



Great Expectations

Citizens' views about the gas sector



1. Introduction

Ever since significant natural gas deposits were discovered off the coast of Tanzania recently, the country has been preparing for a potential boost in revenues and employment. At the same time, there has been concern about both a 'resource curse' (whereby resource-rich countries suffer erratic economic growth and uneven development outcomes) and expectations outpacing the realities of what Tanzania could gain from these resources.

Indeed, global prices for natural gas have fallen since a peak in 2008. Large suppliers (such as Australia, Qatar and Russia) make Tanzania's 56 trillion cubic feet of gas deposits look comparatively tiny. Nonetheless, many citizens expect that the gas deposits will be transformative, especially considering how large they are relative to the country's current annual GDP.

The Tanzania Petroleum Development Corporation (TPDC) – a government-owned entity, under the Ministry of Energy and Minerals - was established in 1969 to manage the country's oil and gas reserves. TPDC must negotiate with overseas gas companies, which have the technical expertise and financial capacity to exploit these gas reserves. The global companies also have the economic incentive to seek a large share of the potential profits and experience in these types of negotiations to ensure they get the best deal for themselves.

But what do ordinary citizens believe should be done? And what do they actually expect? Are popular (and official) expectations overly optimistic? There has been some discussion about how to manage the expected gas revenues and ensure that citizens benefit.

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For example, the Centre for Global Development (an American think tank) and Research on Poverty Alleviation (REPOA) have asked 400 ordinary citizens from across the country what they think should be done with gas revenues through “deliberative polling” (nationally representative focus group-style discussions and polling on policy issues)¹. This brief aims to enrich and inform this discussion by summarising what Tanzanian citizens actually expect.

Data for this brief comes from Twaweza’s flagship *Sauti za Wananchi* survey. *Sauti za Wananchi* is a nationally-representative, high-frequency mobile phone panel survey. It is representative for Mainland Tanzania. Information on the overall methodology (including how sample representativeness is maintained) can be found at www.twaweza.org/sauti. For this brief, data from two rounds of the *Sauti za Wananchi* survey were used: specifically, data collected between October and December 2013, and more recent data collected in April and May 2015. The sample sizes for these two rounds were 1,562 and 1,316 participants respectively.

Full datasets, questionnaires, and data maps are available at www.twaweza.org/sauti.

The key findings are:

- People feel uninformed about the gas discoveries, and are hungry to know more: 8 out of 10 want to be provided with more information.
- People are uninformed: more than half believe “gas money” is already flowing, one in six expect to be directly employed in the sector (this would account for 4 million jobs), and the average expected revenue per person is almost TZS 7,500,000 (about three times greater larger than the most optimistic professional projections).
- Optimism outweighs pessimism: corruption is the main concern as people, worry that government employees will disproportionately benefit from gas revenues. Yet six out of ten people believe the gas discoveries will improve their lives.

2. Nine facts about citizens’ perceptions of Tanzania’s natural gas

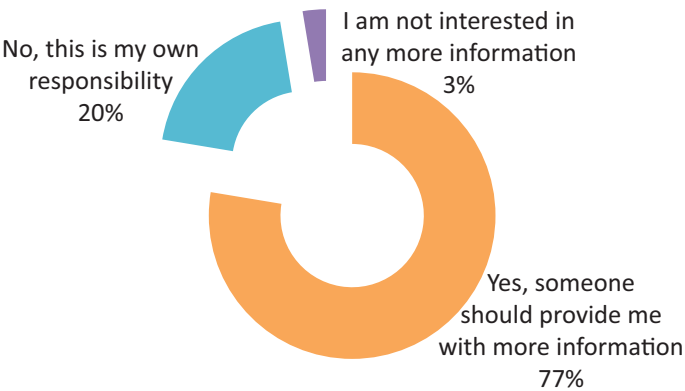
Fact 1: A majority of citizens want more information

We asked again whether the respondent had heard of the gas discoveries off the coast of Tanzania. As in 2013, about one out of four have not yet heard of – or do not remember hearing about – the recent gas discoveries (data not shown). Three out of four people have not heard of the Natural Gas and Local Content policies (76%, data not shown) and a similar number (73%) have not heard of the Tanzanian Petroleum Development Corporation (TPDC). In fact only 7% have heard of TPDC and can explain what it does (data not shown).

