countries, which are still primarily focused on exporting unprocessed mining products, contrary to the AMV aspirations. This also enhanced revenues from the mining sector.

7.2 Tanzania Revenue use and Management mapping

Based on the AMV Action Plan, the following are some of the key indicators of success as far as mapping the AMV is concerned:

a. Explore strategies for investing windfall earnings and mineral rent into sovereign wealth funds including stabilization funds and infrastructure funds

Tanzania is now at an advanced stage in establishing a sovereign wealth fund in the gas sector in the form of the Natural Gas Revenue Fund. Natural gas is also a natural resource which needs to be effectively handled in line with the AMV aspirations. While discussions for sovereign wealth funds for the rest of the minerals are not yet started in earnest, it is expected that the experience of the gas sector is likely to be the lessons that would be useful

in pushing for expansion into other minerals.

The AMV Action Plan envisages a number of SWFs being established by African mining countries as a short term objective, thus achievable within five years. Although the natural gas SWF would be in place in 2016, more of these were actually expected under the AMV.

b. Develop rent distribution systems for allocating part of mineral revenue to communities near mining areas and local authorities

Just like many other African countries, the mining regime in Tanzania is such that all taxes paid are actually part of the consolidated fund, allocated as per fiscal policy dictates. The allocation of the revenue is totally independent of whether there is a presence of a mine in the district allocations. Thus currently, the policy in Tanzania is not designed in such a way that communities near mining areas or their local authorities are given some allocation that is different from areas where no mines are found. However, this might not necessarily be a bad practice, as mining districts in Tanzania are not necessarily poor districts, such that there are other districts that would be more deserving of the resources. Under the AMV, a system where part of the mineral revenue is allocated to communities near mining areas is anticipated.

There is a local levy that is charged to mining companies at 0.3% of annual turnover and is paid to the local government authority where the mine is located. This is a clear benefit for the local authority and hence the community from the presence of a mine. This is totally

in line with the AMV aspirations. In addition, corporate social responsibility projects in Tanzania can also be related to policy, even though this is mostly voluntary on the part of the mining firms. However, by pronouncing it through policy, firms could also engage in CSR as a way of showing their commitment to government policy. In Tanzania, CSR benefits can thus also be associated with policy.

c. Develop mechanisms to facilitate local communities' access to jobs, education, transport infrastructure, health services, water and sanitation

There are no policy decisions that force mining firms to prioritise local communities in employment decisions. However, local

communities have benefited a lot from having mines in their areas through employment. Mining firms have invested heavily in education, water and sanitation and health. While this is positive, it cannot be attributed to government policy, as aspired by the AMV. It is important that Tanzania have a policy encouraging mining firms to give preference to local communities in various initiatives, including access to jobs. This also comes out from a study commissioned by the MEM, which established that while the mines have made commendable efforts to act responsibly, the impacts of their efforts have been limited as they could have done more, with the country's governance framework also to blame for their laxity (Oxford Policy Management, 2011).

8. Assessment: Mapping The AMV at the EAC Level

The AMV Action Plan has outlined monitoring indicators at the regional level. The EAC is expected to:

- i. review the current fiscal environment in African mining countries to develop guidelines & standards for optimizing revenue packages in a manner that does not discourage mining investment;
- ii. develop mineral taxation guidelines for implementation at the REC & national levels;
- iii. develop typical financial models for mineral projects for Member States and run training workshops at REC level;
- iv. Compile best practise guidelines on mineral revenue management and deployment for implementation at the REC & national levels.

The EAC has failed to come up with a protocol to govern the mining sector at regional level, given the refusal by Tanzania to sign the protocol. Thus, the protocol cannot be used as a tool to map the AMV as it is not in force, even though there are some initiatives which are contained in the protocol that are in line with the AMV. However, even though the protocol has not yet been in force, the EAC secretariat has also been engaged in some activities which complement the AMV. Thus, such activities can also be regarded positively, as their implementation would go a long way in meeting some of the expected outcomes by the AMV.

