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# SITUATIONAL ANALYSIS OF THE EXTRACTIVE INDUSTRY SECTOR AMID COVID 19 IN TANZANIA

### **1.0 Background information**

HakiRasilimali is a platform of Civil Society Organizations (CSOs) working on strategic issues around minerals, oil and gas extraction in Tanzania. The coalition emerged from an online “Knowledge Community of Practitioners” in the extractive industries in 2010 to its current status as a joint learning and advocacy platform. The group started engaging in extractive advocacy in an ad-hoc manner, albeit with some success. Taking into account the lessons learnt since 2010, the group envisages to utilize the available potential to become more effective in influencing extractive industries related policies, laws and practices in the country; by adopting a more strategic and proactive approach. This involves building a formal coordination mechanism for strategic and improved advocacy in extractive industries.

HakiRasilimali is affiliated to Publish What You Pay (PWYP), a global membership-based coalition of civil society organizations (CSOs) in over forty countries united in their call for an open and accountable extractive sector, so that oil, gas and mining revenues improve the lives of women, men and youth in resource-rich countries and that extraction is carried out in a responsible manner that benefits countries and their citizens. HakiRasilimali membership to PWYP is an institutional commitment to global transparency agenda.

HR wishes to recruit a consultant to conduct the Situational Analysis of the Extractives Sector amid Covid 19. The consultant is expected to conduct the situational analysis by extracting information from HR members based on their thematic areas of information. The consultant is also expected to conduct a desk review to add more information on the analysis. The consultant is lastly expected to produce a report of the analysis with key findings and recommendations, if any.

### **2.0 Overall Objective:**

Creation of multistakeholder coordination and learning platform on Impact of Covid-19 in the Extractive Industry in Tanzania

### **3.0 Expected Results**

- I. Assessment of the potential economic impacts of Covid-19 pandemic in extractive sector.
- II. To map out existing response and mitigation interventions against Covid-19.
- III. Assess the level of risk for resource on government, companies, women, labor and resource dependent communities

### **4.0 Scope of the assignment**

Tanzania, among other developing countries for the past years has sustained a relatively high economic growth over the last decade, averaging 6–7% a year with its extractive sector (mining, oil and gas) contributing to an average of 5 % of the Gross Domestic Product (GDP). However, the country has not been unique amid the Covid19 Pandemic. Since the first case was announced in March, 2020, over 480 cases have been confirmed with more than 30 deaths (real time data). Though confined to major towns like Dar es Salaam, Zanzibar, Arusha and Mwanza, with unreported cases in remote rural areas. This will come with subsequent negative impact on health and rural livelihoods.

Under the current circumstances, the business environment such as the extractive sector-comprised of the mining, oil and natural gas in Tanzania is too expected to be hit mostly due to globally imposed lockdowns and travel bans. For example, at the moment the global economy is contracting, storage facilities are being overwhelmed and the stock markets are crushing.

With no lockdowns being imposed by the government, the sector had started to observe layoff cases and suspension of extraction activities, something that has or will disrupt the lives of hundreds of mining workers in the country. For example, companies such Williamson Diamonds (Mwadui Kishapu), Caspian Mwadui Project and Caspian Head Office have reported suspension of their operations for three months due to the pandemic (starting April, 2020).

There are number of factors that expose Tanzania to great economic risk if Covid-19 is not well managed. These among others include,

- Create uncertain investment ground
- Scare away tourists
- Limited data on status of Covid-19
- Fear of overwhelmed health system

## **AREAS OF INTEREST**

### **I. Impacts on tax, budgets, revenue, national loan and investments environment**

Covid19 has shattered economies. The negative impacts of Covid19 on government's abilities to Tax, lost revenue and budget uncertainty, expanding national debts and changed investment environment are evident. Companies are shutting down, jobs have been lost and investment is significantly affected, investment decisions are deferred as investment capital is becoming difficult or expensive to come by. There is an emerging alternative thinking that effects of Covid19 may be exaggerated and perhaps the global recovery will be quick and with a steep rising curve driven by surplus demand for vital services and resources such as oil to kick start the economy, production, aviation travel etc.