Nearly eight out of ten people (77%) believed that someone should provide them with more information (Figure 1). Only a very small minority (3%) believed they had sufficient information, and most agreed they needed more.

¹ For more information on the CGD project, see here: <http://www.cgdev.org/blog/poll-how-would-you-beat-resource-curse-0>

Figure 1: Do you think somebody should provide you with more information about Tanzania’s recent discoveries of gas?



Source of data: *Sauti za Wananchi* Mobile Phone Survey – Round 28 (April – May 2015).
“Don’t know” answers are excluded

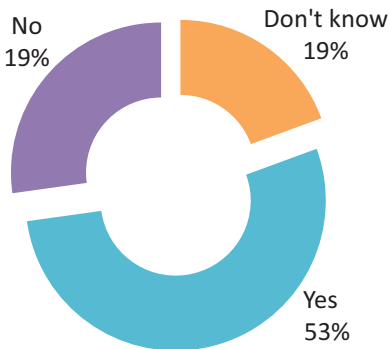
Most people expect either the media (51%) or the Government (31%) to provide more information.

Fact 2: Most people think that gas (and money) are already flowing

More than half of citizens (53%) believe that gas is already being produced for end use (Figure 2). This is the clearest indication that people are misinformed: energy experts believe that the new deposits of offshore gas will not be available for end use until 2025, at the earliest. At present, there is only one gas field currently in production: the Songo Songo Island gas fields, operated by SONGAS Ltd., which supplies a relatively small amount of gas for commercial use.

About six out of ten people believe that both the Government and gas companies are already receiving revenues from the reserves (data not shown), up from three out of ten who thought the gas companies were generating revenue in 2013 .

Figure 2: Do you think gas is already flowing and produced for end use?

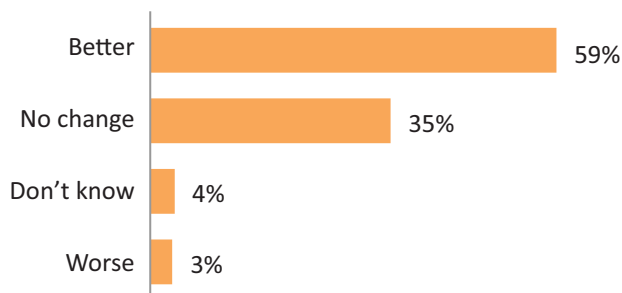


Source of data: *Sauti za Wananchi* Mobile Phone Survey - Round 28 (April – May 2015).

Fact 3: Most people think that the gas reserves will improve their lives

Six out of ten people (59%) believe that the gas discoveries will improve their living conditions (Figure 3). This is a decline from 2013, when people were more optimistic, with eight out of ten people believing the gas discoveries would have a “positive impact” on theirs and their children’s future².

Figure 3: How do you think the gas discoveries will change your living conditions?



Source of data: *Sauti za Wananchi*, Mobile Phone Survey- Round 28 (April – May 2015). Non-responses are excluded

We also asked how much money they expected to receive if, in ten years, all the gas revenues were shared equally among Tanzanians. The average amount cited was TZS 7,343,636 (approximately \$3,500) per person (data not shown). This is approximately five times the current GDP per capita. In reality, nobody knows exactly how much revenue will be raised from gas, but the best projections are that it is likely to be around TZS 2,500,000 (approximately \$1,125) per person³. In other words, Tanzanians’ expectations are about three times higher than the projected reality.

In addition, people’s expectations vary widely, – with some people expecting very little, and others expecting huge sums. (For example, half of our respondents expected less than TZS 200,000 – the other half, much more.) The large variance in expectations is further evidence of serious misinformation among citizens.

