

Master Thesis Human Geography
Globalisation, Migration & Development

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*Digging Deep
into the Complexities of
the Tanzania-Acacia Dispute*

A Grounded Theory Approach

Iris de Nobel

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Summary

“African nations must resist siren song of resource nationalism” reads one article published in the Financial Times covering the news on Tanzania’s new mining regulations. Acacia, the largest gold mining corporation in Tanzania, was accused of underreporting its exports in May 2017 – allegedly causing the Tanzanian government to lose \$319 million (US dollar) per year in revenues.

What followed was an immediate ban of all of Acacia’s exports, a \$190 billion fine, and by the end of June, parliament had issued new mining bills reclaiming sovereignty over its natural wealth and increased control over its returns, empowering the government to review existing arrangements and agreements with businesses in the extractive sector and prohibiting firms’ access to international arbitration. These measures incited strong reactions from national and international commentators who mostly stressed the importance of a conducive investment climate which needed policy stability and predictability. Meanwhile, in the country, people responded either sceptical of the feasibility of the governments demands, or hopeful for reparations to be paid by the mining giant.

In the dominant neoliberal paradigm, Tanzania’s measures are considered as economically destructive. During my time in Tanzania (January-July 2018) I decided to investigate what lies beneath the surface of this dominant narrative and open up the discussion about the advantages and disadvantages of initiatives aimed to change the distribution of benefits and burdens of the extractive industries, which have historically disproportionally benefitted corporations. Therefore, I ask: *To what extent do unexamined perspectives and untold stories shed new light on the dominant discourse concerning the Tanzania-Acacia dispute?*

In accordance and with the support of the Embassy of the Kingdom of the Netherlands in Dar es Salaam, Tanzania – where I followed a 6-month internship – I conducted 16 in-depth interviews with individuals who have a vested professional and sometimes personal interest in Tanzania’s extractive industries. The professional background of the participants to this study can roughly be divided into the following categories: private sector, international community, civil society and academia.

Before conducting qualitative research, in the form of semi-structured interviews, I studied the available literature on the extractive industries and its consequences for development. In this academic field, habitual use is made of the popular resource-curse theory, which notes the failure of many resource rich countries to benefit from the wealth of their natural resources, placing a strong emphasis on the role of the state and viewing bad governance’ as a main cause for the curse

to befall such countries. Studies on this topic tend to rely heavily on a single discipline and conceptualise resource extraction related phenomena mostly in a language of economics. Resource nationalism is another example of this. Here, nature and nation overlap in expressions of nationalism which is especially meaningful with the current wave of populist nationalism around the world.

There are two main camps in the debate on the developmental consequences of the extractive industries. The first camp argues for the potential of resource-based development whilst the second camp criticizes extractive enterprises as agents for development, mostly because of the unfair and unequal system of export-led growth. Both sides of the debate however default to national-scale modes of analyses that pushes questions about the transnational organization of production into the background despite the unquestionable role of global production networks in ‘underperforming’ mineral economies.

Because of my suspicion that the Tanzania-Acacia case study could lay bare other conceptual relationships than the ones found in the existing literature, I chose to use a bottom-up approach in my research, namely, Grounded Theory. The premise of Grounded Theory is to start with as little preconceived ideas and assumptions as possible and to extract theory from the collected data (stories through interviews in my case). Here I focus on the process rather than the place, meaning that I include actoral complexities on all scales when analysing the case study.

This qualitative methodology came intuitively in response to the continuous process of comparing the collected data and is particularly useful from the perspective of human geography as it strives to show how broader processes work through specific constellations of social space.

Soon after starting the interviewing process it became apparent that the views on this dispute were multiple, complex and conflicting. All interviews took place in Dar es Salaam, Tanzania, and lasted between one and two hours - with the exception of one interview that lasted nearly three hours. The interviews were semi-structured and guided by an interview protocol with key questions I wanted to cover.

To explore multiple perspectives, I contacted individuals with relevant experience of working in the Tanzanian government and people active in the private sector who were able to provide a business perspective. It is through the connections and advice from colleagues at the Dutch embassy that I was able to conduct interviews with people in responsible positions to whom I would otherwise not have had access. One interview would often lead to the next contact and nearing the end of the research process, I would be referred to individuals I had already spoken

to, tying into the idea of “saturation not representation” underlying the Grounded Theory approach.

A historical overview of the regulatory changes in Tanzania’s mining sector helps explain the tensions between stakeholders in Tanzania’s extractive industries today. Furthermore, tensions in state-firm disputes in the extractive industries are better understood when considering this phenomenon that connects nearly all issues related to malpractice in the extractive industries: the role of tax havens and secrecy jurisdictions. Chapter 4 ‘digs’ deeper into this ‘common ground’ in nearly all corruption scandals in Africa’s extractive industries. This chapter provides necessary background information in order to fully engage with the qualitative data (in this case semi-structured interviews) presented in Chapter 5.

Chapter 5 presents the collected data from the interviews organised along 5 main themes that emerged from the data: capacity, contracts, compliance, corruption and communication. By interviewing individuals from the international community, civil society organisations and academia, the reductive nature of readily accepted dichotomies (politics versus business; or the state versus firms) became apparent.

Participants strongly disagreed on whether the state-measures to reclaim sovereignty over its natural wealth and increased control over its returns were to the advantage or disadvantage to the country. The importance of *culture* and *national pride* was mentioned as important in understanding the intent behind the measures, however, this is often willingly or unwillingly ignored when analysing the Tanzania-Acacia dispute. In addition, *trust*, *class* and *tax* emerged as key themes from the data. These findings are not restricted to Tanzania but can be used as a guide for research on issues related to state/firm disputes globally, especially in the natural resource sectors in the global south.

Another significant disagreement among participants is the terminology used to describe the state-measures. Although the majority of participants used *resource nationalism*, three participants adopted the concept of *corrective measure* to describe the processes at play in Tanzania’s extractive industries. A sensitivity to time appears to play a role in these different perceptions. Those in favour of the term *resource nationalism* largely look at ‘the now’, i.e. present time, whereas participants who consider the approach a *corrective measure*, take the past, present and future into account, by advocating to correct disadvantageous agreements of the past in order to agree on equal terms in the present for a more appropriate distribution of benefits and burdens in the future.

There is potential for harm in reductive modes of analyses as they can obscure context, scales and relevant actors. Further inquiries into the transnational organisation of production of the extractive industries – including the role of secrecy jurisdictions in uneven economic development – would open up interesting new avenues for research. Moreover, Grounded theory can be fundamental in academic and policy research in order to uncover new themes, patterns and concepts in complex issues with profound implications for individuals, nations and nature as a whole.

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My deepest gratitude to the team at the Embassy of the Kingdom of the Netherlands who have encouraged, advised and challenged me during my research, with special thanks to Rogier for his perspectives, interest and continuous support whilst I was in the process of writing my proposal and conducting the interviews for this study. My time in Tanzania has been of great personal and professional value thanks to each and every one at the embassy and for that I would like to say thank you/veel dank/asante sana.

I am also deeply grateful to those who agreed to participate with my study, giving me their time and attention leading to unique insights into a dispute riddled with speculations and uncertainties. Without their generous contributions I would not have been able to write a thesis with such a wide variety of perspectives. Their views have expanded my knowledge on the complexities of an industry, a country and the politics in which they are submerged. To protect the privacy of my participants I use aliases that may sound familiar to some of my embassy colleagues. To clarify, the false names are randomly assigned to the participants, except on the base of gender.

I would also like to thank my supervisor, Lothar Smith, for his guidance through each stage of the research process and especially for his support during the final months of writing. It is easy to become distracted in the process of accumulating knowledge, subsequently wanting to include every new piece of information you come across. It was thus most helpful that I could be pointed in the right direction in order to move forward whenever I was losing focus.

Finally, my last word of thanks goes out to my family and friends for their encouragement and tireless support. Mum and dad, you have given me the opportunity to pursue my personal interests and this I do not take for granted. Mum, a sincere thanks for the time you spent proof reading drafts and the many conversations we shared on this topic. And thank you Jenny, for letting me bother you with the many, many questions and for providing your much-appreciated level-headed input during the research and writing process.

Thank you,

Iris

The immense diversity of the African continent is often lost in discussion on economic development in Africa. Not recognizing the complexity and multiplicity of the continent and its people will make any meaningful analysis of perspectives on future development impossible. To be clear, when mention is made of 'Africa' or the African region in this thesis, it addresses the 48 countries located south of the Sahara, i.e. Sub-Saharan Africa. These 48 countries already present an immense diversity in issues, cultures, geographies and histories.

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Acronyms

ANS	Adjusted Net Savings
CCM	Chama Cha Mapinduzi - ruling party in Tanzania
CODELCO	Corporación Nacional del Cobre de Chile
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
EI	Extractive Industries
EITI	Extractive Industry Transparency Initiative
ESWG	Extractive Sector Working Group
GDP	Gross Domestic Product
GNP	Gross National Product
GPN	Global Production Networks
IMF	International Monetary Fund
LNG	Liquified Natural Gas
MDA	Mining Development Agreement
NGO	Non-Governmental Organisation
NRGI	Natural Resource Governance Institute
PSA	Profit Sharing Agreement
PSA	Production Sharing Agreements
SGS	Standard Global Services
SOE	State Owned Enterprises
STAMICO	State Mining Corporation - Enterprise under the Tanzanian government
T-EITI	Tanzania - Extractive Industry Transparency Initiative
TANESCO	Tanzania Electric Supply Company Limited
TCME	Tanzania Chamber of Minerals and Energy
TMAA	Tanzania Minerals Audit Agency
TNC	Transnational Corporation
TPDC	Tanzania Petroleum Development Corporation
TPSF	Tanzania Private Sector Foundation
TRA	Tanzania Revenue Authority
US	United States
WB	World Bank

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1 Introduction: A car for everyone?

When the biggest goldmining company in the United Republic of Tanzania was fined with a never-seen-before \$190 billion (US Dollar) bill for tax evasion and illegal operations in May 2017, it stirred a nation-wide reaction of hope as well as cynicism (Kgomoewana, 2018) (Jamasmie, 2017). It was calculated that if paid, the \$190 billion would allow everyone in Tanzania to buy themselves a car: a Toyota Noah to be exact (a popular Japanese minivan in Tanzania).

Whilst reaching international headlines, the enormous tax bill became a bit of a joke in casual conversation during my time in Tanzania. When the topic of Acacia (the mining giant in question) came up, people would start laughing: “A car for everyone? ... Yeah right!”. The underlying sentiment being that the government was out of its depth in this dispute, and the mining company would never agree to pay a fine of such proportion.

A speech by the Tanzanian Minister for Constitutional and Legal Affairs (Minister Kabudi) to Parliament in July 2017, demonstrates that to the Tanzanian government, the dispute with Acacia was no laughing matter:

This is the truth about the world economic order, we are not naive; we are fighting giants, but we shouldn't be afraid; let's try. There will be sabotage definitely but this country has survived sabotage, but we will not give up. We know who controls the minerals trade (Dar24 Media, 1 July 2017) (Jacob and Pederson, 2018).

Minister Kabudi has also been responsible for leading the renegotiation of Acacia's contracts and is considered to be one of President Magufuli's most trusted allies and advisors. His speech to Parliament can therefore be considered as a reliable demonstration of the government's position in the Tanzania-Acacia dispute.

Tanzania's mining sector has seen vigorous changes since the state-firm dispute commenced. After taking office in 2015, President John Magufuli has made waves with an anti-corruption campaign, partly aimed at quelling tax evasion by multinationals (Reuters, 2018). In June 2018, the year after the news of Acacia broke, The Tanzanian Citizen, Tanzania's most widely read newspaper, headed with the title: “Magufuli declares economic war in Acacia Mining Saga” followed by “The President says he will stop at nothing to undo an unjust system that has prevented the country from benefiting from its resources” (The Citizen, 13 June 2018). Begging the question: What triggered this public declaration of war?

In May 2017, Acacia was accused of underreporting its gold exports – allegedly causing the Tanzanian government to lose \$319 million per year in revenues. What followed was an immediate prohibition of all of Acacia’s exports, the \$190 billion fine, and, by July, parliament had passed three mining acts reclaiming sovereignty over its natural wealth and increased control over its returns. The acts empowered the government to review existing arrangements and agreements with businesses in the extractive sector and effectively removed firms’ access to international arbitration (Jacob and Pedersen, 2018, p287).

