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**CONTENTS****Emerging Issues from Pastoralist Community Participation in****Secondary School Planning through O&OD Approach in Mvomero District Council**

*Eliza Mwakasangula and Mseti...* ... .. 1

**The Success of Village Community Banks (VICOBA) in Improving Household Welfare in Kigamboni District**

*Coretha Komba and Samwel Benson* ... .. 19

**Re-thinking Social Protection Framework in Oil and Natural Gas Politics in Tanzania**

*Dominick K. Muya and Esther Dungumaro...* ... .. 43

**Rationale of Policy Reviews for Economic Development: The Case of SME Development Policy of 2003**

*Honest Prosper Ngowi...* ... .. 68

**Why is Gender Based Violence still Prevalent in Secondary Schools of Morogoro Region, Tanzania?**

*Stella Malangalila Kinemo* ..... 86

**The Effectiveness of Institutions for Resolving Land Use Conflicts Between Farmers and Pastoralists in Morogoro Region**

*Dr. Lawrence Mushi and Elihuruma Mabelya...* ... .. 97

## **Re-thinking Social Protection Framework in Oil and Natural Gas Politics in Tanzania**

Dominick K. Muya<sup>1</sup> and Esther Dungumaro<sup>2</sup>

### **Abstract**

*Lack of a social protection framework to contain the inherent friction between African states and local communities over resource exploitation can either create or exacerbate the conditions for violent conflict. This article assesses the opportunities and challenges for implementing a social protection framework such as Local Economic Development (LED) plans for enhancing inclusive growth prospects. Southern regions of Lindi and Mtwara, in Tanzania are among impoverished areas characterised by the tension between the local community and the government over resource exploitation following the discovery of Oil and Natural Gas in those areas. The study relied on data obtained through the use of questionnaires and interview guides administered to stakeholders in Tanzania and secondary data analysis. Findings suggest several opportunities and barriers for the implementation of LEDs. In this light, the study has advanced a number of recommendations. Amongst them include reviewing country's coherent policy guidelines and legislation to enhance equitable growth for the local populace, building supporting institutions at the local level for sustainability of LEDs, formulating Local Peace Committees in order to ensure the state of peace and security as well as maintaining the sustainability of investments.*

**Key words:** Social Protection, Local Economic Development plans, Oil and Natural Gas Politics, Local Community and National politics.

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## **Introduction**

In the current era of democratic transition in Africa, the relationship between African states and local communities over who should benefit from the exploitation of natural resources such as oil and gas has raised serious debates, which quite often ended in upheavals. Those general observations have added urgency to explore whether inclusive growth framework can contain the inherent friction between African states and local communities over resource exploitation. Since there is little evidence to back up the success of social protection framework in Tanzania, the paper sets out to explore whether implementation of LEDs plans as a tool for enhancing inclusive growth within the social protection framework can make a difference in managing the crises that occurred in 2014 between the locals from the most impoverished southern region of Tanzania and central government.

Discontentedly, Mtwara residents wanted the government to use the fuel to stimulate their local economy first, and were angered by the government's decision to proceed with construction of a pipeline from Mtwara to the port city of Dar es Salaam, where the fuel is to be used to boost power plants and help end years of chronic power shortages. Specifically, the paper sets out to fill the gap by assessing the opportunities and challenges for implementing LEDs plans as a tool for enhancing social protection prospects in those areas.

Tanzania is drawing growing attention as a pivotal country in East Africa for oil and natural gas exploration, having led the region in terms of new discoveries of natural gas in 2012 (MEM, 2012). With known gas reserves of approximately 46.5 Trillion Cubic Feet that are valued around \$465 billion (MEM, 2014), the potential to transform Tanzania's international standing and domestic electricity production is considerable<sup>1</sup>. The contemporary discovery mirrors a larger energy boom currently taking place in East Africa coastal waters that economists have called an "Eastern Eldorado" that is likely to rival West African resource giants such as Nigeria and Ghana. Impliedly, the expected revenue gains and investments from oil and natural gas discoveries could mean a decisive shift towards industrialization for Tanzania's donor-dependent agro-economy as the country will soon become one of the leading global gas suppliers. Regardless of its massive natural resources endowment, Tanzania still remains one of the world's poorest countries (Sarris and Karfakis, 2006; Aikaeli 2010 & CIA 2011).