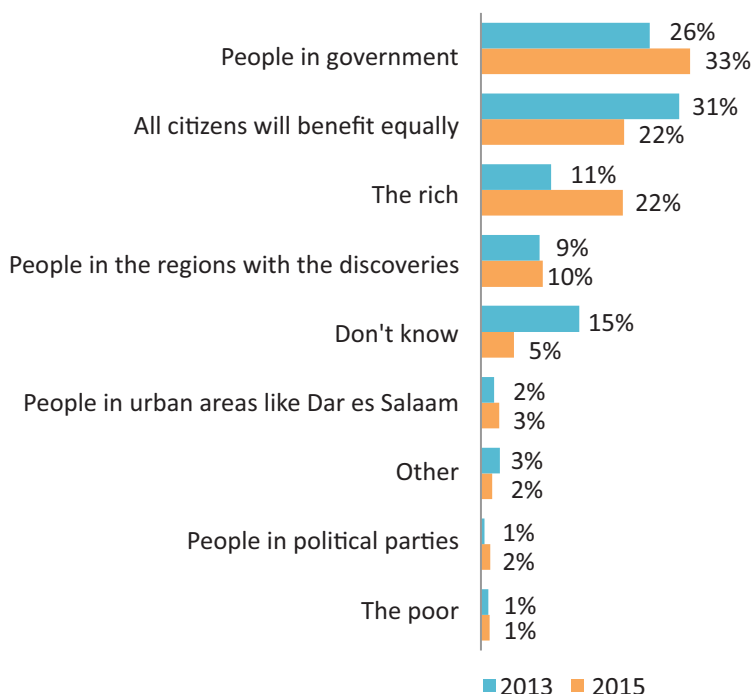
Fact 4: Most people believe that government employees and the wealthy will benefit the most

One of the worst elements of the “resource curse” is “rent seeking”: that is, when corruption allows small, powerful elites to disproportionately benefit from resource revenues which widens the gap between rich and poor. Tanzanians are expecting this too: one out of three people believe that people in government will benefit the most from the gas revenues. In 2013, one in three citizens (31%) believed that all Tanzanians would benefit equally, compared to just one in four (22%) in 2015 (Figure 4).

² “Managing natural resources: What do citizens say?” *Sauti za Wananchi*, Brief No. 11. 2014.

³ Estimates from the International Monetary Fund’s (IMF) Country Report No. 14/121, available here: <https://www.imf.org/external/pubs/ft/scr/2014/cr14121.pdf> That report estimates \$5-\$6 billion annual revenues between 2029 and 2043. Demographic projections for Tanzania place the population at around 80 to 115 million people. Dividing these two numbers gives the per capita annual revenues. Summing them over the 15 years between 2029 and 2043 gives the total expected revenues per capita.

Figure 4: Which group do you think will benefit the most from Tanzania's recent discoveries of gas?

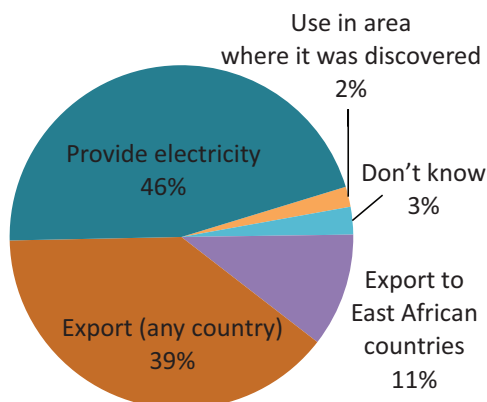


Source of data: *Sauti za Wananchi*, Mobile Phone Survey - Rounds 9, 11, and 28 (October 2013, December 2013, April – May 2015).

Fact 5: Citizens say: First, give us electricity – before you export gas

Close to half of citizens think that the gas should be used is to electrify the country (Figure 5). The next most popular use is for the gas to be exported globally – most people did not necessarily have a preference for selling to the East African region (Figure 5).