However, the net effect of Covid19 on Countries such as Tanzania and society will be felt for a long haul. Life will not be the same for many countries around the globe. During this period, we will try to analyse and give insights on the economic impacts of Covid19 on tax revenues, budgets, national debt and investment environments, making sense of what are

its implication on policy making and planning for the future. This raises the question as to what policy and action choices can be made by actors to mitigate the effects of Covid19. The primary impact on the sector has been a dramatic contraction in demand as industrial production, and construction, has effectively halted across a large swathe of the planet, for a period yet to be determined. This reduction in demand has caused dramatic falls in the prices of a range of metals and minerals across March and April 2020.

According to analysis done by HakiRasilimali Member organisation- GEPC, argues that the outbreak of the pandemic will have major impact on the National budget that is currently being discussed in the parliament. Therefore, it has totally ripped apart as much as it can all the basic economic fundamentals that governments had banked on in projecting their 2020/21 revenue and economic growth forecast.

To date there have been little indication that government create stimulus package to cushion against economic impacts of Covid-19. There is also little indication of the government setting budgetary priorities in the health sector to specifically cater for Covid-19. Transparency and accountability on the Government spending on funds that have been contributed especially from the extractive stakeholders is also at the centre of critical discussion.

## **II. Impact on disclosure, human rights and access to information, the legislative framework**

There is inadequate information on the threats posed by Covid-19 amongst the majority of urban and rural population in Tanzania. The inadequacy in correct information further explains the high vulnerability of mining dependent communities during this pandemic. For instance, the public is questioning the government efforts to collect actual numbers of corona cases. This has created an information gap causing misinformation where social media platforms are full of unverified news and video clips showing increased cases of deaths, in contrast to what is being officially reported.

International human rights instruments guarantee the right to the highest attainable standard of health. This involves an obligation of the governments to take necessary steps to prevent threats to public health and to provide medical care to those who need it. International human rights instruments also recognize that in the context of serious public health threats and public emergencies, restrictions on some rights can be justified only when they have a legal basis, are strictly necessary, based on scientific evidence and are neither arbitrary nor discriminatory in their application, of limited duration, respectful of human dignity, subject to review, and proportionate to achieve the objective.

There is little evidence that the public engagement on Covid19 impacts to the national economy and that of the extractive sector is based on scientific facts. Most assumption made towards the general economy is being borrowed from neighbouring countries. There is limited evidence of research being undertaken by the government on the subject.

## **III. Covid19 vs correct, scientific or right information**

The Covid19 crisis accelerates what was already shaping up to be one of the extractive industries most transformative moments. The science-based policy advice for measures to combat Covid19 in the sector has also some worrying features. The current science-based policy advice on combatting Covid19 has not been shared publicly. Despite the country reporting decreasing number of cases, the spread of Covid19 is already having a large impact on extractives value chains and livelihoods of extractive dependent communities, and the level of concern is high across the business community. At the same time there have been reports of misinformation around the virus spreading, particularly through social media channels and platforms such as WhatsApp. The most critical component in communication around the pandemic is to ensure community engagement in both mitigation measures taken to prevent the spread of disease and plans for building back. This requires substantial effort to coordinate with government, community, business stakeholders and the civil society. Communication must address concerns from the stakeholders and should be conducted with an interest in 2-way communication and input from a wide range of voices. Without community engagement as a goal of communication efforts, there is a risk of distrust, spread of misinformation, and lack of compliance. Given the lack of reliable data on prevalence and services, there is always an evident biased presentation of the effect of the coronavirus.

#### **IV. Covid-19 and the ASM sub sector**

Artisanal Small-Scale Mining sector is poverty driven and meant for livelihood. ASM faces several challenges during this period. While installing screening centres and quarantine (isolation centres) may be practically effective in large scale operation should there be any cases, there's still a lot of interaction within the ASM sector with little facilities to ensure safety and exposure. Small Scale Miners are at high risk of contracting Covid-19 as most of their mines are yet to adhere to stipulated guidelines in the fight against the spread of the virus. There is need for simplified guidelines for infection prevention, screening and referrals; isolation areas in the mining vicinity as well as miners training on PPE use, hygiene precautions and physical distancing.