Acacia’s website makes a clear statement regarding the allegations made against them: “Acacia is a law-abiding company that has always declared all materials it has produced and paid all royalties and taxes that are due.” Acacia furthermore explains how they “are permitted to sell their fully declared gold/copper concentrate products to overseas customers and to export the concentrates in containers”, and that they, “are in full compliance with the agreements and our export permits.” Acacia, before 2014 known as African Barrick Gold, is majority owned by Canadian based Barrick Gold Corporation and operates three mines in Tanzania.

More controversy arose when Tanzania Minerals Audit Agency (TMAA) was shut down shortly after the accusations of misreporting made against Acacia (Ng'wanakilala, 24 May 2018). According to the President, the state-run auditing authority had failed to adequately monitor gold and copper concentrate exports (ibid.). The shutdown came to the trepidation of especially Canada, one of the ‘donor countries’ sponsoring TMAA. The Tanzania-Acacia dispute thus reaches beyond the scope of the state, transcending national boundaries.

Since the discovery of offshore gas, found a hundred kilometres of the southern coast of Tanzania in 2013, the government and a consortium of companies have been planning extraction. Stable and predictable regulations are important for firms who are considering long-term investment. With natural resources still to be explored and exploited, many commentators wonder whether Tanzania’s dispute with Acacia could be setting a precedent for future state-investor relations in the extractive sector.

Steps taken by Tanzania towards achieving greater influence over its mining industry come at a time when the rate of natural resource discoveries, in Africa especially, is accelerating. The discoveries go hand in hand with increasing demand for raw materials by emerging economies such as China and India. This explains a strong urgency among governments of resource-rich countries, such as Tanzania, to ensure their natural resources are ‘well-managed’ yet causing some political commentators to speak of a growing trend in resource nationalism.

So, increased global demand of natural resources coincides with increased state control. Is this so-called resource nationalism a theme that follows the trend of reappraising the interventions by the International Monetary Fund and World Bank in many global south countries during the 1980s? Or, do the measures taken by Tanzania reflect a change in which business is conducted, whereby discussions on trade now often take the form of partnerships, whereas before, neo-colonial trade relations still pervaded in transnational business?

1.1 Scientific Relevance

I am aware of the ongoing discussions around notions of postcolonialism leading to renewed insights in fields of research related to the colonizer-colonized experience such as history, culture, literature but also migration, the displacement of art and exploitative tourism to name a few. I do not directly engage with the literature on postcolonial discourse in this study, rather, I critically discuss the political discourse around the position of states and governance, in general, and on different levels/scales. This does not mean postcolonial theory has no relevance to discussions on state-firm relations along the global north and global south divide. I would argue postcolonial discourse is relevant to all discussions involving north-south relations. Even though pan Africanism and postcolonialism as strands of theory that critically deal with the position of states and governance could offer a relevant perspective for this study, I offer a sectoral approach which calls for the use of different terminology.

Academic debates on the extractive industries harbour paradoxes and (economic) questions that remain disputed to this day. The ‘established’ literature makes habitual use of the popular resource-curse-theory to explain a lack of socio-economic progress in low-income countries despite vast oil, mineral and/or gas reserves (Auty, 1993) (Davis and Tilton, 2005) (Collier and Goderis, 2008). These studies often place an emphasis on the role of the state and view ‘bad governance’ as a main cause for the curse (also termed the ‘paradox of plenty’ or as Bridge puts it “rich resources, poor people”) to befall on some countries (Karl, 1997) (Bridge, 2009, p1235). An additional limitation to studies on both sides of the resource-curse debate (i.e. considering natural resources as a blessing or a curse) is that they heavily rely on a single discipline, namely, economics.

Resource nationalism is another much debated concept in studies regarding the extractive industry. Linking the concept of ‘nature’ with ‘nation’, resource nationalism is grounded in the idea that the two overlap in a way that is especially meaningful with the current wave of populist nationalism around the world. As global markets for energy and other natural resource

commodities continuously and rapidly change, resource nationalism will remain to be of scientific interest for scholars and policymakers alike (Koch and Perreault, 2018, p15).

A review of state-focused studies that heavily rely on a single discipline (i.e. established or ‘status quo’ literature) caused me to be curious about other studies and theories out there. This led to a review of studies with critical inquiries into the intricacies of the extractive industry, acknowledging actors and consequences at all scales and not just at the level of the state (Bridge, 2009, p1236) (Koch and Perreault, 2018) (Burgis, 2015).

A better understanding of the international, national and local complexities of the extractive industries could render valuable insights into a non-transparent industry. Hence, this study explores the complexities of a state-firm dispute by focusing on a process rather than a specific place or location, by means of the Tanzania-Acacia case study. Thereby digging deeper into the complexities of the extractive industries on a multiscale and multi-actor level, adding depth to the discussion. An inductive approach allows for the opportunity to gain insights into the way discussions on the Tanzania-Acacia dispute are held. Hence, this study is ‘grounded’ in the Grounded Theory approach.

1.2 Societal Relevance

Recent oil related violence and political unrest in Venezuela and Zimbabwe (late 2018 and early 2019) demonstrates how natural resources continue to trigger issues of great societal concern. One could argue, based on these recent events, that the so-called resource curse continues to persist.

Ultimately, negotiated deals and contracts in the extractive industry impact the lives of many, be it in a positive or negative way, or both. For example, it may generate state revenue and create new opportunities for local communities, whilst simultaneously causing environmental damage and negatively affecting people’s health and their natural surroundings. Ideally, a country grants mining rights and receives rents and royalties. The contracts made are intended to deliver a proportion of the profit to the state for public use, whilst, creating incentives for public development. Negotiated deals on oil, gas, minerals and other natural resources have the potential to help host governments finance their development plans. Yet, as the ‘resource curse’ theorises, this is often not the case.

In Nigeria, 70% of the government's revenue comes from oil and 4% comes from taxing its people (Burgis, 2015). Thus, there is no hold from the public at large over (political) power since power comes from oil, in the form of revenue, and not the people. If a large part of a government's income is sourced from natural resources, a government is arguably not responsive to the broader good. Even though regulatory changes in Nigeria have resulted in improved economic indicators – such as its Gross National Product (GNP) – and a smaller share of the 'natural resource pie' for oil and gas company Shell, local communities in Nigeria still do not stand to benefit from its wealth in oil.

In the case of Tanzania, one may ask if the "A car for everyone!" anecdote shows the true potential loss of what the country's subsoil wealth could have meant for the average Tanzanian citizen. If so, then what conditions should be in place to ensure a certain percentage of the benefits go to the state, of which, in turn, a proportion goes back to local communities? Could the 'right' regulatory structure ensure that benefits are allocated fairly throughout the country?

Tanzania's recent efforts to secure greater benefits from its natural resources are predominantly received with criticism. The leading narrative among national and international commentators on the 2017 mining regulations is that Tanzania's approach is bad for business: even if Acacia 'cheated' Tanzania of revenues, these measures will ultimately deter foreign investment thus negatively impacting the people of the country. But does this tell the whole story? Is this not a one-dimensional perception of what is going on? What and who is left out by sticking to this dominant narrative?

Information on deal making and negotiation processes within the extractive industries is often not made public, as illustrated by the establishment of the Extractive Industry Transparency Initiative. Therefore, studying and critically assessing the secretive extractive industries contributes to a more informed, open and public discussion of the processes at play for greater accountability in the management of oil, gas and mineral resources. With an increasing demand in natural resources and the volatile position of many resource-rich states, especially those located in the global south, studies that consider the limitations of a dominant discourse and explore the complexities of state-firm dynamics on a multiscalar level, can lead to new ways of thinking about state-firm dynamics in the extractive industries. What can be learned when we dig underneath the surface of the dominant discourse, and bring to light stories untold?

1.3 Aim and research question

This study aims to expose the international, national and local complexities surrounding a state-firm dispute (Tanzania-Acacia) in the extractive industries, in order to shed light on unexamined perspectives and untold stories. Perspectives may be unexamined, and stories may be untold for several reasons: due to a lack of power of those who tell them, them being dismissed as irrelevant, or, it might be in the interest of other actors to not share certain stories.

The dominant discourse, i.e. Tanzania's protectionist policies are economically destructive, arguably obscures other narratives while serving certain interests. This neoliberal paradigm is found in newspapers as the Financial Times, which covered the news on Tanzania's new mining regulations with an article titled: "African nations must resist siren song of resource nationalism" (Leon, 2018). The Economist, another influential magazine widely read by the (inter)national business community, has also published several articles on "Resource nationalism in Africa", interrogating the role of the state in the extractive industries (The Economist, 2012).

I endeavour to explore what lies beneath the surface of this dominant discourse in order to 'open the curtain' and unveil views and stories which could bring to light what might otherwise be left in the dark. In other words, what are the counter discourses? The following research question is formulated to provide focus to this research:

To what extent do unexamined perspectives and untold stories shed new light on the dominant discourse concerning the Tanzania-Acacia dispute?

It is important to illuminate these narratives, because in order to have open and accountable management of natural resources, we need open discussions about the advantages and disadvantages of initiatives aimed at reaching this goal (i.e. the introduction of new mining regulations). For this purpose, my approach is to interview individuals with a professional interest in Tanzania's extractive industries. What are they willing to share? But also, what is not shared and thus remains obscure?

1.4 Thesis Outline

Following the Introduction in Chapter 1, Chapter 2 explores well-examined concepts and theories as well as new academic approaches to studying the complexities of the extractive industries and the challenges it poses for socio-economic development. This theoretical discussion leads to the framing of a grounded theory approach which I discuss in Chapter 3.

As the first empirical chapter, Chapter 4 delves into Tanzania's old and new extractive (particularly mining) regulations. This historical overview, along with additional contextual information, provides a foundation in order to meaningfully engage with the qualitative data presented in chapter 5.

Chapter 6 presents the meta-analysis of the collected data in a discussion of the main concerns, themes and patterns expressed by participants during the interview process in order to come to new theoretical insights.

Chapter 7 concludes this thesis with a discussion of the main findings in connection to the existing academic theories explored in Chapter 2 and its implications for further research.

2 Theories

A rich literature is devoted to explaining how subsoil wealth continuous to exist alongside poverty (Auty, 1993) (Sala-i-Martin, 1997) (Gamu, Le Billon, Spiegel, 2015) (Gilberthorpe & Papyrakis, 2015) (Murshed & Serino, 2011) (Kim & Lin, 2017). According to some scholars, the extractive industry even lies at the heart of this ‘development dilemma’ (Dicken, 2015). Explanations for this dilemma often make use of the highly debated ‘resource curse theory’, which can be described as:

The failure of many resource rich countries to benefit fully from their natural resource wealth, and for governments in these countries to respond effectively to public welfare needs (Natural Resource Governance Institute, 2015).

But to what extent does the *resource curse* provide a satisfactory explanation for the *paradox of plenty* (Karl, 1997)? What other approaches are helpful in gaining new insights into the development-dilemma? And how can a better understanding of the power dynamics (international, national and local) of the extractive industry help bridge the gap between the theory of the ‘curse’ and the reality of unfulfilled expectations of natural resource ‘blessings’?

A useful clarification to make at the start of this chapter is to answer the question of what the extractive industries entail, on which this thesis focuses. Extractive industries can be classified into three categories: energy minerals (such as gas and oil), metallic minerals (such as copper and gold) and non-metallic minerals (such as salt and precious stones) (Dicken, 2015). This chapter explores the significance of these locationally specific resources for the global and local power dynamics within the extractive industry, whilst engaging with theories that aim to explain how resource-rich countries located (predominantly) in the global north have successfully turned natural resources into revenues and why much of the subsoil wealth in the global south has not had the expected similar impact of socio-economic growth (Dicken, 2015, p397).

2.1 *The ‘nature’ of natural resources*

Historically, natural resource wealth has demonstrated to have the potential to be transformed into riches and develop sustained economic growth for national economies (Walker, 2001) (Wright and Czelusta 2002). A rough hundred years ago (between 1890 and 1910), the United States of America (US) was the world’s leading mineral economy (Wright and Czelusta, 2002, p4). Successful modern development of the resource sector is also found in South America (Chile, Peru and Brazil for example), and in Canada, Norway and Australia (ibid.). Wright and Czelusta argue that what matters for resource-based development is not the inherent character of

the resources but “the nature of the learning process through which economic potential of resources is achieved” (2002, p4). These scholars state that “resource extraction in the US was more fundamentally associated with ongoing processes of learning, investment, technological progress and cost reduction, generating a many fold expansion rather than depletion of the nation’s resource base” (ibid.) Some schools in the US granted degrees in mining by 1890, propelling the US to emerge as “the world’s leading educator in mining engineering and metallurgy” by the late ninetieth century (Wright and Czelusta, 2002, p8).