Figure 5: Citizens' views on what to do with gas



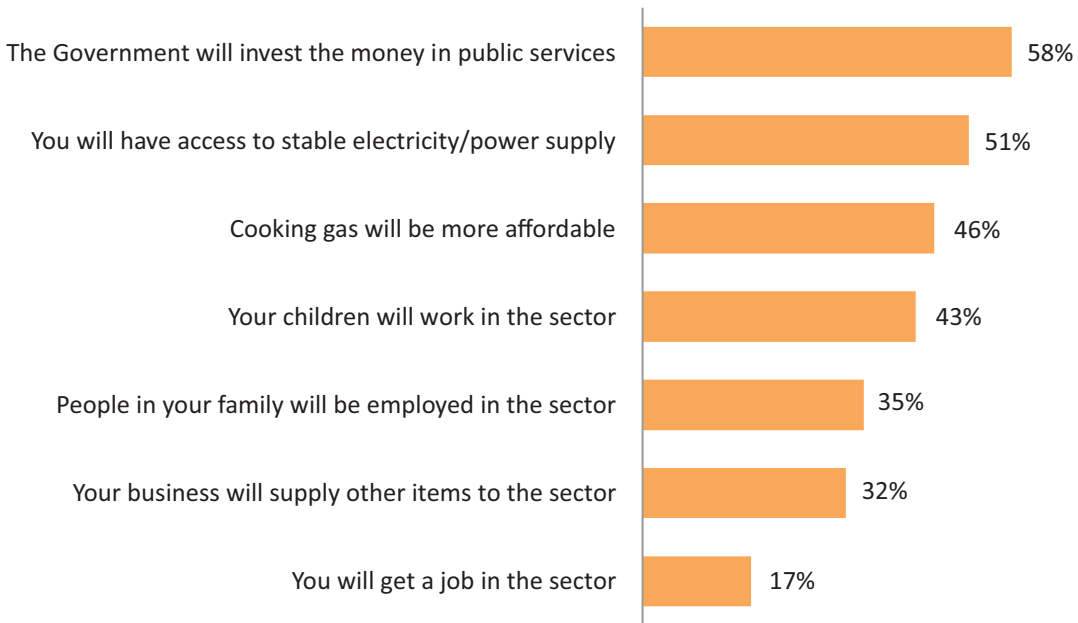
Source of data: *Sauti za Wananchi*, Mobile Phone Survey- Round 28 (April – May 2015).

Fact 6: People expect four million jobs to be created

One of citizens’ greatest expectations is that a resource boom in will lead to a general economic boom: growth, jobs, even cash transfers. We asked people about a number of expectations – from cooking gas being affordable, to job opportunities in the gas sector. About six out of ten citizens expect the Government to invest gas revenues into public services (Figure 6).

Two out of ten expect to be directly employed by the gas sector, and four out of ten expect their children or other family members to get work in the sector (Figure 6). This corresponds to more than 4 million jobs⁴. It is unlikely that the capital intensive gas sector can generate so many jobs; for comparison, the Norwegian oil and gas sector employs 240,000 people⁵.

Figure 6: I will read out a list of ways people can possibly benefit from the gas sector. For each possibility, please tell me if you think it is applicable to you or not.



Source of data: *Sauti za Wananchi*, Mobile Phone Survey- Round 28 (April – May 2015). Only “yes” responses visualized.

⁴ Based on a population of 45 million people, of which 55% are over the age of 18 (as Sauti za Wananchi respondents are). This is 24.7 million people. According to our data, one in six – or 17% - expect to be employed directly: 17% of 24.7 is 4 million.

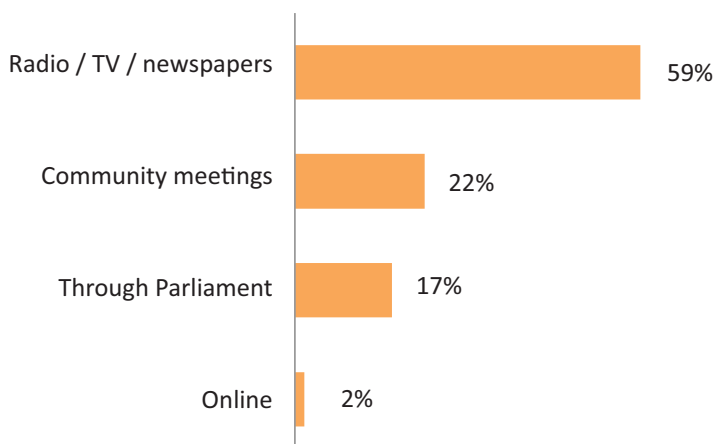
⁵ Norwegian Petroleum website, access 7 July 2015. <http://www.norskipetroleum.no/en/economy/employment-petroleum-sector/>

Fact 7: Contract transparency is key – and TV/radio is the preferred medium of dissemination

A large majority of Tanzanians, eight out of ten (85%), want to know about contracts between foreign investors and the Government of Tanzania (data not shown). Indeed, the new Extractive Industries Transparency and Accountability Act includes statements that such contracts must be made public.

Six out of ten (59%) prefer such information to be disseminated by radio, TV or newspapers (Figure 7). Posting information on the internet was the least preferred option (2%) (Figure 7). Although there is substantial appetite to know the terms of these contracts, they can be dense technical documents. The media (or other intermediaries) need to find ways to make the key elements accessible to the majority of citizens.