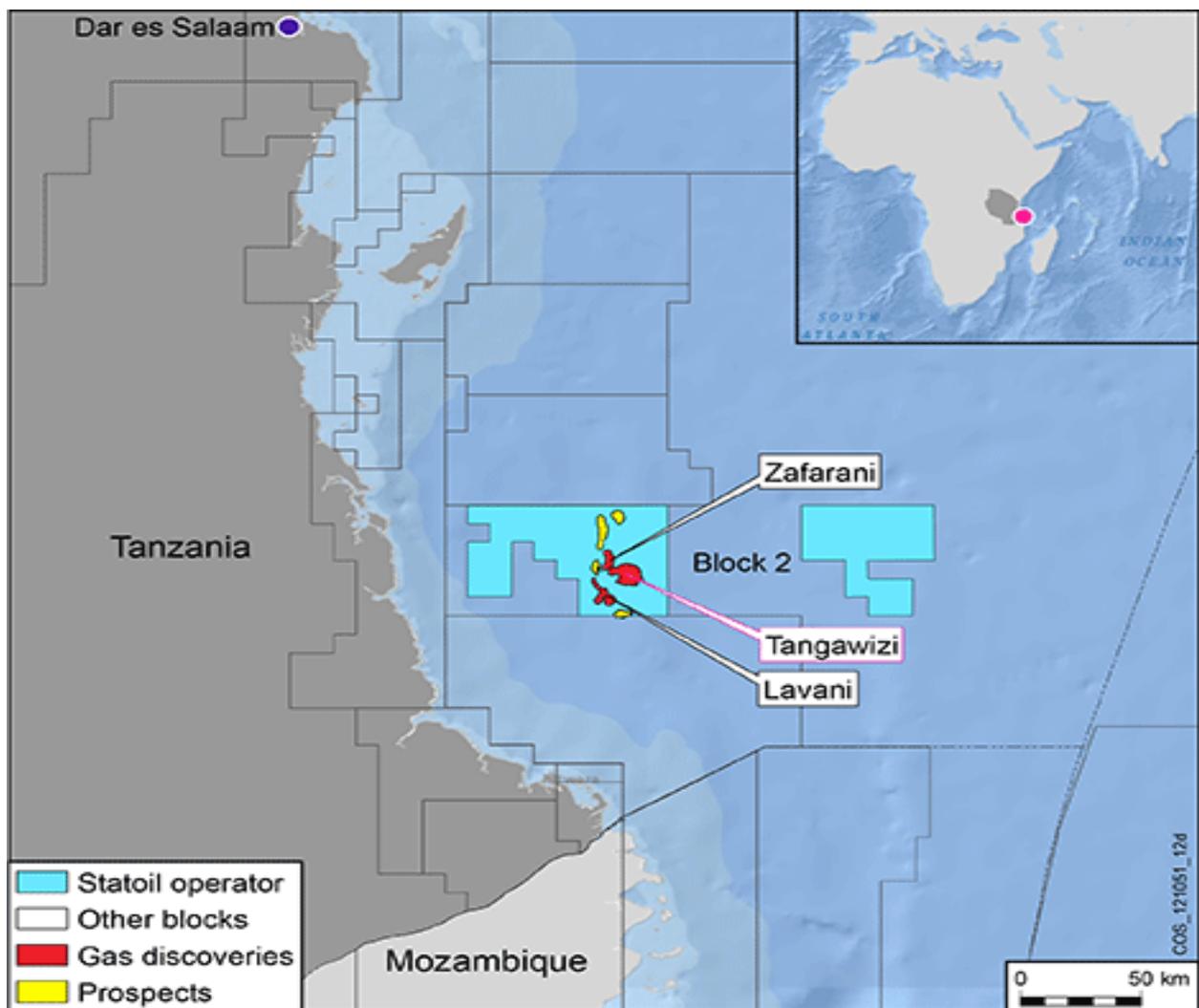
In a comparative analysis of literacy rates for persons of age 15 years and above by region, the Tanzania, 2012 Census report, demonstrates the low level of literacy rates in Lindi (68%) and Mtwara (70.8%) regions compared to other region (NBS and OCGS, 2014). According to the Tanzania Mainland Poverty Assessment report, poverty is associated with the lower level of education of the household head, suggesting that education is strongly linked to income generating opportunities (World Bank, 2015). Impliedly, the relatively low level of literacy rates in Lindi and Mtwara regions signals the degree of poverty in those regions. Furthermore, analysis of the UNDP-Human Development Index (HDI) levels across 21 regions of Tanzania mainland, places both, Lindi and Mtwara regions into a second category of localized HDI with Medium Tercile (Tanzania HDR, 2014). With the low level of literacy rates, HDIs as well as the disparity in the levels of welfare across geographical regions in the country, the tension between the local community and the government on the discovery of these resources would be possibly expected.

The threats of conflict and instability in Mtwara and Lindi regions have added urgency to the search for collaborative and cooperative tool for enhancing inclusive growth. This chapter has the ambitious aim of providing an analysis which explains about four issues. First, the chapter analyses the interaction between local communities and the state in the process of ownership, exploration, production and utilization of wealth from these resources. Second, it provides an assessment why new emerging local institutions are vying for public authority in oil and natural gas in Tanzania. Third, the chapter discusses how inclusive growth framework can contain the inherent friction between the state and local communities over resource exploitation. Lastly, it offers a survey of the opportunities and challenges for implementing a Local Economic Development plan as a tool for enhancing inclusive growth prospects in the surveyed area.

Researches on social protection prospects of local communities surrounding oil and natural gas rich areas have not been adequately documented in Tanzania. There are few studies which provide an analytical and comprehensive survey on oil and gas related researches in Tanzania. There are, for example, some studies which focus on opportunities and challenges of extraction of oil and natural gas (Moshi, 2013); better framework to benefit the country from the natural gas sector (Kulthum's, 2013); managing natural resources: what do citizens say (Twaweza and World Bank, 2014) and Fiscal Implications of the offshore natural gas in Tanzania (IMF, 2014). Other related studies in oil and gas include that of (Simbakalia, 2013;

Shanghvi and Jingu, 2013; Kibendela, 2013, NORAD, 2013 as well as Bukurura and Mmari, 2014). In most of those conducted researches in the past, the focus had been on issues relating to opportunities and challenges for the extraction of oil and natural gas in Tanzania on a commercial scale. Consequently, this study intended to fill the information gap on how inclusive growth tool or initiative such as Local Economic Development (LEDs) plans can be used to bridge the gaps caused by the tension between the state and local communities in the politics of oil and natural gas ownership, production as well as utilisation of its wealth generated these areas.

**Figure 1.1: The Map Showing Discovery of Oil and Natural Gases**



Source: Adopted from URT, the National Gas Policy (draft 1) of 2012

## **A Survey of Literature**

### **The Politics of Oil and Natural Gas in Tanzania**

“Man is by nature a political animal,” (Aristotle cited in Heywood, 2002:1). Politics is exciting because people disagree. They disagree about how they should live, and who should get what, how should power and other resources be distributed and so forth. When this trend or terrain of disagreement exists between the central government and the local community, a more complex conflicting platform is evident.

The tension between Tanzania’s government and her local communities in resource-rich areas raises issues for investigations. This includes not only questions on transparency associated with extraction, negotiation, contracting and signing of agreement but also the relevance of the existing models in supporting livelihoods of the local communities. In a country such as Tanzania where over 70% of people still live in rural areas and 80% of people depend on agriculture and natural resources for their daily needs, the national politics in natural resource use are critical to the economy at all scales. Impliedly, the question of preparedness in exploiting natural resource potential and equity in the distribution of national cake becomes of paramount important.