The nature of the learning process thus matters in discussions on resource-based development, especially when comparing development processes between the global north and global south. According to Wright and Czelusta, one of the main failings in the literature concerning this topic is viewing natural resources as ‘endowments’ whose economic value is fixed in nature (ibid.).

In their most basic form, natural resources are understood as “materials created and stored in nature through complex biophysical processes over vast periods of time” (Dicken, 2015, p. 396). Yet these ‘materials’ only become a ‘resource’ when needed, valued or named as such by its users. Viewing natural resources, on which the extractive industries are based, as natural things with their origins in the world of physical science acts as a powerful blinder, argues Dicken (2015). Here Dicken observes an obvious but nevertheless significant point. It obscures how all resources are given cultural and political meaning through its use and value. Similar to diamonds, gold is associated with a complex set of social understandings about wealth and power, but also beauty, love and commitment (Bridge, 2009, p1219). The value of gold as a resource can thus be understood as a *socio-cultural* construct (Dicken, 2015, p396). The natural resource (be it gold, coal or wood) derives its meaning through its socio-cultural context. Ultimately, this means natural resources can be valued differently depending on context and time.

Dicken argues natural resources are also politically constructed (2015, p396). They are given differential priorities through political choices. And since states consist of societies with differing interests and objectives, one group’s natural resource could mean another group’s dispossession. For example, there are plans to build a hydro-electric dam in Tanzania’s Selous Game reserve, where the water is seen as a potential source of renewable energy. The construction of the dam is planned in a UNESCO World Heritage Site. As may be expected, this is strongly contested by UNESCO, who claim the park is of “outstanding universal value” and should remain “undisturbed by human impact” (UNESCO, 2018). The Tanzanian government however values the use of the parks’ natural materials over the ecological purposes it serves now in the game reserve. For them, the water’s value as a source of energy triumphs the possible environmental

damage local communities are most likely to face downstream. Hence, water and land ‘become’ or are mobilised as natural resources through the triumph of some and disadvantage over other(s).

So, the natural properties of the Selous park (water, biodiversity, animals ...) appear not to be of universal value at all, but rather of complex, contradictory and conflicting economic, political, environmental and cultural values. In other words, the way natural resources are valued is not universal as often assumed, the materials are not ‘naturally’ natural resources (Dicken, 2015, p396).

Acknowledging natural resources as socio-cultural and political constructs demonstrates how the literature on this topic has expanded since Wright and Czelusta’s stated concern about the dominant narrative describing natural resources as ‘endowments’ with a fixed economic value. Furthermore, a constructivist approach towards natural resources and the extractive industries brings up the question of who gets to ‘name’ the natural resource? Who ascribes economic value to it? This line of inquiry also brings up questions such as: Who gets to extract the natural resource; and who profits?

2.2 *A double paradox?*

Questions on the distribution of profits and burdens of the extractive industries often refer to the popular thesis of the resource curse: if Africa is so rich, why is it so poor? The resource curse is not restricted to Africa, although some argue it is at its fullest expression on this continent (Burgis, 2015).

The term ‘resource curse’ was first coined in 1993 by Richard Auty in his book *Sustaining Development in Mineral Economies: The Resource Curse Thesis*. The ‘curse’ has attracted ample attention and generated rigorous scholarship which in turn has greatly influenced policy makers, eventually leading to initiatives such as Extractive Industry Transparency International (EITI) and the Global Mining Initiative (Gilberthorpe and Papyrakis, 2015, p382). Despite these initiatives and continued scientific interest in the phenomenon, the strong negative relationship between natural resources and economic growth remains a very real global problem, and is described by some as one of the most perplexing issues of development economics (Gilberthorpe & Papyrakis, 2015) (Sala-i-Martin, 1997) (Murshed & Serino, 2011) (Kim & Lin, 2017).

From 1960 to 1990, the period in which former British, French and Portuguese colonies became politically independent, resource-poor countries grew 2-3 times faster than resource-rich countries (Bridge, 2009). Sadly, many studies have found that cases in which resource extraction has led to forms of development should be considered the exception rather than the rule (Bridge, 2009) (Ross, 1999) (Rosser 2006) (Sachs and Warner 1995) (Watts, 2004). However, a number of scholars argue against the theory of the resource curse (Kropf, 2010) (Canuto and Cavallari, 2012) (Oyinlola, Adeniyi, and Raheem 2015). Some argue natural resources are in fact a blessing rather than a curse (Brunnschweiler and Bulte, 2008) (Cavalcanti, Mohaddes and Raissi, 2011).

For instance, in their 2018 article, economists Yanikkaya and Turan examined the relationship between natural resource rents and income growth, considering the growth effects of rents for a large group of countries divided by their income levels and resource abundance levels. Their results implied that coal, minerals, natural gas and oil have a positive effect on growth with the exception of forest rents (Yanikkaya and Turan, 2018, p1460-1464). The scholars conclude “that the empirical evidence on the natural resource-growth nexus is rather mixed” (Yanikkaya and Turan, 2018, p1457).

The resource curse theory is empirically supported by a several examples from around the world (Nigerian oil, Zambian copper, Angolan diamonds and oil, Bolivian tin and silver, Guyana gold and bauxite) yet other examples (Canada, Norway, Botswana, Australia, Chile) are often used to discredit the theory (Bridge, 2008p392-393).

Seeing as resource-based development does not follow one specific trajectory, but differs empirically, the resource curse theory arguably simplifies complex conditions. Therefore, the resource curse itself is perhaps not a paradox, but rather, the way it is presented. As though the mere physical presence of the natural resources causes a curse (or blessing) to occur. Questions on who gets to name materials as natural resources, and thus ascribe value to them or extract value from them, often remain ignored.

2.3 Assumptions of development

Sitting on a gold mine is no guarantee of access to either the resource or the revenue stream that it may yield, as communities the world over have found (Bridge, 2009, p1236).

Africa's' experience with resource-based development strongly suggests that the assumption that resource wealth can be transformed into social wealth and reduce poverty is simplistic at best

(Bridge, 2009, p1236). Geographical proximity is thus not necessarily a proxy for actual resource access and the subsequent ready flow of revenues (Davis and Tilton, 2005). Nevertheless, mining, in essence, could still be seen as “the key that converts dormant mineral wealth into schools, homes, ports and other forms of capital that directly contribute to economic development” (Davis and Tilton, 2005, p233).

Development theory is a widely accepted framework for evaluating economic and political challenges in Africa. Development economists such as Joseph Stiglitz place great emphasis on the role of the state and argue much is to be gained in the governance of natural resources in the resource-rich, and so-called ‘developing countries’ of the global south. He asserts that “the riches breed bad governance”, noting how it is no coincidence that resource rich countries are often far from democratic (Stiglitz, 2007, p136). The main issues, he argues, are bad governance, corruption, political instability and ruthless dictators, or, leaders unwilling to share the natural wealth. Sometimes, the order of this argument is reversed: quality of governance itself can be eroded by resource wealth, creating a vicious circle of mismanagement and in some cases conflict (Collier and Goderis, 2008).

In a similar vein to Stiglitz, Paul Collier places great responsibility for emerging resource curse situations on the shoulders of the political leaders of resource-rich countries, arguing that countries need ‘good rules’ on how to take decisions, especially in resource management. He also underlines the need for ordinary citizens to understand the issues, in order for them to be able to check on those in power. Collier argues the main challenge in Africa today is “to get resource policies right” (2012). The role of political leaders, according to Collier lies, not in making difficult decisions, which is what the technocrats should do. Rather, the leaders’ job is “to communicate a viable narrative” (ibid.). In other words, to manage the expectations of the nation. Hereby underlining the importance of leaders to communicate well to the public. Furthermore, he states “transparency in revenues is a necessary first step toward transparency in expenditure but does not in itself ensure this. Further, even transparency does not ensure accountability. This depends upon an effective judicial system” (Interview with Paul Collier, 2012, p128).

So, the keywords in Collier’s assessment are (good) governance, transparency and accountability, which are needed in order to get resource policies ‘right’. These key terms are found repeatedly in literature and policy papers on challenges surrounding the extractive industries, especially in the African context. A critical reading of these studies notes the economic angle which is readily applied on issues concerning sustained economic growth (or lack thereof), and, conflict in

relation to natural resource-based development. Later in this chapter I will return to the implications of heavily relying on a single discipline through which to approach the extractive industries and its implications for socio-economic development (page 15-17).

In the 2012 edition of the book the *Oxford Companion to the Economics of Africa*, Anthony Venables expands on Stieglitz' hypothesis that bad governance of natural resources explains how poverty can exist next to an abundance of natural wealth. Venables goes a step further than Stieglitz by recognizing that states operate within a dual objective of needing to collect rents whilst also creating incentives for investors to explore, extract and produce. Thereby, acknowledging the complex situation of a state: having to create a fiscal regime that captures resource rents for public use, plus, creating an attractive business environment for (foreign) investors. Furthermore, Venables argues that states in Africa tend to have little information about their sub-soil wealth and that governments and citizens have not profited from resource rents due to corruption, theft and an overindulgence in rent-seeking activities. He identifies the root cause of 'lost opportunities' – again – as poor governance (2012, p).

Venables' assessment of the root causes surrounding the paradox of 'rich resources, poor people' (i.e. the challenge for governments to capture rents from natural resources) is, similar to Collier and Stieglitz, focussed on the role of the state. Or rather, the failure of many resource-rich states to capture rents and distribute them to the rest of the population to aid in the creation of schools, homes, ports and other forms of capital that directly contribute to economic development' (Davis and Tilton 2005, p233). Yet, why this strong focus on the state? What warrants a state-focused, and arguably one-dimensional approach, to this complicated paradox?

2.4 “They are where they are”: The role of the state in the Extractive Industries

Economic geographer Peter Dicken asserts that there is no other industry where the state plays such a prominent role as in the extractive industry. This could explain the strong emphasis on the role of the state in academic research on this topic. Dicken logically reasons that the state's close involvement with the oil-, gas- and mining-industries can be explained by the fact that natural resources are locationally specific, meaning, they simply “are where they are”, as he writes in his book *Global Shift* (2015, p 396).

Dicken elaborates on state-firm dynamics and argues there are three factors that shape the developmental path of the extractives: (1) they are non-renewable; their inherent scarcity makes the resources more contested; (2) resources are *locationally specific*; meaning that extraction

needs to occur on site; (3) resources are *territorially embedded*; the resources are strongly connected to notions of territoriality and are embedded in the creation of the nation-state (Dicken, 2015, p 396). Furthermore, he believes a state functions both as a regulator and an operator. This dual role implies the enormous power states potentially have over how resources are exploited. Dicken identifies that the central problem for resource-rich states is how to exploit their resources most effectively considering “the costs of finding, developing, extracting, processing and distributing the product can be astronomically high” (Dicken, 2015, p408). He finally concludes that in the end, states need firms just as firms need states.

A critical lens towards the extractive industries invites one to be careful to place almost sole emphasis on the role of the state, as this risks making generalisations about poor governance in low income countries (especially in Africa), and the failure of states to capture resource rents.¹ A narrow focus on state failure also threatens to undermine the role of history and geography (i.e. the history of colonisation) of countries with fragile governments.

The latter argument has similarly been made to critique early development theories such as Rostow’s development model – a highly influential development theory in the 20th century. Rostow, an economist, based his ideas on the assumption that modernisation was characterised by the West (Rostow, 1960). Rostow’s model and theories were deeply grounded in the politics of the time, the 1960s, at the height of the Cold War. The political nature of his theory is demonstrated clearly by the subtitle of his influential work: *The Stages of Economic Growth: A Non-Communist Manifesto* (1960). In his work, he equates modernity with capitalism and liberal democracy, and defines the final stage of development as mass consumption. One can foresee how Rostow’s proposed path to development can become problematic in a world with finite resources.

Rostow’s development model provides scholars with a framework of how development ‘should’ work (through industrialisation, urbanisation and trade) and which can - theoretically - be achieved anywhere with the help of foreign aid and investment. In Rostow’s development ladder, countries are located on different rungs of the ladder with the ‘advanced’ (high-income) countries at the top and ‘third world’ (low-income) states on the lower rungs. It is not difficult to understand the appeal of this theory for scholars from Europe and the United States as it models the West as an example of what development should look like. This is arguably why notions of modernity

¹ I choose to use the term ‘low income countries’ to the often-used developing countries or third world countries.

and development are still often equated with the West and economic growth. It is however an unsatisfactory theory. As critics have argued, it seems to offer every country an equal chance to ‘develop’ without any meaningful discussion of the underlying economic relationships (Krueger, 1960) (Potter et al., 2018)².