A programme to facilitate the development of extractive and mineral processing industries is currently being formulated. One of the focus areas is reviewing of policies and laws governing the extractive industries and mineral processing to support extractive industry development and mineral value addition. This will enhance revenue collection if achieved, hence is in line with AMV aspirations. In addition, efforts towards the harmonization of mineral policy and regimes in Partner States focusing on mineral royalties to Government and communities; taxation regimes; benefits for the communities during and after mining; role of the communities, local authorities, central government and the mining companies and marketing of minerals is in line with the objectives of the AMV of optimising revenue from the mining sector.

There have not been discussions and deliberations at the EAC level that is aimed at developing typical financial models for mineral projects for Member States and running training workshops on the same. This is where the EAC is still a long way off the AMV aspirations.

It is also critical to note that all the monitoring indicators at the regional level are classified as short term under the AMV Action Plan. While there have been activities discussed at the EAC level, their implementation to the levels required by

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the AMV is not expected in 2016 (the end of the short term period under the AMV Action Plan) as these initiatives being discussed are yet to be tabled for discussion among Partner

States. Thus, the EAC currently does not have strategies that can be regarded as meeting the AMV aspirations.

9. Conclusion

The mapping of Tanzania's mining fiscal regime as well as its mining revenue management with the AMV has generally revealed that there are some areas which Tanzania has done very well, although there are still some issues which need attention with respect to the others. The areas where Tanzania has done well with respect to its mining fiscal regime include the following:

- i. Tanzania has, over the years, improved its national capacity to physically audit mineral production and exports by putting in place a dedicated mineral audit agency, the TMAA. This has resulted in identification of unpaid taxes owed, while also helping built the capacity of mining companies to calculate tax revenues due.
- ii. Tanzania undertook a lot of reforms in the tax systems since the Mining Policy of 2009, which has seen the contribution of mining tax revenue to total tax revenue increasing from 2.41% in 2001 to about 4.41% in 2014, even during the period when international commodity prices were falling.
- iii. There has been a lot of capacity building initiatives intended to improve the capacity of government officials to negotiate mining contracts and monitor compliance with taxation laws. Some of these programmes were actually driven by the AMDC, an institution established to drive the AMV programme.
- iv. The Tanzania Revenue Authority has also tried to have an effective regime as far as prevention of transfer

pricing is concerned by coming up with transfer pricing guidelines to curb leakages through illicit financial flows. The TMAA also plays an effective role in counteracting minerals smuggling and minerals tax evasion.

One area, however, where Tanzania still needs to do more is with respect to review of terms of double taxation agreements and BITs which Tanzania has signed with host countries of mining companies. Although the country has signed a number of BITs and double taxation agreements, the regime has become too protective of investors. It is therefore important that with time, reviews be made to ascertain whether the agreements are still achieving their objectives. Such a review is what is required by the AMV.

With respect to mining sector revenue use and management, the following can be established about Tanzania:

- a) Tanzania is now at an advanced stage in establishing a sovereign wealth fund in the gas sector in the form of the Natural Gas Revenue Fund, which is in line with the requirements of the AMV. However, there is need for sovereign wealth funds to also

- be established with respect to other minerals, as these are finite resources which need to also take cognisance of the need for future generations.
- b) The mining management regime is such that a local levy is charged on mining companies at 0.3% of annual turnover, which is paid to the local government authority where the mine is located. This shows that the mining management regime has tried to ensure that there is some benefit to the local authorities and communities in the mining areas, as specified by the AMV Action Plan
 - d) Tanzania does not have a policy strategy to encourage mining firms to prioritise local communities when making decisions on employment.

In addition, there is no specific requirement for the mining firms to use part of the mining revenue to invest back into the community to enhance better health, education and general infrastructure. This is currently taking place at a voluntary basis.