At the policy level, the Tanzanian Constitution of 1977 provides that all natural resources belong to all of Tanzania, not just local communities. Retrospectively, the Tanzanian Constitution aimed at ensuring equity or fairness in distribution of national cake emanating from any part of the country. The concern of equity in Tanzania since independence has been enhanced through introducing a homegrown philosophy/ideology of socialism known as Ujamaa. Accordingly, the main aim of Ujamaa was to redress aspects of inequalities in the country and thus consolidate national cohesion. This was in recognition of disparity of welfare across geographical regions due to historical, geological or climatic factors. Ujamaa, however, brought several successes and challenges.

Beginning in the 1980s, many African states including Tanzania adopted structural adjustment programs that reduced the central state’s role in the provision of public goods (Shao, 1993). It is undeniable truth that the reduced the central state’s role in the provision of public goods has not only affected the delivery of public goods and services since then,

but also increased the poverty gaps of the local populace because several sectors in Tanzania such as health, and education were underdeveloped.

Impliedly, the conflicting relationship between the local community and the central government of who should benefit from the exploitation of gas is a result of accumulated pains over the past. Accordingly, the use the returns of oil and natural gas to stimulate the local economy first has been the ongoing debate for a while. For instance, in the study of Gaddis, Morriset, Schipper and Mushi (2014) it was argued that “in recent years direct transfers to citizens of some of the cash revenues from natural resources have been recommended as a means to fight poverty more effectively by highlighting the schemes in countries such as Alaska or Iran while in Africa that situation is absolutely new. This raises a need to further studies on the relevance and applicability of the cash revenues from natural resources to fight poverty more effectively in Africa. Currently, the main policy effort in Tanzania is poverty reduction. This means that allocation of national resources is not only to be informed by the need to stimulate high economic growth, but must respond to the need of different groups as manifested by the level of poverty.

### **From Inclusive Growth Prospects to LEDs Affirmative Program**

The rise of monetarism and new classical economics between the mid-1970s and the late 1980s shifted development theory towards the trickle-down proposition. Since then, the debates about growth, poverty and inequality, have tended to revolve around the question of whether market-led growth is sufficient to eliminate poverty and reduce inequality (because benefits of growth automatically trickle down to the poor). By the start of the 1990s, the apparent failure of this strategy, led to the emergence of pro-poor alternatives. This raised a debate from Washington Consensus to Inclusive Growth strategies (Saad-Filho, 2010). This study continues to shift the debate from the theoretical perspectives of Inclusive Growth to the empirical framework of implementing inclusive growth through LEDs Affirmative Program. As such, the literature reviews not only the debate about Inclusive Growth but also the strategic relevance of LEDs framework in terms of its opportunities and challenges felt by local populace and other stakeholders in the surveyed areas.

At the conceptual level, inclusive growth is now well accepted as the key economic goal for developing countries (see Birdsall, 2007). However, the concept of inclusive growth has different meanings from different people and institutions, at different times and in different places. According to the World Bank (<http://siteresources>) “Inclusive growth is not mainly about poverty reduction through economic growth but everyone benefitting from growth. While pro-poor places an emphasis on the poor benefitting and closing the gap between the poor and the better off, inclusive growth is about everyone benefitting. Likewise, the International Policy Centre for Inclusive Growth (IPC-IG) avoids presuming a connection between economic growth and levels of inclusion. The IPC-IG emphasises that tackling inequality is fundamental to inclusive growth (IPC-IG, undated). Similarly, the Organisation for Economic Cooperation and Development (OECD) emphasizes a need to rethink growth as a means and not as an end (OECD, 2013). Impliedly, priority has to be made on the quality of growth over the quantity of growth, thus, calling for new models and tools to measure progress and quality of our lives (OECD, 2013). On contrary, the United Nations Development Programme (UNDP) perceives the concept of Inclusive Growth within the perspectives of putting human development first (UNDP, 2010). The UNDP posits clearly that wellbeing and human development outcomes depend on more than growth.

For the purpose of this chapter, inclusive growth refers to the process and practice of promoting growth of the local populace or nation at large with equity by proactively plan and recognize formal and informal economy that extends pro-poor growth, that increases opportunities and improve access to employment, as well as that creates not only new economic opportunities, but also ensures equal access to the opportunities created for all segments of society particularly for the majority of the poor. As such inclusive growth has to address the question of participation and benefit sharing. The conceptualisation is supported by the literature of Ramos and Ranieri (2013) who argued that participation without benefit sharing will make growth unjust and sharing benefits without participation will make it a welfare outcome (Ramos and Ranieri, *ibid.*). As such Inclusive Growth is contrasted to a “Welfarist” approach that focuses on the (re)distribution of Government taxes. This conceptualization called for understanding LEDs Affirmative Program.

In this paper, LEDs is conceived as a process of strategic planning of local economic development initiatives through partnerships between central government, the local community, expertise in development and NGOs that focuses on the specific local area's potential, a community's comparative advantage, as well as opportunities for a given undertaking in a given geographical locality. Notably, this strategic plan will help create decent jobs and improve the quality of life for everyone, including the poor and marginalized (UN-Habitat, 2005).

This requires understanding facts about citizens' views on natural gas resources. In a bid to help better understand citizens' expectations, hopes and concerns with regard to the recent gas discoveries, Twaweza and the World Bank in 2013 sought the opinions of citizens from mainland Tanzania. The key findings from the Twaweza (2013) study were: 64% of Tanzanian citizens have heard about the discoveries of natural gas, but almost the same proportion wished to be provided with more information. Most people are optimistic about the potential impact of natural gas with four out of five believing that the natural gas is good for them, their children and the country. While more than half (55%) of Tanzanians support redistribution of natural resource revenues in terms of cash handouts to citizens: 20% prefer most of the money being sent directly to citizens; 18% prefer an equal split of revenue between Government and citizens, while 17% prefer Government to receive the majority of the revenue in order to be spent on social services such as education, health and security.