A world systems approach for studying social change recognizes how such orthodox social science completely misses out the overall context in which development occurs (Flint and Taylor, 2007, p10). Uneven economic development resulting in rich and poor countries has little to do with timing along a universal pathway to affluence, according to political geographers Flint and Taylor. Rather, rich and poor are part of the same system (the capitalist world-economy) but are experiencing different processes within that system. Flint and Taylor argue the most important factor responsible for placing some countries at the bottom of Rostow’s ladder “is that there are countries enjoying the advantage of being above them at the top” (idem, p11).

Some have argued that developmentalist theories (the simplistic world of an international ladder towards development) are actually a counterproductive political and intellectual endeavour (Andreasson, 2005) (Murungi, 2003) (Mudimbe, 1988). How can a more diverse disciplinary approach add to the understanding of the complexity of the issue?

2.5 Trade traps and reductive repetition

The role of the state in the extractive industries in resource rich African countries is well established in the literature on development. But does highlighting the role of governance not undermine other ways of understanding the development-dilemma centred around the extractives industries? The constant repetition of the role of the state can potentially turn into an easy explanation (e.g. corruption, greed) obscuring other mechanisms, factors and/or actors at play.

Stefan Andreasson employs the practice of ‘reductive repetition’ to widely held theories of African underdevelopment. Andreasson writes, “reductive repetition reduces the diversity of African historical experiences and trajectories, sociocultural contexts and political situations into a set of core deficiencies for which externally generated ‘solutions’ must be devised” (2005, p971). He criticizes studies which describe “a need for African culture to become more readily

² For more on theories and notions on development see Patrick Chabal’s *Africa: the politics of suffering and smiling* and Potter et al.’s *Geographies of development: An introduction to development studies*.

amenable to Western values and thus development” (2005, p973). This reductive and repetitive message, according to Andreasson, is found in studies that rely on technocratic explanations for Africa’s economic marginalisation (the failure to establish structures of ‘good governance’, to root out corruption, to attract foreign direct investment)” (ibid.). Andreasson criticizes how ‘African culture’ is seen as consisting out of deficiencies to be corrected in order to meet Western values and development. He writes:

Ranging from technocratic explanations for Africa’s economic marginalisation (the failure to erect structures of ‘good governance’, to root out corruption, to attract foreign direct investment) to vulgar Kaplanesque travelogues depicting the inherent chaos and terror of the Dark Continent (Andreasson, 2005, p973).

Similarly, Patrick Chabal describes political science by non-African scholars as limiting and instrumental, demonstrating how development theory builds on a set of assumptions. The first assumption being that “there is a path to economic and political development, which all countries follow, if in different ways” as seen in Rostow’s development model (Chabal, 2009, p 4). And the second is that “Africa is merely behind on that path but that it will eventually catch up” (ibid.). These assumptions start from the premise that there is a universal path towards development all countries can follow. When this is the vantage point of a study, the role of the researcher is to identify those factors hindering or facilitating the onward march of progress, which independence was supposed to have made possible.

In *Looting Africa*, Patrick Bond speaks of the ‘trade trap’ many resource-rich nations face. The trade trap hypothesizes that much of Africa is poorer, not wealthier, because of the export of their natural wealth (2006). According to Bond, countries are being ‘trapped’ into believing that economic growth can be achieved through exports. The trade trap critiques the “profoundly unequal and unfair system of export led growth”, despite improvements in the terms of trade for African countries since the turn of the century (Bond, 2006, p. 47). Bonds’ theory of the ‘trade trap’ can be positioned against the ‘resource curse’: both providing an explanation for the lack of gains from natural resources experienced in many African countries, but from different perspectives.

Andreasson and Chabal represent unorthodox approaches within the African studies community, differing from Stieglitz, Collier and other more ‘conventional’ Africanist scholars, in that they reject a universal path for development and do not assume to be in a position of knowing. The cultural lens adopted by Andreasson, and Chabal’s use of social anthropology emphasizes “historically and culturally constituted meanings and logics rather than preconceived causalities derived from western theories” (Chabal, 2009). Such an approach leaves space for the

existence of the ‘unknown’ and does not render ‘other knowledges’ as non-existent (De Sousa Santos, 2006) (Gordon, 2015). For example, Chabal does not view informal practices as separate or detached from the world of institutional economics, but rather as “part and parcel of the former” (Chabal, 2009, p137). Processes are viewed from below and are therefore inherently part of institutional structures, even if they do not correspond with western understanding of politics or economics. This approach marks a departure from the hegemonic discourse on the centrality of the state within academic discussions on the development dilemma and the resource curse.

So, how can Andreasson’s use of ‘reductive repetition’ help in discussing the literature on the developmental challenges of the extractive industries? What can be learned when exploring views that oppose the emphasis on poor governance in Africa in discussions on ‘the curse’?

2.6 Adjusting to ... marginalisation?

Bond’s criticism on export led growth is in part based upon the World Bank report *Where is the Wealth of Nations?*⁹ (Bond, 2006, p48) (The World Bank, 2006). In the report, it is calculated that centering growth on the exports of natural resources has been to the detriment of the African continent’s share of world trade. Bond thereby refutes the myth of neoliberal economics that exports creates prosperity. He notes how studies have found a close correlation between trade openness and worsening poverty (2006, p48). But why have countries in East Asia, for example, not collided with this myth of export-led growth?

Bond explains how growth over the last decades in East Asia was achieved by exporting manufactured goods. Naturally, more value is added in the export of manufactured goods compared to exporting raw materials such as crude oil or unrefined gold. To understand why refining processes tend to happen outside of many African countries hosting natural resources, mention must be made of the Structural Adjustment Programmes (SAPs), which Bond describes as “the marginalisation of Africa” (2006, p49).

From the 1980s onwards, Africa’s potential of industrialisation declined as governments no longer controlled their own economic policy making. This has everything to do with the much-debated SAPs introduced by the International Monetary Fund (IMF) and the World Bank (WB) in order to bail out heavily indebted countries. The IMF rolled over debts on the condition that states liberalised trade, cut labour and environmental regulations and privatised companies and

assets. Some scholars in the field of development and inequality have called the SAPs the greatest single cause of poverty since colonialism (Hickel, 2017).³

In a similar vein as Bond, Paul Nugent stresses the disturbing outcomes of the SAP's:

At the same time as SAPs were rolling back the frontiers of the state, Western Non-Governmental Organisations (NGOs) were moving into the vacuum. The NGOs, who saw themselves very much as the 'good guys' seeking to help ordinary Africans, became the moral and financial beneficiaries of a diagnosis which cast the state in the role of villain - or at best as a hopeless bundle of incompetence (2012, p331).

In this forthright quote, Nugent shows how the 'bad governance in Africa' narrative was able to become a widespread and dominant discourse. The SAPs mark the change that took place in the bargaining position of states in the global south and perhaps most notably on the African continent. Furthermore, the SAPs have been central to the neo-colonial argument, as Nugent states:

Western assistance seemed to clothe itself in a dusted down version of the white man's burden. Whereas the European colonists had delivered Africans from pre-colonial despotism and 'inter-tribal warfare', their later twentieth-century counterparts saw themselves as delivering the benighted continent from autocratic and incompetent regimes who could not grasp elementary economics (2012, p331).

The SAP's thus changed the global order, taking away the power to make economic decisions from states. Julius Nyerere, the first ever president of Tanzania, reflected on this when he asked "When did the IMF become an International Ministry of Finance? When did nations agree to surrender to it their power of decision-making?" (as quoted by Nugent, 2012, p330).

Flows of resources and wealth around the world deal with the rules of the global economy and states in the global south face serious challenges in overseeing and auditing these flows. One study calculated that for African countries to have the same ratio of tax officials to their populations as high-income countries, they would need up to 650,000 new tax officials (AU/ECA, 2015, p. 59).

In short, the SAPs in the 1980s caused for major changes in the way states - now subjected to the rules set by the IMF - were governed by its leaders. It is not difficult to see how countries who

³ For more on developmental politics and structural inequality read Jason Hickel's *The Divide: A brief guide to global inequality and its solutions*.

were forced to adhere to the rules of the global economy could develop mistrust towards the countries setting these rules. From here, it is also possible to see how negative sentiments towards countries of the global north can be misused by those who are in positions of (political) power in the global south.

In one of the classics of ‘modern’ political thought, *The Wretched of the Earth*, Frantz Fanon warns for the misuse of the ideology of anti-colonial nationalism. He predicted that this same ideology could be used as a new instrument for elites to exercise power over dissenters of marginalized populations in newly independent states after colonisation (Fanon, 1967). One of his strongest assertions was that the so-called ‘developed’ ‘First World’ was, in fact, the product of the ‘Third World’. By this, Fanon means that it was through the exploitations of non-Europeans that the wealth, culture and civilization of the West were built. This was more than an empirical observation. It was meant to challenge the whole way of understanding the dynamics of historical development – in which European colonial and imperial expansion was legitimized through a claim that European culture was the prime mover of historical progress itself.

Fanon thus identifies how the histories that we are told form the ideas that define our time. By providing an alternative view of history – one where immense wealth can exist because of poverty elsewhere – Fanon sheds new light on the question why some countries remain rich whilst others remain poor. In addition, he identifies how anti-colonial rhetoric can be instrumentalised by elites to establish and abuse their positions of power. Fanon’s observation can thus also be used to comment on the problem of corruption – often connected to systems of governance in the global south.

2.7 Supply and demand (of bribes)

Extractive industries are multimillion-dollar industries and notoriously secretive, which provides a stimulating climate for a demand and supply system of bribes. Corruption can be described as a system whereby money is “diverted from public coffers and away from the public good while reducing the responsiveness of public officials to the needs of the poor” (Gam, Le Billon, Spiegel, 2015, p173). If a convincing story can be established that vilifies foreign firms and governments, accusing them of stealing wealth from ‘poor countries’, this could arguably be used in favour of elites/individuals in positions of (political) power.

Corruption, however, is a two-sided transaction. Yet, the demand side (the receiver) has been discussed more extensively than the side of supplier (the payer). Stapenhurst et al. note that “in

terms of supply side, multi-national corporations - usually but not always from advanced countries - pay bribes to public officials (often, but not always, in developing countries)” (2017, p63)⁴.

Attention for the demand *and* supply side of corruption is slowly becoming more prominent within academic and policy circles. Slowly being the key word as the following citation from 1998 demonstrates:

Changing corporate habits takes time and is difficult. Many corporations have been paying bribes around the world for decades. But, through legislative and regulatory actions; new official interventions; and the work of civil society⁵; the media, and public prosecutors, the heat has been turned up on the bribe givers (Vogl, 1998, p30).

A turning point in this discussion, mostly centred around state corruption (obscuring the role of firms) is the 2015 report by the African Union on illicit financial flows, highlighting the complicity of firms in corruption practices. The report makes a strong case in arguing that the supply side of bribes from the private sector should not be underestimated (AU/ECA, 2015, p. 32). The remarkable and significant shortage in capacity for tax administration in Africa as mentioned earlier illustrates how entrusted power in transnational corporations can easily become abusive towards bureaucracy, custom control and tax regulations in so-called developing countries.

2.8 *Resource nationalism*

Changes in natural resource policies in the global south has led to what Bond describes as “an upturn in terms of trade” (2006, p47). Yet, other scholars label these changes as a rise in *resource nationalism*. Resource nationalism has no single definition, yet it may generally be understood as government efforts to exercise greater state control and maximise revenues from the exploitation of natural resources (Ward, 2009, p. 14).

Although strategies to secure greater economic and political control over natural resources differ empirically, governments generally adopt policies that increase ownership over its resource industries by implementing constraining policy requirements (such as local content) and altering fiscal collection systems to ensure increased revenue collection (Mares, 2010) (Ward, 2009) (Walde, 2008). Resource nationalist policies thus pose obligations and limitations on the operations of international mining, oil and energy companies (Childs, 2016, p. 540). Hence, they

⁴ ‘Advanced countries’ here, is used as being synonymous to high income countries.

⁵ Here civil society is understood as a ‘sector’ of voluntary organisations and NGO’s.

are generally perceived to be disadvantageous to transnational corporations (or TNC's) operating in the extractive industries (Wilson, 2015, p. 400). One article published in *The Journal of World Energy Law & Business* expressed clear criticism on the trend of resource nationalism by describing it as “a growth in [state] radicalism” (Joffé et al., 2009).