At the EAC level, the mapping has generally revealed that strategies at the regional level have been hampered by lack of consensus among Partner States regarding the mining sector strategy. As a result, the current efforts being done at the regional level are not directly in line with the aspirations of the AMV with respect to mining fiscal regime and revenue management, even though there are some efforts being done at the secretariat level worth appreciating.

10. Recommendations

Based on the findings, some recommendations can be made to enhance the pace towards meeting the AMV aspirations at both the national and regional level. At the national level the following recommendations can be made:

- i. Tanzania needs to maintain the current efforts towards developing a country mining vision formulated along the AMV. The momentum that had arisen from current efforts being done at government level in collaboration with the AMDC need not be lost. Civil society organisations such as the Tax Justice Network can also structure their programme areas along the same lines to ensure that the momentum is built upon;
- ii. Tanzania needs to continue to ensure that the mineral audit capacity, which is inbuilt in the TMAA, is constantly strengthened so that the auditing capacity matches evolving strategies on illicit financial flows that are constantly being used by players in the mining sector. There is need for awareness generation across all stakeholders about the need for this to be strengthened;
- iii. Tanzania should also continue to utilise the AMDC in other areas on mining sector revenue, including the capacity to negotiate mineral concessions as well as the best regime with respect to BITs and double taxation agreements to ensure that the country attains the optimal mining regime as envisaged under the AMV;
- iv. Tanzania should also demonstrate the same commitment it made towards a sovereign wealth fund for the gas sector with respect to other minerals. Other minerals are critically important, as the rationale for the gas sector is equally applicable to the rest of the minerals;
- v. In addition to the local levy, Tanzania also needs to develop a policy strategy to ensure that local communities, who are disadvantaged by mining activities in terms of both pollution and environmental degradation, also feel to be part of the mining projects. Part of the mining revenue can be invest back into the community through infrastructure projects intended to enhance better health, education and water and sanitation.

At the regional level, it is recommended that there is need to urgently develop a mining strategy that is acceptable to Partner States. In addition, the EAC Secretariat should advantage of the refusal by Tanzania to sign the current Mining Protocol by producing a new strategy that maps the AMV with all aspects, including the mining fiscal revenue and its management. The existence of the AMV actually helps by providing the issues which are of benefit to all countries, which all members have already agreed to.

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Annexure

Annex 1: Explanation of how the AMV mapping for Tanzania was done

Expected outcome	Activities	Time frame	Tanzania status
Enhanced share of mineral revenue accruing to African mining countries	Improve national capacity to physically audit mineral production and exports.	ST	The national capacity to physically audit mineral production and exports was enhanced by a dedicated mineral audit agency, the TMAA. This has resulted in identification of unpaid taxes owed, while also helping build the capacity of mining companies to calculate tax revenues due.
	Review mineral regimes in terms of optimising revenues.	ST	Tanzania undertook a lot of reforms in the tax systems since the Mining Policy of 2009, which has seen the contribution of mining tax revenue to total tax revenue increasing from 2.41% in 2001 to about 4.41% in 2014, despite falling mineral prices.
	Build capacity and enhance skills of officials in negotiating fiscal issues and effectively monitoring compliance with taxation laws.	ST-MT-LT	There has been a lot of capacity building initiatives intended to improve the capacity of government officials to negotiate mining contracts and monitor compliance with taxation laws. Some of these programmes were actually the AMDC, an institution established to drive the AMV programme.
	Negotiate or renegotiate contracts to optimize revenues and to ensure fiscal space and responsiveness to windfalls.	ST-MT	Tanzania has made most of the mining licenses renewable, and at renewal, new terms are always negotiated depending on the mining policy at the time. However, the MDAs might make some firm immune to any renegotiation for a period of up to 10 years.
	Develop systems to evaluate components of tax regimes for leakages, losses and tax avoidance & evasion (e.g. transfer pricing).	ST-MT	The Tanzania Revenue Authority has transfer pricing guidelines, while the income Tax (Transfer Pricing) Regulations of 2014 was established to curtail illicit financial flows through transfer pricing. TMAA also plays a role in counteracting minerals smuggling and minerals royalty evasion.