The question on the distribution of the generated benefits raised debates among decision makers in the public sphere, scholars, local community members as well as politicians. This is because provisions of cash handouts to all citizens seemed unrealistic, and probably was argued to rise expectations of the local community unrealistically. Arguably, lack of information can lead to unrealistic expectations about the benefits from natural gas. Without understanding needs for petroleum related education and its investments, not only at the government or expertise level but also at the local community level, the new investment would not bring significant changes to Tanzania.

The NORAD's (2013) study systematises the needs required for petroleum-related education at a detailed skills level, indicating gaps in demand and supply. Nevertheless the NORAD study finds that several gaps at the professional and technical level, the study remains silent on the needs of the local community surrounding the oil rich resource base in Tanzania. The same terrain of having neutral considerations to local community information and resources related skills for exploitation is also revealed in the paper of Enock Kibendela (2013) who

analysed the skills requirements for developing Tanzania's gas industry and discusses the preparedness of Vocational Education and Training Authority (VETA).

Implementing LEDs requires local actors who are knowledgeable in the subject matter of LEDs, and proactive in changing societal expectation over the investments. NGOs are among actors who can play an important role in influencing the views and choices of the general public including local community on issues related to oil and natural gas investments. Nelson (2007) bridges the gap between theory and practice by highlighting prospects and retrospectives of Corporate Social Responsibility (CSR) in the intersections of various actors in CSR value chain. Besides, little is known on NGOs role in initiating LEDs in societies occupied by tension emerged during the discovery of oil and natural gas.

There is a growing of literature which shows that local communities in local resource-rich areas are excluded from decision- and policy-making processes which leads into political frustrations (Moshi, 2013). Albeit tension over oil and natural gas extraction is perceived differently by altered scholars, this chapter had the ambitious task to analyse a triad relationship composed up of African government, World systems that inform international capital flows, as well as the local community. Impliedly, for inclusive growth to bring the desired effects there should be agreement among the actors (Government, Investors, NGOs and local community) over several issues related to the governance of the sector, as well as extraction and distribution of wealth generated from it.

The overall assessment of studies on oil and natural gas prospects and empirical evidences drawn from the previous interventions in Tanzania succeeded in documenting a number of key shortcomings in the existing debate related to the governance of the oil and natural gas sector and distribution of wealth generated from it. As such, they have made important contributions to our understanding on opportunities and challenges of extraction of oil and natural gas, better framework to benefit the country from the investments of natural gas sector, management of natural resources as well as fiscal implications of the offshore natural gas in Tanzania. Besides the existence of those literatures and government achievements in developing the oil and natural gas sector in Tanzania, there is scant literature that provides a coherent account of inclusive growth prospects in the exploitation of oil and natural gas resources in Tanzania. This was the gap filled by the study. Equally important, the study explored opportunities and challenges for implementing LEDs as a tool for enhancing inclusive growth prospects.

## **The Research Methods**

The study was conducted in two Southern regions of Tanzania, which are Lindi and Mtwara. The two regions were purposefully selected due to sharing several features, namely, similarities in regional poverty trends, existence of rural and income inequalities as well as the upheavals linked to the discovery of oil and natural gases in the areas. The study used both qualitative and secondary data to generate knowledge for this study. The study surveyed 120 local community members in local resource-rich areas of Lindi and Mtwara regions through the use of a questionnaire. Also, the study conducted 12 key-person interviews and 4 Focus Group Discussions across two regions with similar antecedents of local community's unrest resulting from natural resources discovery. While the qualitative data were analysed using Ethnographic Content Analysis Techniques (ECAT) where constant comparison was employed for discovering emerging patterns, the quantitative data were analysed by using a Special Package for Social Sciences (SPSS).

## **Sampling**

Both probability and non-probability techniques were employed in this study. The study used non-probability techniques to sample purposively 12 key informants within and outside the local community surrounding resource rich areas from both cases in (Lindi and Mtwara regions). The decision to employ purposive sampling is based on the premise that careful selecting of stakeholders in the policy-making process is a good criterion for matching interviewers with the respondents (Flick, 2006). On the other hand, the study employed probability sampling to select a list of 120 members from the local community with whom questionnaire were administered.

The choice of 120 respondents accounts for 10% of the target population, which was 1,230 respondents who were estimated by the media reports to participate in regular upheavals that had cost peoples' lives in the regions. As such, the sample was large enough to generalise with degree of confidence to the population that engaged with upheavals in the regions. Once the sample size of the respective strata, was established, the respondents for this study, members from the local community, were selected randomly by using the lottery methods. The selected participants were informed by their respective leaders of the purpose of the study. On the day of the interview, the principal investigator was introduced to the selected respondents by their respective leaders.

## **Data Collection Process and Tools**

### **Questionnaires**

The structured questionnaires were utilised to generate required data in this study from a surveyed sample of 120 local community members. The purpose of using questionnaires was two folds. First, it was used to collect quantitative information from the sampled local community in both Southern regions of Tanzania. Second, it aimed to justify causal explanations for the findings and comparing responses in the subgroups of a larger population. Questionnaires were used because they were more appropriate for collecting a lot of information within a relatively short time. The questions addressed in the structured questionnaire were short and up to the point, yet with flow that allowed the respondents to provide quick and accurate information.

The study was also sensitive in translation and pre-testing of the questionnaire. The questionnaires were designed to collect information such as, the interaction between local communities and the state in the process of ownership, exploration, production and utilization of wealth from these resources; why new emerging local institutions are vying for public authority in oil and natural gas; how inclusive growth framework can contain the inherent friction between the state and local communities over resource exploitation, and the opportunities and challenges for implementing a Local Economic Development plan as a tool for enhancing inclusive growth prospects in the surveyed area.

