



**Supporting Inclusive Resource Development (SIRD)  
East Africa  
TRAINING PROGRAM  
2019**



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# 3. Inclusive Natural Resource Development

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## *Introduction and Overview*

- What do we mean by “Inclusive” Resource Development?
- Why is Inclusive Resource Development important in policy making?
- How can natural resources be leveraged to advance Tanzania’s development goals?
- How can Inclusive Resource Development be achieved?
- How has the law addressed the inclusive resource development?
- Conclusion



# What is “Inclusive” Natural Resource Development?

- There is no agreed-upon and common definition of inclusive development (Rauniyar and Kanbur, 2009; Ali and Zhuang, 2007)
- Broadly encompass the development approach that ensures the benefits of growth are shared equitably across all parts of the society most notably the marginalized groups—women, local communities, indigenous peoples, etc.
- Some scholars refer to it as a “process that occurs when social and material benefits are equitably distributed across divides in society” (Hikey et al, 2015)
- A process of structural change which gives voice and power to the concerns and aspirations of otherwise excluded groups. It redistributes the incomes generated in both the formal and informal sectors in favor of these groups, and it allows them to shape the future of society in interaction with other stakeholder groups” (Johnson and Anderson 2012)

<https://includeplatform.net/wp-content/uploads/2017/09/Final-Inclusive-Development-Report.pdf>



# What is “Inclusive” Natural Resource Development?

- OXFAM defines Inclusive Development as a pro-poor approach that equally values and incorporates the contributions of all stakeholders-including marginalized groups-in addressing development issues.
- It promotes transparency, accountability, and enhances development cooperation outcomes through collaboration between civil society, governments and private sector actors

[https://www.oxfam.org/sites/www.oxfam.org/files/inclusive\\_development.pdf](https://www.oxfam.org/sites/www.oxfam.org/files/inclusive_development.pdf)

- expanded to include human rights, participation and non-discrimination and accountability (OXFAM, 2014)
- In resource development discourses, it is also referred to as Inclusive Growth
- According to the World Bank, Inclusive Growth is synonymous with: broad-based growth, shared growth and pro-poor growth.

<http://siteresources.worldbank.org/EXTPREMNET/Resources/WhatIsIG.pdf?resourceurlname=WhatIsIG.pdf> )



# Why is Inclusive Resource Development important in policy making?

- Without inclusive development, long term sustainability and socio-economic development may be at risk
  - Dutch Disease  
(<http://www.ecostat.unical.it/Algieri/Didattica/Economia%20Internazionale/materiale%200x%20internazionale/THE%20DUTCH%20DISEASEa.pdf>)
  - Resource Curse-manifests itself in many ways including a state of political dysfunction resulting into conflict between factions fighting for share of the revenues (Klare, M. (2002). *Resource wars: The new landscape of global conflict*. New York: Metropolitan Books)
  - Environmental disasters e.g. Nyamongo, Niger Delta, Macondo Blowout etc.
- People are the focus of development and development fails when governments neglect the needs of the very people it is designed to help



# Why is Inclusive Resource Development important in policy making?

- Provide a Social Licence to operate:
  - defined as existing when a project has the ongoing approval within the local community and other stakeholders, ongoing approval or broad social acceptance and, most frequently, as ongoing acceptance  
(<https://sociallicense.com/definition.html>)
- For growth to be sustainable in the long run, it should be broad-based across sectors, and inclusive of the large part of the country's labor force.
- development initiatives are more effective for poverty reduction when all stakeholders, especially citizens and marginalized communities are actively involved in the planning, execution and monitoring of development programs (community-based development programs).
- Majority of marginalized groups like women, local communities etc. in Sub-Saharan Africa, wallow in extreme poverty while their countries are rich in natural resources
- Extractive resources are exhaustive.



# How can natural resources be leveraged to advance Tanzania's development goals?

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Tanzanian Development Goals embodied in the Tanzanian Development Vision 2025

- High quality livelihood
- Peace, stability and unity
- Good governance
- A well educated and learning society
- Competitive economy

< <http://www.mof.go.tz/mofdocs/overarch/vision2025.htm> >



# How can natural resources be leveraged to advance Tanzania's development goals?

- Good governance e.g. Botswana, Norway
  - Having in place robust revenue management legal framework (***Escaping the Resource Curse*** Edited by Macartan Humphreys, Jeffrey D. Sachs, and Joseph E. Stiglitz New York: Columbia University Press, 2007. 408 pages)
    - Establish special account for managing oil and gas revenue
    - Can be held by central bank (e.g. Norway) or by a trust fund (e.g. Alaska)
  - Diversifying the economy: Use resources from natural resources to invest into other sectors such as infrastructure, manufacturing and agriculture (Alan Gelb, 2010 <https://www.imf.org/external/np/seminars/eng/2010/afrfin/pdf/Gelb2.pdf> )
  - Build local manpower/human capital and technology (<https://www.brookings.edu/blog/up-front/2013/07/11/avoiding-the-resource-curse-how-to-manage-natural-resource-wealth-for-human-development/> )
  - Oil and Gas Revenue Management Act, 2015, established an Oil and Gas Fund but it is not yet operational.