This happens amidst growing fears of the sustainability of ASM operations at this time. For instance, the prices for gold have dropped drastically in Geita. Right now, the person who has gold reserves does not have control on the prices. The person with money (buyer) will offer a miner (seller) the lowest price. Before Covid-19 the miners sold their gold at 80,000 shillings a gram and some times higher than that, but at this time, they have no bargaining power. Their little production is now acquired for between 30,000 and 40,000 shillings a gram, simply for keeping hunger at bay and being able to get essential supplies to protect them from Corona virus and the need to sustain their families.

This has also largely affected the Tanzanite prices as well, for instance a 14 grams Tanzanite stone which was previously sold between 20 million to 25 million Tanzania shillings is now offered at 4 million shillings only. The majority of sellers being breadwinners are forced to accept the stipulated prices that mineral brokers would have set. This trend has forced many Tanzanite sellers to keep stock of their mineral reserves hoping for better higher prices in the future.

As a result of this drop, other sectors of economies around mining areas have also been affected which were largely dependent on the stability of the mineral prices. These sectors include retails and small businesses such as food supplies, thus affecting the general livelihoods of the mining community. The deadly Covid-19 has therefore added to the burden the miners and mining communities already carry owing to a multitude of structural inequalities that have moved them to the periphery of economic activities. This has pushed them to engage in dangerous and harmful practices which place them at the frontline of any crisis just to survive.

#### **V. Covid-19 and cross cutting issues i.e. women, people with disability and other marginalised groups**

Based on the gender roles between men and women and the expected relationship between them, women have found themselves being caught at the margin of benefits in many aspects. 'Given male and female relationships to each other, to the economy, to the land, and to their communities, men and women have very different experiences of these Extractive Industries (EI) impacts, and evidence increasingly demonstrates that in general women are more vulnerable to the risks, with little access to the benefits'. Response from governments and markets on the pandemic through measures such as social/physical distancing have led to reduction of workforce for safety as well as business protection, is likely to have affected them further, compared to other groups.

Past experience has shown a trend where women are more affected and left out in the EI process from angles of decision making, benefits of compensation, and more likely to be victims of sexual and gender-based violence than men. Research and practice have demonstrated, for instance, that women are often marginalized in stakeholder engagement, that cash compensation in resettlement processes predominantly goes to men, and that operational-level grievance mechanisms inadequately address instances of sexual and gender-based violence. "Gender inequality persists worldwide, depriving women and girls of their basic rights and opportunities. Achieving gender equality and the empowerment of women and girls will require more vigorous efforts, including legal frameworks, to counter deeply rooted gender-based discrimination that often results from patriarchal attitudes and related social norms" (UN SDG 5).

With these facts, the Covid19 pandemic must have likely gone further depriving women and people with disability of the right to access employment opportunities, exposing them to unpayable burdens of debts based on their nature of participation in the value chain in the extractive sector. For instance, the impacts of Covid-19 are exacerbated for women and girls who are majority in poverty driven mining operations and have less secure jobs compared to men. The informal ASM sector provides employment to hundred thousand of women in Tanzania. This sub sector has been highly disrupted by the Covid-19. Many women are being forced to 'lockdown' at home as they tend to the elderly and children and thus losing their earnings. It will be important to apply an intentional gender lens to the design of fiscal stimulus packages and social assistance programs to achieve greater equality, opportunities, and social protection.

Worldwide, amongst impacts that the pandemic has brought to women and people with disability and is likely to have caused is an increase in incidences of gender-based violence. This is due to the past experience of GBV in Tanzania and beyond. However, the incidences of GBV do not only affect individuals but extends costs to the government as well, money that could be spent for other development purposes, including women empowerment initiatives. The Global Peace Index Report (2015 pg. 122) reveals that by 2014, Tanzania was spending 7% of its GDP in containing GBV per person, and when launching the Sixteen Days of Activism in November 2019, the Minister for Health, Community Development, Gender, Elderly and Children, stated that by 2019, GBV costed the government 3.5% of the national GDP.