Dicken poses a central question which applies to the resource nationalism debate: “How far must [the state] depend on outside investment by foreign TNCs which will, inevitably, result in some loss of control?” (2015, p408). Seemingly, the government's options here are to either gain control but lose outside investment, or, lose (some) control but gain foreign investment. In reference to the first option (more control: implementing ‘resource nationalist’ policies), some scholars have warned that countries could be deprived of foreign technology and expertise required to expand, or even sustain revenue streams needed for sustainable economic growth, because restrictive policies could turn foreign investors away (Bremmer & Johnston, 2009).

Conversely, John Childs recognises that “setting up resource nationalism as a binary between state versus private control serves to reduce the conceptual range of the phenomenon down to a language of economics alone” (2016, pp. 540-541). According to Childs, a critical analysis of resource nationalism that goes beyond economic language is lacking within the current academic debate (Childs, 2016, p. 142). Similarly, Koch and Perreault push for debates that go beyond a market- and state-based analyses of resource nationalism – signifying the dominance of neoliberal economics in development theories (2018, p15).

Drawing from literature across the social sciences, geographers Koch and Perrault understand resource nationalism as a political discourse mobilized by a wide range of actors. This political discourse narrates that the people of a given country, rather than private corporations or foreign entities, should benefit from the resources of a territorially defined state. Koch and Perrault write:

Where it has surfaced, resource nationalism has been used to justify state control of resource extraction, as illustrated recently in places as diverse as Bolivia, Russia, and Qatar. Like nationalism more generally, however, resource nationalism is not limited to elite or state-scale actors. Often supported by globalized advocacy networks, ordinary citizens and activist groups commonly draw on the language of resource nationalism to challenge foreign involvement in their countries' extractive industries and to contest how benefits and harms are distributed (Koch & Perrault, 2018, p2).

This discursive and relational approach rejects a state-centered debate on resource nationalism by recognizing that various forms of nationalism can arise among nonstate and sub-national actors, who can sway national opinion and state policy. By viewing resource nationalism as a

political discourse, Koch and Perrault show how resource nationalism can be used by different actors with differing political agendas (idem).

Firms operating in the extractive industries are some of the largest transnational corporations in the world. At the same time, state-owned enterprises operate in the extractives industries more so than most other industries. Appiah and Zhang argue that, “the power imbalance between weak national governments and powerful multinational companies frequently results in contracts with revenue distribution agreements that do not take into account compensation for negative impacts generated by the resource exploitation” (2013, p4). Büscher and Arsel add that, “the benefits and burdens are also inherently unevenly distributed across and between spaces of the world economy” (2012, p131). In other words, states and firms have different and perhaps uneven capabilities in the extractive industry’s deal making (Dicken, 2015).

Studies that dismiss resource nationalism as ‘state-radicalism’ arguably ignore the uneven relationality in the state-firm nexus in the extractive industries. The literature on the resource curse and resource nationalism arguably do not always take this uneven relationship into account, as this would require an analysis that is not state-centred, nor confined by economic language.

2.9 *The national-scale complex*

So far, this chapter has established there are two main camps in the debate on the developmental consequences of the extractive industries. The first camp argues for the potential of resource-based development, whilst the second camp criticizes extractive enterprises as agents for development, mostly because of the unfair and unequal system of export-led growth. Both camps can present empirical examples, historical and present, to support their narrative.⁶ However, as Gavin Bridge importantly points out “on both sides of the debate there is a default to national-scale modes of analysis that pushes questions about the transnational organization of production into the background” (2008, p393).

Why is the fixation with national scale a problem? Bridge notes that it “highlights questions of state competency and efficiency while obscuring significant divergences of interest between firms, states and consumers that influence the structure of the production network, and its capacity to contribute to the development of regional advantage” (ibid.). Bridge applies a Global Production

⁶ For reference cases to support the two camps within this debate see Bridge, G. (2008). Global production networks and the extractive sector: Governing resource-based development. *Journal of Economic Geography*, 8(3), p283-384.

Network (GPN) approach which, interestingly, is partly inspired on the work by Richard Auty, who coined the resource-curse term. Auty's work shows how "the roots of the mineral economies' underperformance lie in the mining sectors' production function" (Auty as quoted in Bridge, 2008, p393). However, Bridge notes that Auty has little attention to the geographical organization of production on a world-scale (Bridge, 2008, p394). A state-focus thus largely ignores how divergent interests among actors in the extractive industries impact the structure of production networks.

Dicken, similar to Bridge, identifies the role of global production networks in 'underperforming' mineral economies. Dicken notes that global production networks have changed how states and firms operate. Natural resources are not explored, exploited, produced and consumed within the confines of a state or even a continent anymore. Natural resources have become highly mobile, making processes of refining and distribution no longer bound to where the resources are found. Consequently, the benefits of exploitation are not necessarily linked to where the resources are sourced. Instead, locations of extraction are often left depleted (Dicken, 2015).

Bridge advocates for a mode of analysis which is time and space sensitive, instead of focussed on the national scale, underlying the relational way in which production is organised via interfirm networks that massively exceed the boundaries of the nation-state (Bridge, 2008, p393). A time and space sensitive mode of analysis requires a more complex understanding of the extractive industry. It doesn't undermine the role of the state, but it recognizes the global scale of an industry and its challenges, commonly observed at the national level.

2.10 Adjusted Net Savings and the depletion of natural wealth

Studies on development in relation to the extractive industries often equate development with social progress and a means to end (or at least battle) poverty, hunger, poor health conditions, lack of education (etcetera). Here, notions on development tightly associate social progress to physical resource mobilisation, as enhanced resource supply has become a favoured solution to social problems (Bridge, 2009, p1229).

However, 'mobilising physical resources' by extracting oil, gas, minerals (among other natural resources) to meet the goal of development is unsustainable, as these natural resources are finite. On the other hand, resource mobilisation can catalyse self-sustaining alternative sectors with an awareness of the unsustainability of the extractive sector in mind. For example, earnings from oil in some Arabic countries are reinvested in the tourism industry to secure future revenues after

natural resource extraction is no longer economically viable. Nonetheless, one can see how development through resource mobilisation may also be understood as something that can destroy rather than create.

Undoubtedly, the narrative explored above will be viewed with criticism by some yet exploring such narratives on the developmental consequences of the extractive industries is useful and also necessary in order to understand where the economic potential of physical resource mobilisation might lead. Discussions on the development-dilemma lead to questions about how to create *sustainable* development, because if development is the goal, one must also have the knowledge and resources to maintain it.

Bridge notes that debates on the developmental impacts of fossil fuel extraction are largely disconnected from concerns over their environmental effects (2008, p4). Historically, the vast majority emissions come from industrialised countries in the West, yet, the vast bulk of consequences are hitting the global south (Hickel, 2017). Wildfires, droughts, floods (etc.), as a result of climate change, are causing global south countries to lose in the region of \$500 billion per year in terms of losses, says Hickel (idem.). Mechanisms in economics used to measure the progress of countries such as GNP and GDP ⁷ often do not acknowledge environmental effects causing such losses. Therefore, an indicator as GDP is arguably contributing to a false narrative on development.

The calculation of *Adjusted Net Savings* or ANS does however include the depletion of natural resources and environmental degradation in measuring the sustainability of a country's economic situation. The ANS indicator is favoured by economists compared to GDP – traditionally an indicator for measuring growth but considered no longer adequate to reflect a sustainable development path of an economy (Pardi, Salleh and Nawi, p269). The World Bank has used ANS as an alternative indicator to measure sustainable development since the 1990s. In simple terms, ANS measures the 'true' rate of savings in a nation by not looking exclusively at the produced capital, usually captured in GDP, but by including a valuation of the depleted resources and environmental deterioration.

As with all attempts to quantify complex economic processes and to say something meaningful about them through these quantifications, calculations of ANS (as a representation of the rate of savings of a nation and the depletion of natural resources) can be under- or over-estimated. It is not perfect (Bond, 2006, p67). Nevertheless, it does serve as a useful indicator for the

⁷ Gross National Product (GNP) and Gross Domestic Product (GDP)

sustainability of a nation's economy, meaning that negative ANS indicates a nation is not on a sustainable path. (Pardi, Salleh, Nawi, p272).

2.11 Concluding remarks

In a very real sense, the extractive industries represent the 'beginning of the beginning': the initial stage in the basic production circuit and in the web of Global Production Networks that make up the global economy (Dicken, 2015, p396).

The multiplicity of truths, narratives and perspectives surrounding the extractive industry thus encompasses questions of what is even a natural resource? How is its value determined? And who profits from them? I have established, on the basis of the literature discussed in this chapter, that debates on the extractives industries discussed in relation to development are varied, interdisciplinary and conflicting.

The immense significance of debates on the developmental effects of the extractive industries is not always reflected in research devoted to this topic. The default to focus on national-scale modes of analysis generates an abundance of literature on state failure, bad governance, corruption, political instability, ruthless dictators or leaders unwilling to appropriately distribute wealth. This leads to calls for good regulation, transparency, accountability and an effective judicial system.

Studies grounded in economic theories are more easily translated into policy, hence its popularity amongst political decision makers in comparison to other disciplinary analyses. However, these studies are often based on assumptions of a universal path towards development and neglect questions about the geographical organisation of production on a global scale.

Alternatively, one can adopt a mode of analysis which is time and space sensitive as opposed to focussed on the national scale. This leaves ample space for new insights into the mechanisms of this secretive industry.

2.12 Relational Scales & Actoral interconnectivity

Traditional modes of analysis used when studying the extractive industries emphasize the role of the state and use neoliberal premises from where concepts such as the *resource curse* and *resource nationalism* are developed. However, some scholars who do not adhere to this traditional approach understand *resource nationalism* to be a political discourse instead of an

economic trend/phenomenon (Koch and Perrault, 2018). This discursive approach shows how the concept of *resource nationalism* can be used as a tool for differing (political) agendas by different (also non-state) actors. Hence, it requires an analysis of these different actors, their interests and concerns, and their positionality within a certain debate or dispute.

A time and space sensitive mode of analysis can provide an insightful framework to explain the position of different actors towards a certain debate or dispute. What would a framework which incorporates a time and space sensitive mode of analysis look like?

Insights from the literature discussed in this chapter help to build such a framework applicable to the context of the extractive industries. The following dimensions extrapolated from the literature review are key when considering the interconnectivity between different actors:

- | | | |
|-----------------------|---|-----------------------------|
| • International scale | } | shows complexities |
| • National scale | | |
| • Local scale | | |
| • Global north | } | shows history and geography |
| • Global south | | |
| • EI benefits | } | shows power imbalance |
| • EI burdens | | |

The three different scales allow for an analysis that goes beyond the individual state, also including actors operating on the international and local scale. The global north and global south distinction ensures that historical and geographical differences between actors are taken into account thus making it a time and space sensitive mode of analysis. EI benefits and EI burdens are proposed as a key dimension to address the fact that benefits and burdens in the Extractive Industries (EI) are unevenly distributed among different actors – thereby indicating the power imbalance between different actors.

2.12.1 *The Actoral Framework*

The development of the actoral framework in figure 1 is based on the literature discussed in this chapter and the three dimensions stated above. This framework intends to go beyond the reductive state-focussed approach by examining actoral relations on all scales. Positioning relevant actors within these scales serves to show how they are interconnected within the context

of the extractive industries, thereby providing a general framework for data analysis and providing a premise for more concrete frameworks.