Microsoft Word  
7 - 2003 Document





# How can Inclusive Resource Development be achieved?

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- Participatory approaches, through public consultation and stakeholder engagement, have been shown to enhance quality, ownership, and sustainability; empower targeted beneficiaries; and contribute to long-term capacity building and self-sufficiency
- This entails ensuring transparency and accountability to promote broad economic and social development
- promoting good governance of the extractive sector in which communities and citizens participate in mineral assets and in which there is equity in the distribution of benefits;
- fostering sustainable development principles based on environmentally and socially responsible mining, which is safe and includes communities and all other stakeholders (Africa Mining Vision, 2009)

<https://ecdpm.org/great-insights/growth-to-transformation-role-extractive-sector/governing-extractive-resources-inclusive-growth/>



# How can Inclusive Resource Development be achieved?

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- According to Paul Collier & Caroline Laroche (2015), to ensure Inclusive Resource Development, the Government must do two things
  - Ensure good natural resources management policies are in place e.g. Norway which is accredited with its well managed Sovereign Wealth Fund. Botswana is an African country which have managed well its diamond wealth
  - Governments should ensure that strong institutions are established to oversee the extractive sectors.
  - Strong political actions need be taken to build the institutions that maintain the integrity of the NRM policy chain. Indeed, to ensure good resource policies are in place, countries need to build robust rules and institutions, and ensure that citizens are supportive of them (Paul Collier and Caroline Laroche, 2015).
  - Botswana is one of the countries that has got it right in managing its diamond wealth



# How can Inclusive Resource Development be achieved?

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- Anthony Bebbington(2014, pp.27-28) identifies channels through which inclusive development:
  - Employment-direct or indirect employment
  - Supply chain management: providing more opportunities for local and regional population
  - Corporate Social responsibilities and transparency-employee and community well-being, redistribution of profits through company sponsored programmes etc.
  - Ownership: include population or workforce in the ownership structure of the of the extractive company, either as shareholders or joint owners
  - Public ownership: some extractive companies are publicly owned and thus allow some sort of social inclusion e.g. TPDC, the Corporation under the Mining Act etc.
  - Planning and consultation
    - How resources is planned for
    - Who is consulted and how



# How can Inclusive Resource Development be achieved?

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- Taxation and social expenditure: the ways in which extractive industry is taxed determine the extent how the populations are included in access to financial resources generated in the sector
- Environment: the potential for adverse environmental effects is high in the extractive sector.
  - Governance of environmental impact is important for social inclusion



# How has the laws addressed the Inclusive resource development?

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## **The Constitution of the United Republic of Tanzania, 1977**

- Articles 9 & 29 provide broader policy guidance
- Require that the policies and programmes of GoT/Agencies be structured to ensure:
  - National economy is planned and promoted in balanced and integrated manner;
  - Use of national wealth places emphasis on development of the people;
  - Wealth and major means of production are not concentrated in hands of fewer individuals

## **The Energy Policy, 2015\***

- Provide framework for participation of Tanzanians and Tanzanian businesses in the Oil and Gas Sector, among others



# How has the laws addressed the Inclusive resource development?

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## The Energy Policy, 2015 (Cont..)

- Emphasis on community participation in the energy sector
- Recognition that management and development of energy resources at grass-root level requires the effective participation of both **women** and men (p.48)
- There is a commitment by the GOT in collaboration with stakeholders to promote the participation of **women** in the energy sector with respect to HIV/AIDS in energy sector related activities
- Government obligations as per Energy Policy:
  - Ensure **gender equality** in employment and training (p.49)
  - Facilitate formation of **women groups** to participate in provision of goods and services

[http://africaoilgasreport.com/wp-content/uploads/2017/10/Tanzania-National-Energy-Policy\\_December-2015-1.pdf](http://africaoilgasreport.com/wp-content/uploads/2017/10/Tanzania-National-Energy-Policy_December-2015-1.pdf)