Figure 7: How should contract information be shared?



Source of data: *Sauti za Wananchi*, Mobile Phone Survey- Round 28 (April – May 2015). “Don’t know”, non-responses, and “other” (1%) excluded from graphic. Full data available at www.twaweza.org/sauti.

When we asked people why they believed contracts were not currently completely transparent ⁶, the most popular answer, from six out of ten citizens (64%), was “corruption” (data not shown). Only 15% of people cited national security (data not shown).

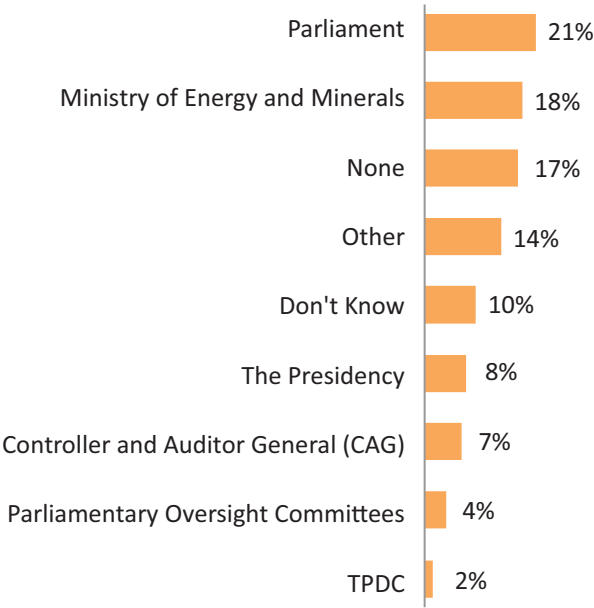
⁶ Note that this question was open-ended; respondents were not read out a list of options, hence the responses were spontaneous.

Fact 8: 1 out of 5 think Parliament should manage resource revenues

Four out of ten people (44%, data not shown in graph) have no concerns regarding the gas discoveries. However, more than half are worried, and of them a number are concerned about corruption (reported by 10%). So which government agency do citizens think should manage resource revenues?

First, it should be noted that three out of ten people (27%) listed either “none” or “don’t know” (Figure 8). Second, Parliament was seen as the most trustworthy – two out of ten think Parliament should be the custodian of the gas revenue gas (Figure 8). Interestingly, the President – normally highly trusted by citizens⁷ – was selected by fewer than 1 out of 10 citizens (8%, Figure 8). The agencies responsible for actual oversight on corruption (such as the Controller and Auditor General’s Office, or the various oversight committees in Parliament) and the actual management of the revenues and contracts (TPDC) were listed last (Figure 8).

Figure 8: Which government body/agency do you trust the most in managing revenue generated from the recent gas discoveries?



Source of data: *Sauti za Wananchi*, Mobile Phone Survey- Round 28 (April – May 2015).

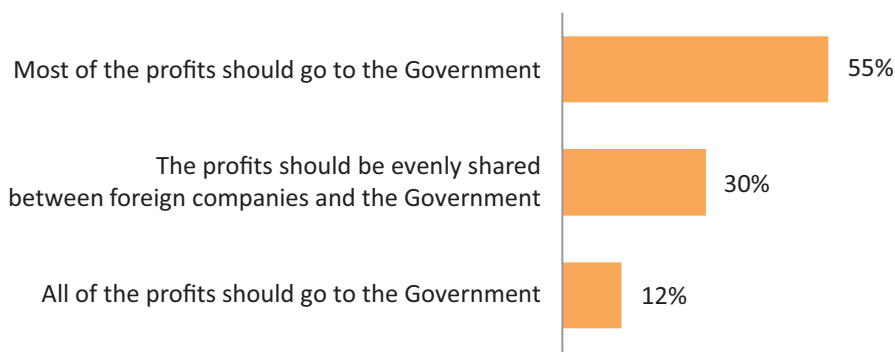
⁷ 71% of citizens reported trusting the President “a lot” or “somewhat” -“Citizens making things happen: are citizens active and can they hold government to account?” *Sauti za Wananchi*, Brief No. 15. 2014.