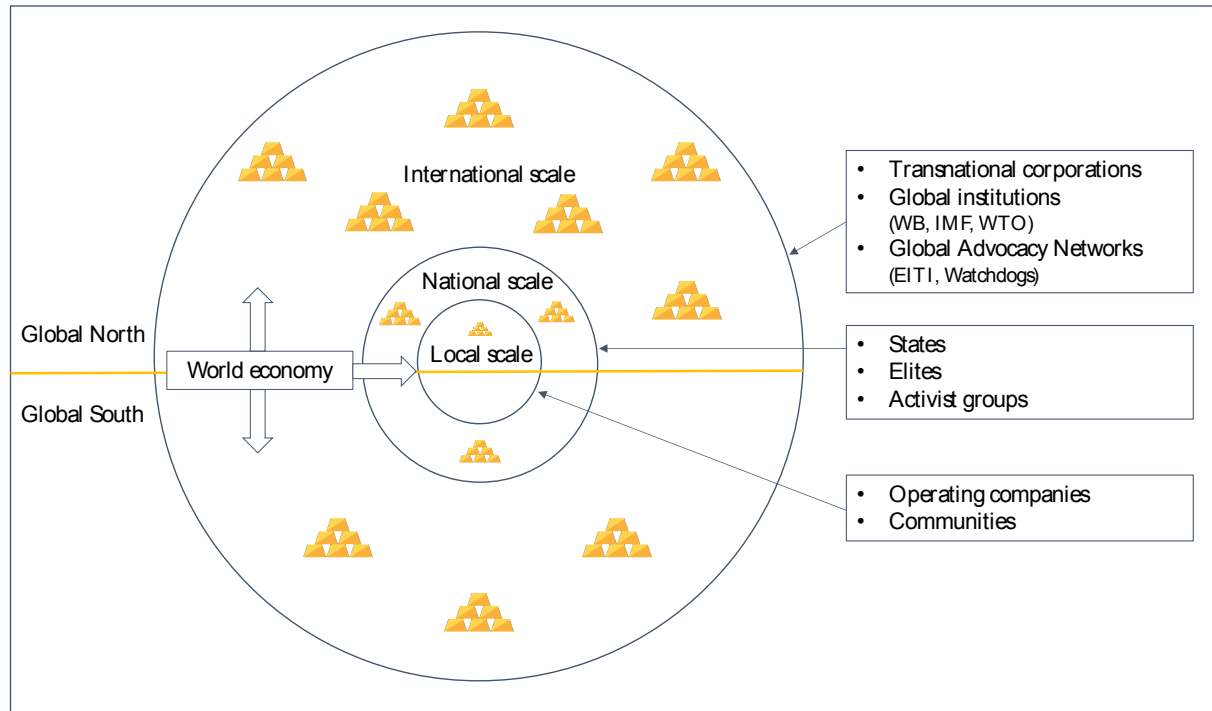


Figure 1. Diagram visualising the actoral framework

The diagram visualises how actors with divergent interests operate within the contemporary global economy, which permeates all scales to different degrees. Neoliberal economics is especially relevant to the international scale whilst it may be less relevant to the local scale, as some communities ascribe to alternative economic models (i.e. gift economy)⁸.

The horizontal line divides the world economy into the global north and global south. Through this division, historical and geographical differences are taken into consideration. There is no single history of the global south or north, but globally, there are major differences which determine how these two categories evolve⁹.

The concentration of 'gold' per scale is indicative of the uneven distribution of benefits in the extractive industries. The grey demonstrates how the costs (burdens) are unevenly distributed among actors and scales in the world economy. Locally, burdens are immediately felt, whereas

⁸ For more information on the gift economy see, Eisenstein, C. (2011). *Sacred Economics: Money, gift & society in the age of transition*. Berkeley, CA: Evolver.

⁹ The global north/south divide is not strictly geographical and is not an image of the world divided by the equator, separating richer countries from their poorer counterparts. Rather, geography should be more readily understood as economic and migratory, the world understood through the wider context of globalisation or global capitalism (GSSC, 2019).

world-wide consequences take much longer before they are felt. Hence, the grey is darker on the local scale compared to the national and international scale.

The activities of actors operating at the international scale (outer circle) permeate the national and local scales. Relevant actors operating on this scale are transnational corporations, global political actors such as the IMF, WB and WTO¹⁰ and global advocacy networks such as the EITI¹¹ in addition to smaller internationally operating ‘watchdogs’ (Koch and Perrault, 2018).

On the national scale, states function as regulators and operators (Dicken, 2015). States however also deal with international actors through negotiations, agreement and legal disputes for example. Global institutions are also deeply connected with state operations as they influence their policy freedom (Bond, 2006) (Nugent, 2012) (Hickel, 2017). Also, scholars note the role of elites in the distribution of wealth generated from the extractive industries, which makes it relevant to mark elites as actors within this context as well (Koch and Perrault, 2018). In addition, natural resource exporting countries often include activist groups acting on behalf of the public.

Communities at the local level directly deal with the extractive industries, either positively (employment), negatively (conflict/environmental degradation) or both. Transnational corporations often make use of local operating firms for extraction (Bridge, 2009). Hence, they are included as local actors in this framework.

The diagram in figure 1 is a gross simplification of real-life complexities; however, it provides a time and space sensitive lens for studying the extractive industries in relation to uneven human development. It does so, by including history, geography, multiple actors and scales, whilst sensitive to time and space.

2.13 Theoretical reflections

In this chapter I have explored and compared existing approaches to and theories on the extractive industries and its developmental consequences. In short, the vast majority of scholarly work on the extractive industries adopt an economic lens through which to view the complexities around natural resource extraction.

The case study for this thesis – the Tanzania-Acacia dispute – stands to benefit from a more discursive approach as some actors and their concerns, ideas and interests might be overlooked

¹⁰ World Trade Organization (WTO)

¹¹ Extractive Industries Transparency Initiative (EITI)

with a traditional single-disciplinary and state-level approach. Therefore, the mode of analysis in this study adopts a time and space sensitive approach, which does not obscure the role of actors operating on a non-state level, but instead, considers the part they play in global production networks.

Because of my suspicion that the case study could lay bare other conceptual relationships than the ones found in the existing literature, I have chosen to use a bottom-up approach in my research, namely, Grounded Theory. The premise of Grounded Theory is to start with as little preconceived ideas and assumptions as possible and to extract theory from the collected data (stories through interviews in my case). I suspect more can be uncovered by listening to the stories of individuals with a vested interest in Tanzania's extractive sector through the use of a time and space sensitive mode of analysis as a parameter in the analytical process of this study. However, I make limited use of the existing literature in my assumptions in order to generate new theory from collected data in the field. Through this inductive approach I aim to understand the positionalities of the different actors in the Tanzania-Acacia dispute by deducing a meta-analysis from the collected stories in order to unearth unexamined discourses and rebuild the narrative around the Tanzania-Acacia dispute.

3 Methods

Patrick Chabal points out that scholarly writing on Africa by non-Africans is sensitive, and with good reason. Chabal sums up how the historical relationship of the African continent and the rest of the world, but most notably Europe in the global north, requires reflection and critical assessment when writing as a non-African about processes in Africa. He writes:

Given the history of the colonial ‘encounter’ between the West and Africa, it is especially difficult for Western scholars to escape charges of imperial scholarship. This is as it should be. The assumptions of western scholars should always be challenged most vigorously (Chabal, p182).

In my writing, I do not assume a position of neutrality, nor do I state any absolute truths. I aim to be honest and modest in the claims I make by considering ontological diversities.

The aim of this study is two-fold.

- First; a macro-level study of north-south power dynamics of the extractive industries.
- Second; a meso-level study of perspectives on the Tanzania-Acacia dispute.

Information regarding the macro level study has been acquired by means of literature review, and desk research in the form of documental revision. I sought out academic writing on the extractive industries with the help of the Radboud University research portal, sometimes using Google Scholar first to identify articles, books or other sources of interest and subsequently using the research portal to gain access to these documents. In addition to academic literature I studied extractives industries related reports published by research institutes, civil society organisations, Acacia Mining plc and the Tanzanian government. I also asked the individuals I interviewed for recommendations on what to read regarding my research and would sometimes be sent a report drafted by themselves/their organisation or a translation of a document in Swahili concerning the Tanzania-Acacia dispute. The desk research supported and informed the process of collecting qualitative data: the meso-level study of this thesis.

The second chapter, which discusses the main theoretical debates and relevant concepts in studies concerning the extractive industries, was re-written a number of times. Over the period of doing research, and speaking to more and more people, new information kept coming to light. This meant I continued to include new concepts, views and theories to this theoretical part of the study to accommodate the information received from the people I interviewed. Through this constant process of comparison, I found myself conducting Grounded Theory research.

3.1 Grounded Theory

This qualitative methodology came intuitively in response to the continuous process of comparing the collected data. The basic premise of Grounded Theory is to start with as few preconceived ideas and assumptions as possible so that you can build a theory based on the data that emerges from the research process (Glaser and Strauss, 2012) (Brown, 2010).

For example, I started with three basic questions: What happened in the Tanzania-Acacia dispute? Why did it happen? And how will this affect the future of Tanzania's extractive industries? After several interviews I became aware of the divergent professional and/or personal concerns and interests of the actors involved in Tanzania's extractive industries. I decided I wanted to learn more about how these interests may impact the developmental consequences of the extractive industries in Tanzania and which factors participants believed play a role the uneven relationality of the state-firm nexus.

I let previous interviews inform the ones still to come, enabling participants to engage with perspectives I had newly discovered. This approach proved helpful in order to grasp the multiplicity of views on the Acacia/Tanzania dispute. In the data collection process, I searched for deviant views. Although one can always interview more people, I found that approaching the end of my research I was referred to individuals I had already spoken to. Also, later participants to the research repeated ideas I had heard from earlier participants, making me 'empirically confident' in the idea that I had stretched the diversity of data as far as possible (Saunders et al., 2018). This ties into the idea of "saturation not representation" underlying the Grounded Theory approach.

Originally a sociological approach, Grounded Theory is not restricted to sociology or psychology, rather, it focusses on the research process and not the discipline. Different from traditional models of research, the collected data informs the theoretical framework, instead of reviewing the data through an existing framework. It is a process of constant comparison (Glaser and Strauss, 2012). In this process you look for similarities and differences in the stories you have collected. After significant analysis, certain themes and patterns emerge from the data because of this process of constant comparison. This interactive approach towards the case study is particularly useful from the perspective of human geography as it strives to show how broader processes work through specific constellations of social space (Gregory et al., 2009).

Building theory through collected data is a method of research that contrasts fundamentalists and structuralist methods, which are criticized for being reductive and speculative (Strauss and Juliet,

1994). This study ultimately does not base itself on absolute truths and views ‘knowledge’ not as neutral but multiple, sometimes contradictory, and powerful, i.e. there is no single truth (Gibson-Graham, year, p95).

3.2 Conducting qualitative research

At the meso-level, this study investigates perspectives on state-firm dynamics in Tanzania’s extractive industries since new mining regulations were introduced in 2017 after mining company Acacia was accused of malpractice. In order to map the different perspectives on the Tanzania-Acacia dispute I collected stories from people who are knowledgeable about the sector, the government and the political, economic and cultural context in which the new regulations were introduced. These stories were collected through in-depth qualitative interviewing because it suits the objective and fits Grounded Theory methods particularly well.

I completed 16 in-depth interviews in 2018 with individuals who are - either directly or indirectly - involved in Tanzania’s extractives industry. All interviews were conducted face to face at the respective office of whomever I was interviewing or at a public meeting place (restaurant). All interviews took place in Dar es Salaam, Tanzania, and lasted between one and two hours - with the exception of one interview that lasted nearly three hours. The interviews were semi-structured and guided by an interview protocol with key questions I wanted to cover (see Appendix A). The key questions in the protocol were based on desk research done prior to the interviews.

Each interview started with a short word of introduction about myself and the focus of my research. After introducing the Tanzania-Acacia case study participants often started sharing their view on the dispute without much encouragement on my part. During the interviews I avoided asking leading questions and instead took note of the terminology participants used to describe the processes they observed in the dispute and the events surrounding it such as the introduction of new mining regulations not long after Acacia was accused of misconduct. Leading questions and ready-made assumptions hamper the Grounded Theory research method which focusses on accurately capturing the collected stories. Grounded Theory researcher Brené Brown describes this process as follows, “I don’t think about how I would say something, only how they said it. I don’t think about what an experience would mean to me, only what it meant to the person who told me about it” (Brown, 2010, p129).

In order to ‘accurately capture stories’ for later analysis I requested permission from participants to record the interview and asked them to let me know whenever they wished the recording to

be paused (in case they wanted to share something off the record). The questions in the interview protocol were slightly adjusted over time as I gained new knowledge and insights. One question was added to the protocol upon the advice of my supervisor. I kept myself informed of the news covering the Tanzania-Acacia dispute through Google Alerts and saved articles with relevance for coming interviews and later revision in a Word file.

To explore multiple perspectives, I contacted individuals with experience of working in the Tanzanian government and people active in the private sector who were able to provide a business perspective. It is through the connections and advice from colleagues at the Dutch embassy that I was able to conduct interviews with people in responsible positions to whom I would otherwise not have had access.

3.2.1 Data analysis

This brings me to a revision of the methods used for collecting and analysing the data. All interviews were summarised from notes, memory and recordings made on my smartphone to about a page each, outlining the main themes and concepts discussed. The interviews were subsequently transcribed from the recordings, however, since it would be too time consuming to transcribe all interviews verbatim, only the interviews more enlightening and relevant to the research were fully transcribed. This selection was made on the basis of whether the information shared by the participant was surprising or if it was in contrast to information shared in other interviews. Two interviews were not recorded as I was not allowed to take my mobile phone into the Embassy building. All interviews were conducted in English except for one in Dutch, which I translated in the process of transcribing the interviews.