To be able to support in coming up with appropriate response mechanism for during and post Covid19, civil societies need to either partner or help the government do a thorough analysis of impacts of the pandemic in the EI sector, with a specific attention to how women and people with disability working in the sector are affected and likely to be affected. Civil society actors have an important role to play in contributing to fact-based public debate and weeding out misinformation. The findings will likely help to provide a clear picture of how the situation is, on the ground, leading to appropriate decision making in both policy and legal frameworks.

## **VI. Occupational, Health and Safety**

As the Covid19 pandemic continues to spread across the world, with the improvements and less spread rate records noted all over the world; one of the biggest challenges for companies have definitely been their reaction regarding employees. Similar to many other countries, Tanzania's employment and labor laws did not quite envisage a Covid19 or similar situation. However, with little data from the extractive sector apart from the general precautions given by the Ministry of Health, there is a need to know how the pandemic has affected the sector provided that the business present an intense kind of populated environment of which there is no doubt that the health and safety of people around has been at stake. In a recent circular, the Association of Tanzanian Employers (ATE) with some few other trade Unions advised on a few measures that could be taken by employers in response to the ongoing crisis. However, the implementations and initiatives are to be investigated to see if employers were able to protect the health and safety of their people while retaining them without affecting their employment relationship or violations of civil rights of any nature in a course of implementing different Covid19 protective measures.

However it is not clear to what extent employers protected their individuals and to what extent different employment measures that were taken such as working from home aiming at social distancing and isolations, where most of the employees homes had to completely changed to working areas, there has been a lot of implications like less resting hours of which by itself has lots of implications to the health and safety of employees, leave without pay, salary reductions, unpaid sick leave, online meetings and all the digitalization, plus all the initiatives that different companies revamped on has affected the wellness of people leave aside the disease itself. Apart from the formal and regular employees that were supposed to work during the crisis especially those with the position that are directly linked to production, their health and safety has to be a concern on how they are protected, to

what extent the PPEs were provided as basically with a rough analysis most of the companies applies Administrative controls of which with hierarchy of risk of controls needs to be the last option after the eliminations, substitutions and engineering controls has been taken. Apart from that there is a need to investigate to what extent the pandemic has affected casual labourers, small miners, around the mines besides their health and safety, if there were any violations of their civil rights and what could be the economic, social, psychological impact on their livelihood. Hence a proper navigation of labor laws towards this pandemic needs to be critically tapped by employers in the overall Extractive Sector.

With occupational health and safety, it is obviously that the local mining industry in Tanzania is vulnerable to Corona virus (Covid19). Historically, the mining Sector has been the sector most impacted by serious non-communicable and communicable diseases such HIV, AIDS, tuberculosis, silicosis, spine problems and other injuries, most of which cause death, temporary and permanent incapacities. When the general workforce is attacked by Covid19, there is a big possibility the patient will need intensive medical care. While the true extent of current coronavirus community transmission is unknown because testing National wide has been postponed/banned by responsible authorities; mineworkers and community around the mines are at high risk because there is very little precaution applied to prevent the spread of the Virus. There is a big doubt that the pandemic has not been mitigated effectively as far as occupational health and safety laws requires. However there has not been an envisaged initiative to the available healthy and safety laws towards pandemics of this nature hence there is a lot to contemplate on how employers can navigate the available laws towards protection of employees in the extractive sector.

The common nature of the mining environment offers itself to dense occupancy in accommodations, in commuting to the workplaces, in travelling to and from work, travelling to the stopes either in a vehicle or on foot. Due to that nature, the basic controls of Covid19 transmission such as Social Distancing, Washing Hands with Soap and running water, the Use of Sanitizers cannot be easily applied in every part of the mine due to the workplace environments. So more appropriate measures need to be researched and taken on board to protect workers. However, a great analysis needs to be done to ascertain as to whether extractive companies took required measures towards mitigating the overall risk caused by this pandemic. There is a need to investigate whether acceptable means of risk controls were taken, as hierarchy of risk control and measures are concerned.