Fact 9: 3 out of 4 citizens are not aware of new gas policies

Currently, in Tanzania, there is a Natural Gas Policy (from 2013) and the Government is working on a Local Content Policy. Local content policies try to ensure that a minimum level of domestic labour, services or products which are used by a foreign-dominated extractive industry. Yet three out of four people had not heard of these two policies (data not shown).

How should citizens’ wishes and expectations be reflected in these two policies? One critical question is the sharing of profits between foreign investors and the government. More than half of citizens (55%) believe that most of the profits should go to the Tanzanian government, while three out of ten (30%) believe the profits should be evenly split (Figure 9).

Figure 9: What do you believe would be a fair split of gas profits between foreign investors and the Tanzanian government?



Source of data: *Sauti za Wananchi*, Mobile Phone Survey- Round 28 (April – May 2015). “Other”, “refuse to answer” and “don’t know” responses excluded from graphic. Full dataset available at www.twaweza.org/sauti.

3. Conclusion

The gas discoveries are an important part of Tanzania's economic future and its current media narrative: stories about contract transparency or potential revenues appear frequently in newspapers and on the radio. Yet, while most citizens are aware of these natural resources, too few have the right information regarding actual amounts and potential benefits. Expectations continue to outstrip reality: in terms of whether the gas is flowing (most people think it is), whether revenues are coming in (most people think they are), the size of "the pie" that people expect to receive (roughly five times their annual GDP per capita), and the prospects of getting employment in the sector. The majority of citizens (3 out of 4) have not heard of two major policies currently under development that will govern some critical issues in the sector, namely how revenues are shared and how local services, goods and personnel can be incorporated into the industry.

People are aware that they are not informed, only 3% state that they have enough information on the sector. Radio is the main source of information on this issue for people (70% said this; data not shown) and most citizens (59%) want information on contracts between the Government and foreign companies to be made available through media. It is thus up to the Government and the media to work together to ensure that what airs on the radio about natural resources is accurate and informative.

In contrast, while people may have inflated expectations regarding how transformative the natural gas discoveries will be, they are more pragmatic in terms of how it will directly impact their lives. In terms of direct employment, few expect this (only two in ten, Fact 5). In terms of how the gas should be used, most prefer it to be used for domestic energy supply (Fact 4). Overall, people are cautiously optimistic regarding whether these discoveries will improve their lives: more than half (59%, Fact 3), believe this will be the case. This is a decline from 2013 when 8 out of 10 citizens thought that the gas discoveries would improve their or their children's lives. These data resonate with a worrying trend between 2013 and 2015: more citizens think people in government will benefit from the resource revenues (from 26% in 2013 to 33% in 2015) and fewer people think all citizens will benefit equally (from 31% to 22%).

And finally, citizens are unequivocal in their demands for accountability and transparency around the gas deposits and their management. Just under 8 out of 10 citizens (77%) want someone to provide them with more information; and an even greater number (85%) want to be able to access details of the contracts between the Government of Tanzania and foreign gas companies. In terms of revenues, citizens are divided and close to 3 out of 10 do not know who they trust to manage the money. Normally trusted individuals or offices, such as the Presidency, do not emerge as contenders and even the oversight bodies such as the National Audit Office and TPDC do not enjoy high levels of public trust. More people chose Parliament as the most appropriate custodian than any other institution. This may in part be due to much-publicised recent corruption scandals in Tanzania in which Parliament took a front seat in calling those responsible to account.

The lack of good, accessible information available, the rumours flying around, the grossly inflated expectations about the sector and the lack of trust in responsible institutions

all paint a worrying picture. The rent-seeking behaviour from elites which characterises the resource curse should be a major concern in Tanzania where high-level corruption is not infrequent, the institutions of accountability lack teeth and there is a growing divide between ordinary citizens and the political and economic elite. The most extreme manifestations of the resource curse occurred in environments where citizens have poor or inaccurate information – in a context of exaggerated expectations about how they personally will benefit from this lucrative sector, citizens see no real improvement in their lives because whatever revenue is available (often much less than the majority of people imagine) is being siphoned off by the wealthy and powerful. In this environment, conflict becomes a distinct possibility, as people become increasingly frustrated with not seeing any changes in their lives. Whatever Government is in power moving forward, they will have to proceed carefully, particularly with regards to making clear, accurate and accessible information available to citizens. The time to manage expectations is now, because if we wait until money and gas start flowing more abundantly, it may be too late.