3.2.2 Finding connections

Following the interviewing process, I coded the collected stories for themes and patterns in order to generate theories from the data. After analysing the collected data, I conceptualised five main themes: Capacity, Contracts, Compliance, Corruption and Communication. The themes do not follow a particular hierarchy but are ordered starting from basic conditions (capacity, contracts and compliance) to bigger processes (corruption and communication)¹². Sentences or sections of the transcripts were compared and contrasted according to identified theme and organised in an excel document which included two additional columns next to the five identified themes, namely: Considerations, for information more relevant to the background of the study rather

¹² I elaborate on the reasoning behind this specific ordering of the 5 themes in Chapter 5.

than the focus, and Acacia, for information directly pertaining to the mining company from the case study (see appendix B).

For ideas on how to present the data collected in the 16 interviews, I was inspired by other qualitative studies who make use of in-depth interviews. In the article “Dealing with Diversity: Middle-class Family Households and the Issue of ‘Black’ and ‘White’ Schools in Amsterdam” Willem Boterman presents his data per theme, exploring the differences and similarities in perspectives by juxtaposing fragments of data against each other (Boterman, 2012, p1130-1147). This method of presenting qualitative data suited my own collected data well, as it allowed the collected stories to be presented in a clear, interactive and inclusive way.

The meta-analysis in Chapter 6 uses data visualisations to show the positioning of the different actors on issues that most strongly divided the participants in their views regarding the case study. To determine the position of each participant in the visualisations I added two other columns to the above mentioned excel sheet labelled ‘Figure 5’ and ‘Figure 6’ in which I summed up the position of each participant in one sentence. In the translation of these abbreviated arguments to the data visualisations I subsequently gave each argument a positive or negative number in order to determine their position on the X and Y axis of the matrix, for example X-axis: +2, Y-axis -1.

3.2.3 Surprising meetings and conflicting perspectives: How I found my participants

To respect the privacy of the participants to this study, I do not mention any of the individuals by their real name, nor do I specifically describe their professional title. My first interview was set up with the help of an Embassy colleague. This individual works in the international community and has strong ties to the extractive sector in the country.

Through my attendance at one of the Extractive Sector Working Group (ESWG) meetings on behalf of the Dutch Embassy, I met a representative of the World Bank and a diplomat who was previously employed by the Tanzanian Ministry of Minerals/Energy. Both agreed to an interview. The ESWG was founded in 2014 by the Canadian High Commission and at first only donors in the extractive industry participated in the meetings. The group was later (2016) opened up to other organisations such as the Natural Resource Governance Institute (NRGI), Swiss Aid and Tanzania-Extractive Industry Transparency Initiative (T-EITI).

Through the Dutch Embassy, I contacted six out of the total of sixteen individuals interviewed for this research. My first interview at the Canadian High Commission led to a second meeting with someone from their embassy, who had been personally involved in meetings between the

Canadian mining company Acacia and the Canadian High Commission. This interview led to a meeting with an executive at one of the most influential organisations in the country's mining and energy sector, which I will not go into more detail about in order to protect their privacy.

I found most people to be very willing to share their perspective on the dispute between Tanzania and Acacia, and often one interview would lead to the next. It was most difficult to contact people in Tanzanian government. Therefore, I am pleased to have met with people who worked for the Tanzanian government prior to their current professional position and who were willing to share their experience of the inside workings of the government and its ministries, including their point of view on firm-state affairs in the mining and extractive sector. People I interviewed who work in the private sector were generous with their time and would often refer me to someone else who they believed could be of interest to speak to with regards to my research. This is how I got in touch with a Tanzanian academic who writes specifically on the topic of the 2017 mining regulations in the country.

I was lucky to have been connected to someone from the civil society community through a Dutch organisation called Both Ends, who had visited the Embassy. Both Ends learned of my interest in the extractive industries and knew one of their partner organisations would be willing to share their insights. This meeting opened the door to a network of individuals who are influencing the narrative on Tanzania's extractive industries, channelling their influence through civil society organisations.

3.3 (Self-) Reflection

When conducting research, it is important to be aware of personal biases. This holds especially true when using interviews as a research method. Here, one should make an effort to curiously look at the assumptions one makes when asking questions and interpreting answers to these questions. Assuming a position of neutrality is easily done, but an individual's position is never neutral, as poignantly explained in the *Handbook of Qualitative Research* by Denzin and Lincoln:

Behind all research stands the biography of the gendered researcher, who speaks from a particular class, racial, cultural and ethnic community perspective (2005, p21).

Maintaining this awareness, I considered ontological diversities and multiple realities in the process of collecting stories and uncovering different perspectives on the case study throughout my thesis.

During the interviewing process, I actively sought out to challenge my own assumptions and beliefs and was sometimes aided – or corrected to use a more accurate word – in this practice by the people I interviewed. Additionally, I felt it was important to reflect upon the way I could be perceived as an intern to the Dutch embassy. Before the start of every interview, I stated that I was not there to ask questions from the position of an embassy intern but as a researcher. Part of the self-awareness I employed was knowing that my position at the embassy – notwithstanding the many privileges it provided – could also be a limiting factor during the interviews. It could be a reason for people to be cautious of the information they shared and to be less open when voicing their opinions.

Furthermore, I was made aware of why people might be cautious about speaking to me concerning the governments' dispute with Acacia when one of my Tanzanian colleagues asked me to consider choosing an alternative research topic. The concern of my colleague illustrates the sensitivity of the topic and the tension it has created within the country. My colleague feared that if I were to start asking questions about the government's activities, I would not only be putting myself in a 'hazardous' position, but indirectly, my colleagues at the embassy as well. Although aware that the topic had caused tension amongst those working in the extractive sector, I had not considered that my questions could potentially have such far reaching consequences. New to the country, I undoubtedly have less insight into the possible dangers of researching this particular case study than my colleague does and, conceivably, I was not fully aware of the gravity of the situation and how it extended beyond the immediate stakeholders involved. Her fear that my interest into the government's activities would cause unwanted attention not just upon myself but perhaps on the people around me, led me to take extra care during the research process and be careful about who I spoke to and the questions I asked.

The fact that the interviews were semi-structured was helpful in light of the sensitivity surrounding the case study. It allowed the interviewees to elaborate on what they believed to be important and what they were comfortable talking about. Often, the key questions I had prepared with the interview protocol were addressed without personally needing to introduce the questions.

Upon reflection, the individuals I have interviewed for this thesis have treated my questions with respect and patience and have answered them to the best of their knowledge or to the best of the

knowledge they were willing to share. I am grateful to my colleague for her advice, nevertheless I was - in accordance with the Ambassador - encouraged to continue with my research.

4 Unearthing Common Ground

Stories on dilemmas concerning resource-based development and unequal distribution of wealth sourced from the extractive industries are most commonly heard within the framework of corrupt elites and greedy corporations. For issues of global scale and concern, one-sided stories simply do not suffice to better understand the complexity of the challenges within the mining, gas and oil sectors. What can be gained by deconstructing the dominant narratives that exist on dilemmas such as the dispute between Tanzania's government and mining company Acacia? Possibly, a different understanding of what the common denominators are in such cases.

Before digging deeper into what connects nearly all issues related to malpractice in this multi-billion-dollar industry, it is beneficial to look at what remains once dominant narratives are stripped away, and facts remain. This chapter provides necessary background information in order to fully engage with the qualitative data (in this case semi-structured interviews) presented in the following chapter. The data on the Tanzania-Acacia case study touches upon Tanzania's history with mining and how it relates to past and present changes in the country's political dynamics. Therefore, the first paragraphs of this chapter discuss relevant regulatory changes made in the mining sector and its political and economic implications for the country.

4.1 Overview of Regulatory Changes in Tanzania's Mining Sector

How has mining historically contributed to the advancement of Tanzania? That is, in terms of revenue, in terms of employment, in terms of local content (i.e. linking mining activities with the wider economy). And how has Tanzania's history of mining influenced the government's current position towards the extractive industry? Pursuing these lines of inquiry will help to better understand the tensions between stakeholders in Tanzania's extractive industries today.

4.1.1 Early mining in Tanganyika

Mining activities in Tanganyika¹³, now known as mainland Tanzania, can be traced back to Arab traders in the pre-colonial era who traded iron, copper, salt and - in some degree - gold. Gold exploitation grew in prominence during the German colonial period from 1884 to 1917, as Germany joined the gold standard in 1870 and private firms were encouraged to exploit minerals and given exclusive mining rights to large areas of land containing gold (Chachage, 1995, p48).

¹³ After the union of Zanzibar with Tanganyika, in 1964, the country gained its current name, Tanzania (Benjamin, 2011, p2).

German company Konzession für Edelmetalle discovered gold in the north west of the country, close to Geita, in 1898. More gold findings followed in the years after. One mine reportedly employed 20 Europeans and 700 locally recruited workers after production began in 1909 (Bryceson et.al., 2012, p634).

Following the defeat of Germany after the First World War, governance over German East Africa (Rwanda, Burundi, Tanganyika) was divided among the winning allies by the League of Nations¹⁴, leaving Tanganyika (now Tanzania) under the mandate of the British (James, 1971). At this time, 6 mining companies were active in Tanganyika (Chachage, 1995, p53). In 44 years of British Rule, 2.5 million acres were alienated from native lands in favour of settlers and a clear distinction was made between surface and subsurface land ownership (James, 1971). The Mining Ordinance of 1920 stated that all lands with minerals were under the sovereignty of the colonial governor, including lands occupied by “any native tribe” (Emel et al, 2011, p74-75)

Major gold discoveries in 1921 led to the attraction of more large mining firms in the early 1920s and was legally facilitated by the 1929 Mining Ordinance which put limitations on mining claims by small prospectors. Consequently, intensive exploration and large-scale development of goldmining started in the early 1930s in north-western Tanzania (Geita). In 1936, gold production accounted for over 10% of Tanzanians in paid employment (Roberts, 1986, p557). However, the war supply economy of the 1940s and the demand for diamond production caused the significance of gold mining and the incentive to develop new mineral deposits to decrease (idem.).

4.1.2 *Ujamaa (1961-1970)*

Shortly after gaining political independence from the British in 1961, founding President Mwalimu Julius Nyerere, proclaimed Ujamaa or ‘African Socialism’ as Tanganyika’s aim (Brennan, 2006, p394)¹⁵. The foundations of this economic model are found in the extended family. It opposed capitalism, which Nyerere described as “the exploitation of man by man”, and doctrine socialism, which he believed to result into “inevitable conflict between man and man” (Akyeampong, 2018, p80).

In 1962, the same year that Nyerere published his pamphlet *Ujamaa - The Basis of African Socialism*, the government effectively nationalized all lands through the Freehold Titles Act

¹⁴ The League of Nations was replaced by the United Nations after the Second World War.

¹⁵ Nyerere was known by the Swahili honorific Mwalimu (‘teacher’), his profession before he entered politics (Akyeampong, 2018, p80).

(Brennan, 2006, p394). All subsoil wealth was to be left undeveloped until Tanzanians had the geological and engineering knowledge and skills to develop the resources themselves.

In the years around independence in 1961, commercial gold mining declined rapidly. The country was to focus on transforming its agricultural sector, according to the Three-Year Development Plan (1961-1964) which was prepared by the World Bank (WB). The WB's advice to the government concerning mining was to:

Modify its mining policies “as necessary, to increase the attraction and (give) encouragement to further prospecting by private interests”, chiefly through providing favourable tax incentives in the early stages of mine development (World Bank, 1961, p269) (Gibbon, 1995, p53).

In 1969, Tanzania amended the 1929 Mining Ordinance which vested minerals in the hands of the president. The amendment granted the government authority, unquestionable in court, to issue, refuse, revoke and otherwise control mining licenses based on furtherance of “public-interest” (United Republic of Tanzania, 1969: 1e2).

4.1.3 Revival of gold industry and mounting debts (1970-2010)

The year 1971 marked a revival in the gold industry after the collapse of the Bretton Woods monetary management system in the same year, which saw an end to the ‘gold standard’, fixing the value of gold at below \$35 per ounce (Emel et al., 2011, p75). No longer attached to the dollar, the price of gold rose to \$120 per ounce in 1976 (Amadeo, 2019). As demands for gold significantly increased, so did efforts to liberalize mining laws. In response to these efforts, an act was passed in 1979 which reaffirmed state ownership over all minerals. In addition, in 1980 the government set aside large areas for the use of small scale and artisanal miners (Emel et al., 2011, p75).