## **VII. Covid-19 vs uncertainties within communities (human dignity, civic consciousness**

Given that extremes of centralization and decentralization can both be problematic, a coordinated middle ground may work best. The central government might establish minimal standards for closing down and opening up certain activities and/or civic space, while leaving the actual decision to CSOs, regions and district councils and municipalities. That said, if there is to be a bias, it should be toward decentralization, following the principle of subsidiarity in terms of powers being delegated to the lowest-possible administrative level that will be effective; and following the principle of the common good in terms of the socio-civic conditions which allow people, either as groups or as individuals, to reach their fulfilment more fully and more easily. There are important reasons to favour a carefully managed decentralization. Not only do members of smaller civic entities tend

to face similar problems; they also typically demonstrate greater social and civic solidarity, which makes it easier for them to engage with one another and find solutions. It is this engagement amongst CSOs, whether they are NGOs or FBOs that has been disoriented and diminished by the central government centralising the management of the Covid19 pandemic management, down to the ward level. So the question is: What legal and civic criteria should CSOs (whether NGOs or FBOs) consider in re-defining their agenda, given the uncertain ambient in terms of advocacy communication, without going against the expectations of the central government and the constitutional requirements of the principles of the common good and subsidiarity? This question will last as long as the central government is centrally in charge of the socio-economic and socio-political management of the Covid19 pandemic predicament. Indeed, it has already been said, “COVID-19 may continue to be with us for a long time!”

### **VIII. Communities Dependent on Extractive Resources**

The impact of Covid19 on extractive resource dependent communities has already been registered with closure of mining operations and declining markets. This has forced adoption of emergent measures; for instance, the Tanzanian government has decided to overtake the purchase of minerals from small scale and artisanal miners.

Around the world, mining companies are scaling back in investments and diverting resources previously earmarked as budget for vital community support initiatives such as Corporate Social Responsibility, Community Philanthropy and local content, jobs and sourcing of communities surrounding the mining areas. There is a need to analyse and discuss these impacts and how communities are coping and have to adjust to the new normal, during and post Covid19.

HR wishes to recruit a consultant to conduct the Situational Analysis of the Extractives Sector amid Covid 19. The consultant is expected to conduct the situational analysis by extracting information from HR members based on their thematic areas of information. The consultant is also expected to conduct a desk review to add more information on the analysis. The consultant is lastly expected to produce a report of the analysis with key findings and recommendations, if any.

#### **5.0 Proposed Methodology**

The analysis will employ analytical methods to gain information from HakiRasilimali members, based on the thematic areas of their operation, which will be discussed in a workshop. The collect and analyse both primary and secondary data. The assignment is thus anticipated to take place at predominantly two levels:

- a. Secondary data collection: A desk review of available documentation available within HakiRasilimali members and the extractive sector at large;
- b. Primary data collection: information obtained from a dialogue/workshop of HR members and stakeholders on impact of Covid 19 in the extractive sector.

#### **6.0 Expertise Required**



Bachelor degree in social science, Research or any related field.

At least 5 years' experience in conducting research and/or analysis

Demonstrated ability in leading the monitoring, evaluation and Learning activities.

Experience in designing tools, data collection, statistical analysis, qualitative methodology.

Strong knowledge of Microsoft Office.

Understanding of the extractive sector.

Previous experience working in similar organisational context.

NB: Demonstrate understanding of and experience in one or more of the following will be of added advantage:

- 1) Prior experience in conducting research and analysis
- 2) Baseline knowledge of the extractive industry.

## 7.0 Deliverables and Timeline

The Reviewer will prepare and submit the following key deliverables:

- a. Inception report including a review work plan
- b. Analysis tools and
- c. Analysis report.

The table below shows a timeline of the different assignment milestones and deliverables that will be required from the reviewers:

S/N	Activity	Day(s)
1.	Consultation with HR Secretariat	1
2.	Inception report setting	1
3.	Participate in dialogue/workshop	2
4.	Document analysis	10
5.	Completion of first draft	1
6.	Draft recommendations	3
7.	Validation meeting	1
8.	Final report submission	5

## 8.0 Accountability and Administrative Arrangements

The consultant will report to and consult with HR Executive Director regarding the approval of all deliverables, guidance during the execution of the mandate.

The HR Secretariat will offer administrative and logistical support to the consultant.