### **Focus Group Discussion Guide**

I conducted four (4) Focus Group Discussions (FGDs) across 2 two regions with similar antecedents of local community's unrest resulting from the politics of natural gas discovery. Of the four FGDs, two were comprised of local community members of different ages and with different interests, and the other two comprised of NGO officials in the surveyed regions. The FGD guide was designed to enable the collection of in depth information on the citizens' knowledge about natural gas resources, their expectations from the discoveries of these resources, knowledge about inclusive growth and LED strategies, as well as their perceptions of opportunities and challenges for implementing LEDs in their areas. The structured questionnaire and FGD guides were administered in Kiswahili. It was important to have questions in this language in a bid to probe and build more insights from the study respondents as some of them were not much influential to express well some of the thematic issue under the study through the use of English.

Focus group participants from the local community side were chosen from among those who had indicated in their questionnaire replies that they were willing to be involved in a focus group discussion. Six (6) participants were included in each FGD. After each FGD session, participants were given feedback on the issues raised during the sessions, for example, what has been revealed as their knowledge about natural gas resources, their expectations from discoveries of these resources, knowledge on inclusive growth and LED strategies, as well as their perceptions on opportunities and challenges in implementing LEDs in their areas, and the way forward.

### **Interview guide for Key Informants**

The 12 key-person interviews included the following members: (2 officials/respondents from NGOs affiliated with the oil and natural gas tension in Tanzania; 2 Political Leaders each of them coming from either the ruling and opposition political parties; 2 Media analyst; 2 Government officials in the region; 2 leaders/representatives from the local community, as well as 2 Expertise of Local Economic Development Initiatives). A semi-structured interview was a method of research used to collect data for this study. Whereas a structured interview has a rigorous set of questions which does not allow diversion, a semi-structured interview is open, and allows new ideas to be brought up during the interview as a result of what the interviewee says. The purpose of using the interview guide or schedule is to enable the researcher to get more information directly and clarify some questions and arguments regarding the tension fuelled following the discovery of oil and natural gas in the Southern regions of Tanzania. The instrument was useful and appropriate for collecting information from key informants since it was used to supplement data gathered from questionnaires and documentation.

### **Data analysis**

Since both quantitative and qualitative research methods were employed in this study, a sequential data analysis was carried out with the qualitative data being analysed before quantitative data. The qualitative data was analysed using Ethnographic Content Analysis (ECAT) where constant comparison was employed for discovering emerging patterns. All the survey questionnaires were entered into the Statistical Package for Social Sciences (SPSS) version 13 in preparation for data analysis.

### **Validity and Reliability of Research Instruments**

**Validity** refers to “truth value” of the findings. While in quantitative studies validity is explained by a consistency of data collection instrument, in qualitative researches, validity refers to the ‘trustworthiness’ of a study, or “accuracy” of the findings, as best described the researcher and the participants. Since this study is largely qualitative in nature, it ensured validity by enhancing “authenticity”, giving a fair, credible, honest, and balanced account of social life experienced by the people being studied in relation to the interaction between local communities and the state in the exploitation of resources; understanding how inclusive growth framework can contain the inherent friction between the state and local communities over resource exploitation, as well as discussing the opportunities and challenges for implementing a Local Economic Development plan as a tool for enhancing inclusive growth prospects in the surveyed area.

**Reliability** entails consistency and dependability. In quantitative researches, reliability of research instruments entails that under the same conditions when observations are repeated, data collected should produce similar numerical results. The numerical results should not vary because of the characteristics of the measurement process or measurement instrument itself (Neuman and Robson, 2009). Although absolute reliability of data is hard to obtain, this research ensured reliability by clearly conceptualising constructs, formulating precise level of measurement such as questionnaires and interview guides which are explicit, unambiguous and less complicated. The study also utilised multiple indicators, facilitated the proper training of research-assistants and used pilot tests before undertaking data collection in the field.

### **Ethical considerations**

Informants were informed of the purpose of the research and assured of anonymity. All informants gave written informed consent. During an interview, I maintained neutrality, not taking side to either of social, political or administrative group that was sought to exacerbate conflict in local settings. Also in a process of presenting the findings, I ensured that the names and agreed identifiers of respondents did not feature in the final report. Their anonymity was ensured through the use of code of names agreed between the respondents and the researcher. In a situation where the use of English compromised the interview, questionnaire was administered in Swahili.