Expected outcome	Activities	Time frame	Tanzania status
Enhanced share of mineral revenue accruing to African mining countries	Review terms of double taxation agreements and BITs with host countries of mining companies including the principle that minerals should be taxed at the point of extraction.	ST-MT	Tanzania has signed BITs with about 14 countries, even though discussions for more are currently underway. Tanzania has also signed double tax agreements with 14 countries. The taxation system in Tanzania is however still designed to ensure that tax is paid in Tanzania, even if foreign investors are involved. However, terms of the signed agreements have not been regularly reviewed.
	Build capacity & systems to auction mineral rights where applicable.	ST	Tanzania has signed BITs with about 14 countries, even though discussions for more are currently underway. Tanzania has also signed double tax agreements with 14 countries. The taxation system in Tanzania is however still designed to ensure that tax is paid in Tanzania, even if foreign investors are involved. However, terms of the signed agreements have not been regularly reviewed.
Improved management and use of mineral revenue	Explore strategies for investing windfall earnings and mineral rent into sovereign wealth funds including stabilization funds and infrastructure funds	ST	Tanzania is now at an advanced stage in establishing a sovereign wealth fund in the gas sector. However, there is need for sovereign wealth funds to also be established with respect to other minerals.
	Develop rent distribution systems for allocating part of mineral revenue to communities near mining areas and local authorities.	ST	The mining management regime is such that a local levy is charged to mining companies at 0.3% of annual turnover, which is paid to the local government authority where the mine is located. This shows that the mining management regime has tried to ensure that there is some benefit to the local authorities and communities in the mining areas, as specified by the AMV Action Plan.
	Develop mechanisms to facilitate local communities' access to jobs, education, transport infrastructure, health services, water and sanitation.	ST-MT	Tanzania does not have a policy strategy to encourage mining firms to prioritise local communities in employment decisions. In addition, there is no specific requirement for the mining firms to use part of the mining revenue to invest back into the community to enhance better health, education and general infrastructure. This is currently taking place at a voluntary basis.

Expected outcome	Activities	Time frame	Tanzania status
Enhanced share of mineral revenue accruing to African mining countries	Develop the capacity of local communities to negotiate partnership agreements.	MT	There is currently no requirement for local communities to have shareholding in the mining areas. Thus, partnership agreements between communities and mining companies are not provided for by law.
	Develop the capacity of local communities to negotiate partnership agreements.	MT	Tanzania has effective national bodies for revenue management.

Annex 2: Tanzania score-card on the level of implementation of the AMV

Expected outcome	Activities	Score for Tanzania (5 is maximum score and zero is the minimum). 5 shows total alignment with AMV while zero shows total absence of alignment
Enhanced share of mineral revenue accruing to African mining countries	Improve national capacity to physically audit mineral production and exports.	4
	Review mineral regimes in terms of optimising revenues.	4
	Build capacity and enhance skills of officials in negotiating fiscal issues and effectively monitoring compliance with taxation laws.	4
	Negotiate or renegotiate contracts to optimize revenues and to ensure fiscal space and responsiveness to windfalls.	2.5
	Develop systems to evaluate components of tax regimes for leakages, losses and tax avoidance & evasion (e.g. transfer pricing).	3
	Review terms of double taxation agreements and BITs with host countries of mining companies including the principle that minerals should be taxed at the point of extraction.	2
	Build capacity & systems to auction mineral rights where applicable	2.5

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Improved management and use of mineral revenue	Explore strategies for investing windfall earnings and mineral rent into sovereign wealth funds including stabilization funds and infrastructure funds.	3
	Develop rent distribution systems for allocating part of mineral revenue to communities near mining areas and local authorities.	3
	Develop mechanisms to facilitate local communities' access to jobs, education, transport infrastructure, health services, water and sanitation.	2
	Develop the capacity of local communities to negotiate partnership agreements	2
	Develop systems for strengthening capacities for national and sub-national bodies for revenue management.	4




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