# How has the laws addressed the Inclusive resource development?

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## The Mining Policy 2009\*

- Policy objectives include
  - to **encourage and promote women participation** in mining activities
  - **strengthen involvement and participation of local communities** in mining projects and encourage mining companies to increase corporate social responsibilities
- There is a recognition of the importance of women in participation in mining activities in the socio-economic development process
- Mining Policy can be downloaded at: [http://www.teiti.or.tz/wp-content/uploads/2014/03/0014\\_11032013\\_Mineral\\_Policy\\_of\\_Tanzania\\_20091.pdf](http://www.teiti.or.tz/wp-content/uploads/2014/03/0014_11032013_Mineral_Policy_of_Tanzania_20091.pdf)



# How has the laws addressed the Inclusive resource development in Tanzania?

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## The Mining Policy 2009

- The Government commitment:
  - continue to promote participation of women in mining activities
  - ensure that all programmes related to mining, including education and training opportunities, are based on **gender equality and equity**;
  - will require mining companies to implement credible **corporate social responsibility policies**; and
  - will encourage mining companies to **involve local communities in setting priorities of community development projects** and socio-economic aspects during the life span of their projects

[http://www.teiti.or.tz/wp-content/uploads/2014/03/0014\\_11032013\\_Mineral\\_Policy\\_of\\_Tanzania\\_20091.pdf](http://www.teiti.or.tz/wp-content/uploads/2014/03/0014_11032013_Mineral_Policy_of_Tanzania_20091.pdf)





# How has the laws addressed the Inclusive resource development?

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## The Petroleum Act 2015 (and Regulations)

- The appointment of the Board of PURA shall have regard **gender balance** [s.17(3)]
- **A programme for Training and Employment of Tanzanians shall take into account gender, equity, persons with disabilities, host communities** [s. 220(2)]
- CSR Plan must be prepared by the Licence Holder and Contractor and this Plan must take into account environmental, social, economical and cultural activities based on local government priorities of **host communities** [s.222(2)]
- Opening, redefinition and closure of areas-prior to opening areas for petroleum activities, Minister on collaboration with relevant authorities and in consultation with the Minister responsible for environment, undertake **various interests in the areas** which shall be contained in the evaluation report [s. 33(2)]
  - Evaluation report shall include a strategic assessment of the social and environmental impact of the potential petroleum activities on **local communities....** [s. 33(3)(b)(ii)]



# How has the laws addressed the Inclusive resource development?

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## The Petroleum Act 2015 (and Regulations)

- Integrity Pledge [s.223(2)] requirements including maintenance of satisfactory and effective insurance coverage against losses, injuries or damage to environment, **communities**,...
- The Evaluation Report to specify effect of the petroleum activities on relevant interest activities and **communities(sic)** [s.33(5)]
- In considering an application for a licence for mid and downstream operations, EWURA shall take into account the participation of Tanzanians [s. 132(j)]
- Role of the Minister [s. 5(1)(d)] include, to promote **local participation** in the sector
- Role of the NOC [s. 9(2)] promote local content including participation of Tanzania in the natural gas value chain
- Role of EWURA [s. 30(k)] to ensure maximum participation of Tanzanian



# How has the laws addressed the Inclusive resource development?

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## The Petroleum Act 2015 (and Regulations)

- The Petroleum Local Content Regulations, 2017
  - **Local content** means the quantum of composite value added to, or created in the economy of Tanzania through deliberate utilization of Tanzanian human and material resources and services in the petroleum operations in order to stimulate the development of capabilities of Tanzanians and to encourage local investment and participation
  - promotes participation of Tanzanians and local businesses into the petroleum industry
  - **No reference to local communities, people with disabilities or women**
  - Who is “local”?-Citizens/Tanzanians? Communities around the natural resources developments sites? –Concept of “local-local”.

<http://www.ewura.go.tz/wp-content/uploads/2015/03/PETROLEUM-ACT.pdf> (Petroleum Act, 2015)



# How has the laws addressed the Inclusive resource development?

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## The Mining Act 2010 ( as amended)

- No reference to women (following the amendment by the Written Laws Misc. Amendment Act, 2017)
- **The Programme on the training and employment of Tanzanians must take into account gender, equity, persons with disabilities and host communities [s.103(2)]**
- SCR Plan must be prepared each year and it must jointly agreed by the relevant local government authority [s.105(1)]
  - Assumption: community representatives listen and takes into account the need of the communities
  - SCR must take into account the environmental, socio, economic and cultural activities based on local government priorities of the host communities
- The Local Content regime in the Mining Industry was introduced by the 2017 amendments to promote participation of Tanzanians and local businesses



# How has the laws addressed the Inclusive resource development?

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## The Environment Management Act, 2004 (and ESIA Regulations)