## Data Presentation, Analysis and Discussion

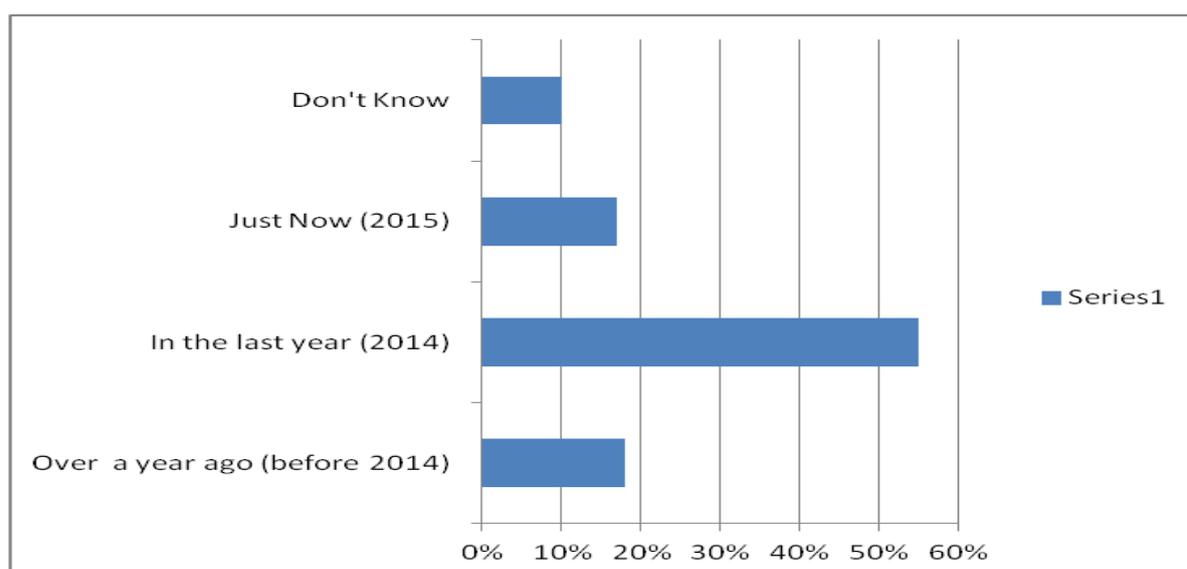
### Introduction

In terms of the organisation, the study investigated three issues. First, it explored facts about local community' views on oil and natural gas resources. Second, it assessed local community knowledge on Inclusive Growth and LEDs strategies. Lastly, the study assessed the opportunities and challenges for implementing Local Economic Development plan as a tool for enhancing inclusive growth prospects from the most impoverished southern region of Tanzania.

### Local Community Views on Oil and Natural Gas Resources

Four out of five Tanzanians living in communities close to local resource-rich areas (80%) indicate having heard about the gas discoveries, most of them during the past three years (2013-2015). As such, respondents are hopeful and optimistic that the new discovery of oil and natural gas will help fight their poverty, thus transforming them into better living conditions.

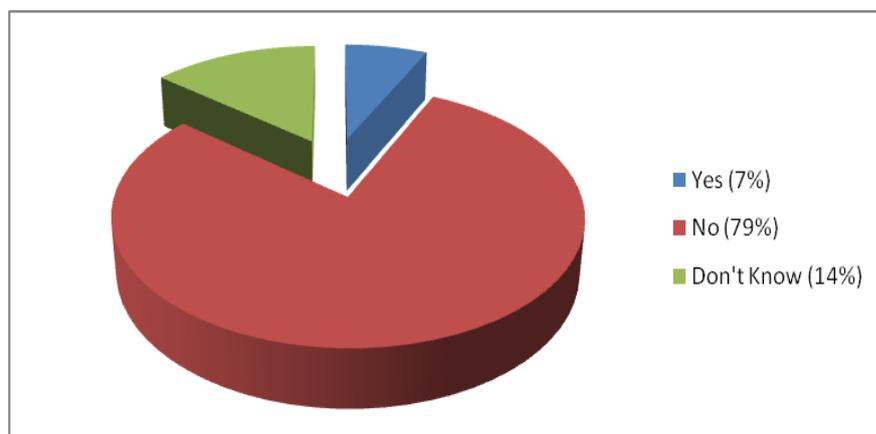
**Figure 4.1: When did you first hear about discoveries of gas resource?**



**Source of data:** Field-work Survey, February 2015

Despite witnessing gas exploration and extraction processes, yet majority of respondents (79%) in the surveyed area feel they are not well informed about the prospects of natural gas. Figure 4.2 provides respondents responses on whether they have been involved by the government in the oil and natural gas sector.

**Figure 4.2: Have you been involved in the governance of gas resource in your area?**



**Source of data:** Field-work Survey, February 2015

Having been excluded from decision-making around natural resources, citizens have no idea on the potential harm to the environment, and fear that resource benefits will not be shared equally. Because of this, they doubt whether the nature of investment will add values to their livelihood opportunities. In supporting this statement, one among community members living in communities close to local resource-rich areas said:

“Ah! In the few days ago, I suddenly wake up to find private mining companies on sites near to us, without prior consultation or engagement. I am not sure whether we will be employed and get other benefits that might come from the investments. Often, the police are used to protect the government and private companies at the expense of us who are frustrated at being ignored. This is unfair!

In responding to the question on how local community were involved in the project and the expectations and immediate benefits for residents (of Lindi and Mtwara) who live where there are investments and plants be managed, especially considering the recent protests? Hon. Muhongo, the then Tanzania’s Minister of Energy argued that:

“Mh!..This issue is the same in all countries. Expectation from poor communities is always high. In Tanzania a large part of the population is poor, and they assume that when oil and gas is discovered they will quickly become rich”

Prof. Muhongo went further to lament that the government is duty-bound to manage these expectations. However, it will do so according to the existing national policies. The amended Tanzanian constitution of 1977 provides that all natural resources belong to all of Tanzania, not just local communities. This was the same with gold found in Lake Victoria.

Seldom, discoveries of huge oil deposits and natural gas need to ensure benefits to local communities through clearly plans and participation. Lack of information can lead to unrealistic expectation about the benefits from oil and natural gas. This raised concerns of having an affirmative program to redress inequality perceived by the local community in resource-rich areas.

### **Local Community Knowledge on Inclusive Growth and LEDs**

In recent years inclusive growth has been a contested social construction at both, policy and practice levels in Africa. The implementation of Local Economic Development plan (LEDs) has been recommended as a tool for enhancing inclusive growth prospects as a means to fight poverty. The study asked the following question: Are you aware of the concept of Inclusive Growth and its LEDs strategies? More than half (58%) of community members living in local resource-rich areas had either little or no knowledge at all on aspects related to Inclusive Growth prospects and its LEDs strategies. Several reasons account for poor knowledge on LEDs. Amongst others is poor communication by national and local leaders, low level of formal education and poverty drifts facing the rural populace. On contrary, a relatively high level of knowledge on LEDs was revealed among NGOs officials during the FGDs session. One among the NGOs officials said:

“Ah! In our community people may not understand LEDs and its rationale simply because the Government exclude us from decision-making around natural resources. However, in my view, the creation of LEDs in the areas will enhance local ownership; build locally driven expertise in relation to future resource explorations and therefore sustaining inclusive growth prospects in this area.

It is important to distinguish between being informed and being involved in decision making. Although NGOs officials at the grassroots were knowledgeable and aware on LEDs, yet, their involvement in decision making related to LEDs were not significant as they failed to impart their knowledge to local communities surrounding them. The question of being knowledgeable on LEDs was also supported by the retired public official in Lindi region who had this to say during an interview:

“Mh! To my understanding for an LED to succeed, one has to organize the effort; conduct a Local Economic Assessment; Develop the LED Strategy (including vision, goals, objectives of projects and action plans), Implement the LED Strategy and Review the LED Strategy”

Against that statement, one respondent among dominated religious groups in the area lamented the following during FGDs session that involved only local community members:

“Allah! will give us our daily bread. This Government doesn’t fear neither God nor people. They can kill you anytime if they want to do so to accomplish their plans. We don’t know LEDs or whatsoever! All that we want is equitable returns of natural resources that we have protected. Otherwise.....”

To recap from the objective, it has been revealed that while more than half of community members living in local resource-rich areas had either little or no knowledge at all on aspects related to Inclusive Growth prospects and its LEDs strategies, a high proportion of NGOs officials were knowledgeable about inclusive growth. This would have been an opportunity for advancing local community welfare. On contrary, there have been little efforts of strategising LED initiatives by either the Government or local actors from different societal sectors related to oil and natural gases. Impliedly, lack of initiatives, collaboration, and even co-responsibility between the public and private sector for the local economic development initiatives of Lindi and Mtwara regions has risen feelings that the National government exclude the local community from earning returns of investments. Furthermore, the study explored respondents’ knowledge about different forms of LEDs that had existed in the study area. Table 4.1 and figure 4.3 provides respondents responses to this question.

**Table 4.1: Proposed LEDs Strategies in Impoverished Resource Areas**

Proposed LEDs Strategies	Lindi		Mtwara	
	Frequency	%	Frequency	%
Investment in Public Infrastructures at the Local level	48	13.15	52	12.6
Investments in Education at the Local level	38	10.4	50	12.1
Investments in Health at the Local level	52	14.3	46	11.2
Building Supporting Institutions at the Local Level	46	12.6	54	13.1
Formulating Local Peace Committees	23	6.3	26	6.3
Funding for Training/expertise in resources Mgt at the Local level	34	9.3	48	11.6
Establishing SACCOs at the local level/Local Entrepreneurship	48	13.15	54	13.1
Promoting Pro-poor Local Economic Development/job creation	58	15.9	56	13.6
Increase Local Competitiveness through Partnership	18	4.9	26	6.3

**Source:** Field-work Survey data, 2015.

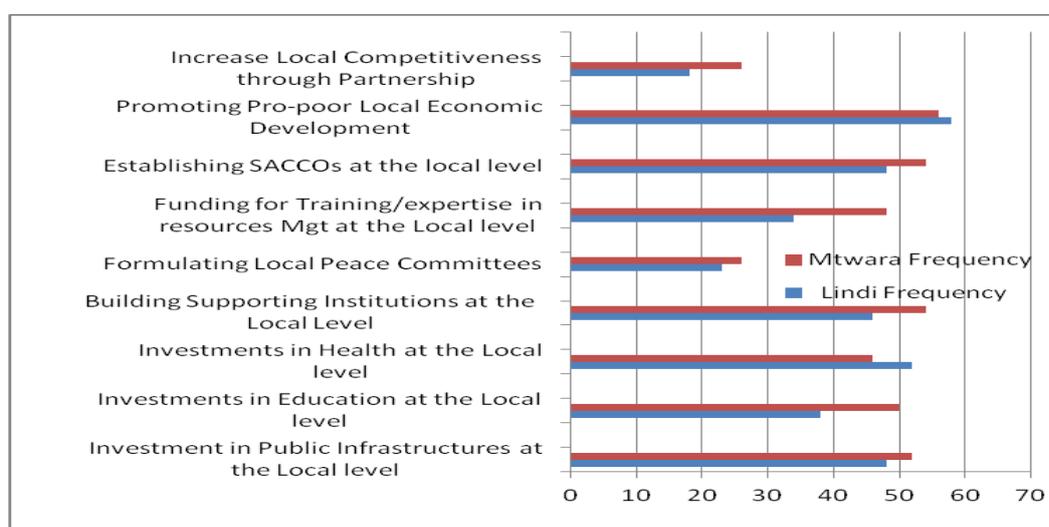
\*Multiple responses were allowed

Table 4.1 and Figure 4.3 highlight proposed LEDs strategies for impoverished local resource-rich areas. Table 4.1 shows that 58 (15.9 %) of respondents from Lindi region and 56 (13.6 %) of respondents from Mtwara region emphasised promoting pro-poor local economic development as a strategy to influence them accommodating public investments on oil and natural gas in their areas. This is supported by the literature of Shao (2002) which shows that by the beginning in the 1980s, many African states including Tanzania adopted structural adjustment programs that reduced the central state's role in the provision of public goods, which increased their poverty gaps. Implicitly, local community wants the government to use the returns of oil and natural gas to stimulate their local economy first. This is supported by the study of Gaddis, Morriset Schipper and Mushi (2014) who asserted that “in recent years direct transfers to citizens of some of the cash revenues from natural resources have been recommended as a means to fight poverty more effectively by highlighting the schemes in countries such as Alaska or Iran while in Africa that situation is new. This, however, contradicts the provisions of the Constitutions of the United Republic of Tanzania which asserts that all natural resources belong to all of Tanzania, not just local communities. This requires policy makers to re-think about the relevance of national policies in developing the poor populace.

### Opportunities of Implementing LEDs plans in the Area

Results on the opportunities for implementing Local Economic Development (LEDs) plans in the impoverished southern region of Mtwara and Lindi find several opportunities. Figure 4.3 demonstrate respondents' responses on the opportunities for implementing Local Economic Development (LEDs) plans in the impoverished area.