- Important legislation that also regulates the extractive industry
- In disposing solid waste in their jurisdictions, the Local Government are required to choose the best method, considering among others, **interest of the community [s.119]**
- Creates the National Environmental Trust Fund whose objects among others **is to promote and assist community based** environmental management programme [s.214(f)]
- EMA 2004 available at:  
[http://www.tzdp.gov.tz/fileadmin/migrated/content/uploads/Environmental\\_Management\\_Act\\_04.pdf](http://www.tzdp.gov.tz/fileadmin/migrated/content/uploads/Environmental_Management_Act_04.pdf)
- Under the Environment Impacts Assessments and Audit Regulations, 2005:
  - During the process of conducting an environmental impact assessment study, the developer or proponent shall in consultation with the Council, **seek the views of any person who is or is likely to be affected by the project.**



# How has the laws addressed the Inclusive resource development?

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## The Environment Management Act, 2004 (and ESIA Regulations)

- Under the Environment Impacts Assessments and Audit Regulations, 2005:
  - **hold, where appropriate, public meetings with the affected parties and communities** to explain the project and its effects, and to receive their oral or written comments.

<http://extwprlegs1.fao.org/docs/pdf/tan71740a.pdf>



# How Has the International Instruments addressed the Inclusive Resource Development

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- The UN Guiding Principles on Business and Human Rights (2011)
  - Requires states to ensure business enterprises ensure human rights due diligence of their projects and consider issues of gender, interests of vulnerable/marginalized or indigenous peoples, women, ethnic minorities, persons with disabilities, among others (p.5)  
<[https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr\\_eN.pdf](https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_eN.pdf)>
  - Principle 18 states that in order to gauge human rights risks, business enterprises should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships. This process should:
    - Involve **meaningful consultation** with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation.



# How Has the International Instruments addressed the Inclusive Resource Development

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- The OECD Guidelines on Multinational Enterprises (2011)
  - States that MNE should engage with **relevant stakeholders in order to provide meaningful opportunities for their views to be taken into account** in relation to planning and decision making for projects or other activities that may significantly impact on local communities (p.20)
  - The OECD Due Diligence Guidance on conducting meaningful stakeholder engagement for extractive industries defines meaningful stakeholder engagement as ongoing engagement with stakeholders that is two-way, conducted in good faith and responsive.

<http://www.oecd.org/investment/mne/1922428.pdf>





# How Has the International Instruments addressed the Inclusive Resource Development

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- The World Bank Safe Guard Policies
  - Are targeted at governments and sets the requirements on borrowing government to address certain environmental and social risk in order to receive World Bank financing for development projects
  - The WB requirements includes:
    - Conduct ESIA or consulting with affected communities about potential project impacts
  - The WB safeguard policies on indigenous peoples both refer to “meaningful consultation”
    - Meaningful consultation as one where the borrower provides relevant material in timely manners prior to consultation and in form and language that are understandable and accessible to groups being consulted

<https://www.worldbank.org/en/projects-operations/environmental-and-social-policies>



# How Has the International Instruments addressed the Inclusive Resource Development

- The OECD Due Diligence Guide on Meaningful Stakeholder Engagement (2015)
  - extractive operations can have a significant social and environmental footprint and thus are often at risk of causing or contributing to adverse impacts, including human rights infringements, economic set-backs and environmental degradation.
  - Meaningful stakeholder engagement is critical to avoiding some of the potential adverse impacts of extractive operations as well as optimizing potential value.
  - Meaningful stakeholder engagement refers to ongoing engagement with stakeholders that is two-way, conducted in good faith and responsive.
  - This Guidance provides framework for Due Diligence framework for meaningful stakeholders engagement in the extractive sector.

<https://www.oecd.org/daf/inv/mne/OECD-Guidance-Extractives-Sector-Stakeholder-Engagement.pdf>



# How Has the International Instruments addressed the Inclusive Resource Development

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IFC Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets

- It provides good practice “essentials” for managing stakeholder relationships
- Stakeholder engagement entails a broader, more inclusive, and continuous process between a company and those potentially impacted that encompasses a range of activities and approaches, and spans the entire life of a project

[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_handbook\\_stakeholderengagement\\_wci\\_1319577185063](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_stakeholderengagement_wci_1319577185063)



# Conclusion

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- There is no commonly agreed upon definition of inclusive natural development. Different scholars have defined it differently. There is a common thread:
  - That development which is broad-based, that ensures the benefits are shared by a wider community especially those that are marginalised
- Good governance
  - Establishing Oil and Gas Fund, Sovereign Wealth Fund, Stabilization Fund etc.
  - Revenue management law (in Tanzania, operationalization of the law is required)