**Figure 4.3: Opportunities of Implementing LEDs plans in the Area**



Source: Field-work Survey data, 2015.

Among opportunities of implementing LEDs plans in the surveyed area was that the creation of LEDs promote pro-poor local economic development, enhances local ownership, build local expertise in relation to future resource explorations, increase of local competitiveness through partnership, support investments of public infrastructures such as road, education and health as well as local entrepreneurship in the resources rich areas. Impliedly, LEDs will be strong pillars for enhancing inclusive growth prospects.

### **Challenges of Implementing LEDs plans in the Area**

The chapter has revealed several drivers that limit prospects for implementing LEDs as a tool for enhancing inclusive growth. Amongst them include lack of country's coherent policy guidelines and legislation to enhance inclusive growth for the local populace in the natural resources. Despite the existence of the National Natural Gas Policy of Tanzania of 2013, inclusive growth prospects in natural resources rich areas are not mentioned. In that policy, sub section 3.1.7 explains local content and capacity building. In that sub section of the policy, Tanzanian's will be empowered to benefit from the natural gas industry through employment and training of local workforce as well as investments in developing and procuring supply and services locally. Impliedly, the policy guideline is silent on strategic participation of local populace in the natural gas value chain.

Likewise, the Corporate Social Responsibility, a commitment by business to share benefit in a bid to contribute positively in the development process of the local community is neither well explained in terms of its contribution nor related directly to LEDs plans in the impoverished areas. If it will be offered, its path is the Local Government Authorities (LGAs) vested with different priorities. Apart from policy prospects, for sustainability of LEDs to occur in the projected area, building supporting institutions, governance and funding at the local level is inevitable. Who should be made responsible to monitor the implementation and prospects of LEDs! This has still been a rhetoric question. Equally important, while some appraise the rationally of LEDs in resources rich area, others question its relevance compared to the already existed policy framework of Opportunities and Obstacles to Development (O&OD) prospects implemented in Tanzania. Another challenge of implementing LEDs plans in the area emanate from political polarisation of local community across politics of different national political parties.

Impliedly, local community tensions characterized by violence instead of developmental rationality has dominated the area, and have ipso facto; become vehicles of the political contestations of national and local politics in an attempt to seek alternatives. In the same parameter, lack of political will and preparedness roadmap for implementation of LEDs in the area is another setback. This is because there are complexities of issues compounding national versus local community utilisation of resources. While the expectation from poor communities in the resources rich areas is always high after the discovery of wealth, the Tanzanian constitution, considers all natural resources in the country to belong to all Tanzanian's, not just local communities. Indeed, it should be debated.

### **The Emerged Local Institutions vying for Natural Resources**

In Tanzania a large part of the population is poor, and they assume that when oil and gas is discovered they will quickly become rich. The violent conflict against the government's decision to proceed with construction of pipeline from Mtwara to the port city of Dar es Salaam, where the fuel is to be used to boost power plants to address power shortages became the breeding ground between government and various local groups such as youth and violent political-entrepreneurs who perpetuated these conflicts. The findings of the study show that the local community in Tanzanian state is changing in a way it responded to external pressures. In the past, rural areas were centers of peace. Although the government is duty-bound to manage the expectations from local citizens, locals are worried of being ignored and not being consulted in the governance process of oil and natural gas. Lack of information can lead to unrealistic expectation about the benefits from oil and natural gas. This raised tension between local community and the central government. Disappointing enough, NGOs and media had played very little role to inform locals on the prospects of oil and natural gas investments. Much of their initiatives were realised during the upheavals in the study areas.

Furthermore, there are evidences which show that the geopolitical landscape of national politics has in recent years shifted and extended to the local community politics, where national political parties spread their influence through their political organisations. As such, the local violence for instance in the Lindi and Mtwara region are influenced by their external political affiliations and is a reflection of societal politics that operate at the national and regional levels of political organization.

## **Conclusion and Policy Implication**

In this paper, we have argued that implementing LEDs plans in the impoverished southern region of Tanzania have several opportunities and challenges. The challenges are basically those associated with failures to implement LEDs. These include lack of country's coherent policy guidelines and legislation to implement LEDs in the communities surrounding resources rich area. It also includes challenges in building supporting institutions as well as prospects in governance and funding of LEDs at the local level. Likewise, polarisation of the local community along lines of national political parties has exacerbated the conflict. Arguably, local community have ipso facto; become vehicles of the continuation of societal 'politics by other means'<sup>1</sup>.

Also, an important finding from this study is that in spite of existing challenges, several opportunities for implementing Local Economic Development (LEDs) plans in the impoverished southern region are yet to find their ways. Among others was the availability of NGOs officials who are knowledgeable on the subject matter of inclusive growth and the implementation of LEDs strategies in the surveyed areas. Other opportunities include; the promotion of pro-poor local economic development, enhancement of local ownership, building of local expertise in relation to future resource explorations, increase of local competitiveness through partnership, as well as supporting investments of public infrastructures such as road, education and health as well as local entrepreneurship in the resources rich areas. Based on the study findings the following are recommended. First, there is a need to review country's coherent policy guidelines and legislation to enhance inclusive growth prospects for the local populace, formulating Local Peace Committees at the local level to enhance the sustainability of the investments, as well as having preparedness plan for implementation of LEDs in the area.

## **NOTES**

<sup>1</sup> This came from reviewing an Interview Report with Hon, Prof. Muhongo, S [The former Tanzanian's Minister for Energy and Minerals], in Chatham House, 2013

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<sup>1</sup> This came from the treatise of famous military theorist, Von Clausewitz conception of war as a continuation of politics by other means. In other words, war is not just an act but a means or tool of politics as the military and political objectives of a state are intertwined. Its relevance here is that student political formations in HEIs are used as tools to achieve the larger political objectives of their parent bodies in society.

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