After two oil shocks, a war with Uganda, and high public spending in relation to tax revenues (among other factors) Tanzania's debt escalated. Tanzania became the last country in Sub-Saharan Africa to accept the structural adjustment conditions of the Bretton Woods¹⁶ institutions (i.e. the World Bank and the IMF) in January 1986, soon after the inauguration of the second president, Ali Hassan Mwinyi (President from 1985 to 1995) (Hyden, 1999) (Emel et al., 2011). These conditions obliged the state to provide a conducive environment for private sector-led growth (Muganyizi, 2012, p7). This period saw the end of the in 1972 established State Mining

¹⁶ The Bretton Woods institutions (WB and IMF) and system (changing the global monetary system by replacing the gold standard with the U.S. dollar as the global currency) were established in 1944 in order to enhance post-war economic recovery and development (Opschoor & Jongma, 1996).

Company (STAMICO)'s control over mining activities. The high gold price encouraged a boom in artisanal mining, with Tanzanians being permitted to claim and sell minerals as long as they sold them to the government through the Bank of Tanzania. Between 1989 and 1990 earned exports in gold increased with 52% (STAMICO, 2019) (Emel et al., 2011, p75). Hyden notes how "In Tanzania, Mwinyi's rule is remembered as a period of *rukasa*, a Swahili word perhaps best translated as 'do your own thing'" (Hyden, 1999).

Newly elected President Benjamin Mkapa (President from 1995 to 2005) introduced major changes to the mining industry. Liberalisation of the mining sector came with the 1997 Mining Policy and the 1998 Mining Act (Muganyizi, 2012, p7). The Mining Act of 1998 drove Tanzania's mining sector into a new age of growth, not in the least because of the liberties it provided for international mining firms:

Tenure was guaranteed to the mining corporations for 25-50 years or the life of the mine, stabilization clauses assured there would be no changing the incentives, no Tanzanian equity was required, total repatriation of profits and ex-patriot incomes was assured, tax advantages were provided, and mineral license holders could assign their rights to affiliates and to financial institutions without government consent (Emel et al., 2011, p76).

Corporations were free to go about their business with little legal, political or economic insight or scrutiny (idem). The period between 1998 and 2006 saw the construction of 6 large gold mines, controlled by three multinationals: Barrick (Canadian), Resolute (Australian), and AngloGold Ashanti (South African) (idem.).

In the 25 to 30-year vision laid out in the 1997 Mining act, the sectors' contribution to Gross Domestic Product (GDP) growth was predicted to grow to 10% by 2015 (Muganyizi, 2012, p3). In 2010, \$71,6 million of total taxes received from mining activities made up 2.4% of GDP, gold accounted for 93% of those earnings (Muganyizi, 2012, p8). Yet, this still fell far below expectations of the Tanzanian authorities (Poncian and George, 2015, p166).

4.1.4 Changing the regulatory framework (2009-2017)

The year 2010 marked an important change in Tanzania's mining policies under President Kikwete (President from 2005 to 2015). Existing legal framework and policies were repealed because the government deemed that the economy and people were not benefitting significantly from mineral extraction, largely due to generous tax incentives provided under the mining acts of the 1990s (Cooksey and Kelsall, 2018). The contribution of taxes was not proportional to the profits made by mining companies during the period. (Muganyizi, 2012, p9). Despite the

regulatory changes of 2010, many of the most lucrative mines continued to work on contracts agreed before the 2010 provisions (Muganyizi, 2012, p3). Muganyizi explains why:

A key feature of the MDAs¹⁷, included in both the mining acts of 1998 and 2010, is that they guarantee the investor a stable fiscal regime. The stabilisation clause says the fiscal terms of the agreement will not be affected by any changes to the country's fiscal system, unless they improve on those provided in the agreement at the time of signing. A major weakness of the clause, however, is that it has conferred unaccountable power to the minister of minerals to sign agreements without consulting any other government authority.³ Investors do not have to put up any extra cost to be offered the fiscal guarantee. Nor is there any time limit to the stabilisation clause (Muganyizi, 2012, p12-13).

The stabilisation clause thus provides investors with protection from changes in the country's fiscal regime, without an expiry date. Generous tax incentives were however not the only factors which led to the 2010 Act. Goods and services were procured from outside the country whilst locally available, causing locals to benefit minimally (Mgamba, 2012, paras. 40-41). Furthermore, working conditions and pay for local employees were not as good when compared to foreign counterparts. A government commissioned report from 2008 (Bomani Report) found that in one given mine, a Tanzanian citizen with the same post and qualifications as a foreigner was paid 86.6% less (URT, 2008, p. 37).

An article from *The Journal of Social Science Studies* from 2008 describes that within government circles there is a fear of scaring away potential investors.

There is a fear that too much reform will upset the companies, the donors and the international institutions, none of which is championing significant, or indeed any, fiscal reform. The government is to a large extent hamstrung by arguments about 'international competitiveness' and the over-riding priority to continue to attract foreign investment (Curtis & Lissu, 2008, p. 30).

It is important to keep in mind that this was only written less than 10 years before the major mining reforms introduced in 2017 by President Magufuli. Despite the fact that Tanzania is considered to have the best developed extractive sector in the East African region, it is still performing far below expectations. Certainly, the challenges of generating fiscal revenue whilst attracting investment are not exclusive to Tanzania's situation, but applies to resource-rich countries all over the world.

¹⁷ Mining Development Agreement (MDA)

4.2 *New Regulations (2017)*

In 2017, the mining sector in Tanzania was turned upside-down when three acts were passed under certificates of urgency (i.e. adopted after only one reading) (Eriksen, 2018, p19).

The three bills were published on 29 June and passed by 5 July 2017.

- The *Written Laws (Miscellaneous Amendments) Act*.
- The *Natural Wealth and Resources (Permanent Sovereignty) Act*.
- The *Natural Wealth and Resources (Review and Re-Negotiation of Unconscionable Terms) Act*.

The new laws mandate that the state owns at least 16% of future mining operations and entitles state-owned-enterprises to acquire up to 50% of the shares in mining companies. Additionally, they give parliament the power to review and renegotiate ‘existing’ agreements and removes the access of firms to international arbitration (Jacob and Pederson, 2018, p288). All future contracts, once signed, must be submitted to the National Assembly within six days for review. Decision-making powers over natural resources are placed under the President, instead of the Ministry for Energy and Minerals, since the President appoints the executive of the newly established Mining Commission, who advises the relevant ministries (idem). The acts are mostly, though not exclusively, aimed at mining (Eriksen, 2018).

The new Acts came into being after two committees of inquiry were established by President Magufuli to (1) examine the export of gold/copper concentrates by Acacia Mining, and (2) look into the fiscal framework governing the gold sector more generally. The first committee inspected 270 of Acacia’s containers seized at the Dar es Salaam port and reported to find “the value of minerals within raw concentrate at the port of Dar es Salaam 10 times higher than Acacia declared” (Jamasmie, 2017) (Jacob and Pederson, 2018). This resulted in a ban on the export of unprocessed minerals (Jacob and Pederson, 2018, p288).

4.3 *Acacia: Unearthing Africa’s Potential*

Unearthing Africa’s Potential, Acacia’s motto, may come across as an uneasy choice of words considering they were charged with illegal operations and tax evasion in 2017. According to a charge sheet seen by news medium Reuters in October 2018, Tanzanian authorities have additionally charged Acacia for conspiracy, forgery, money laundering and corruption. The charges include illegal transactions ranging from \$1.5 million to \$752 million per payment between 2008 and 2018. In one transaction, \$719 million was transferred into the account of a

Tanzanian government official (Reuters, 2018). The management of Acacia denies any misconduct.

Acacia operates three gold mines in Tanzania starting in 1999, when Barrick Gold Corporation 'Barrick' (now majority shareholder of Acacia) bought Sutton Resources, the then owner of the Bulyanhulu mine deposits. In 2006, Barrick bought the North Mara gold mine and the Buzwagi mine was opened in 2009 (Acacia Mining plc, 2017, p62).

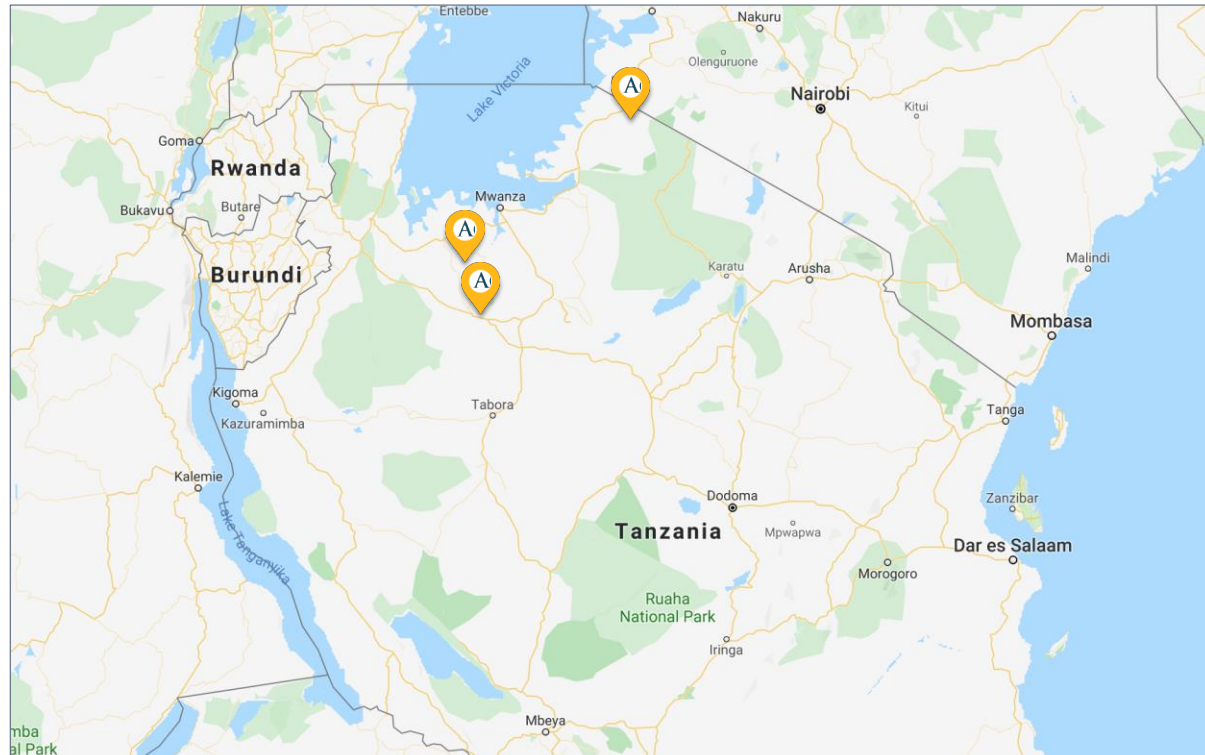


Figure 2. Map of Acacia's Gold Mines, from top to bottom: North Mara, Bulyanhulu and Buzwagi

Acacia first operated under the name 'African Barrick Gold', which was listed on the London Stock Exchange in 2011, and on the Dar es Salaam Stock Exchange in the following year. In 2014, African Barrick Gold changed its name to Acacia Mining plc.

Some of Acacia's profits were invested in corporate social responsibility (CSR), spending \$18 million to finance projects in education, health and sanitation, water, infrastructure, livelihoods, and others. In 2015, African Barrick donated 50 million Tanzanian shillings to victims of floods and spent 22.6 million to send 30 Tanzanian entrepreneurs to college (Poncian, 2015) (Tax Justice Network-Africa, 2016). At the same time, Acacia is facing increasing pressure to address environmental pollution and human rights concerns.

This is illustrated with the following set of incidents:

Non-profit organisation RAID¹⁸ and MiningWatch Canada documented at least 22 people killed and 69 injured, many by bullets, at or near the North Mara mine between 2014 and 2016. Even more shocking, a Tanzanian parliamentary inquiry into the abuses at North Mara in 2016 “received complaints of 65 killings and 270 people injured by police jointly responsible for mine security” (RAID, 2019).



Figure 3. Villagers search for pieces of gold contained in discarded waste rock from the North Mara mine. (Photograph- Trevor Snapp/Bloomberg)

Acacia regularly uses the Tanzanian police to provide security at the mine. They work under a memorandum of understanding with the mine where local police work is available in return for fuel, food, accommodation and daily earnings (Watts, 18 June 2019). Executive Director of RAID Anneke van Woudenberg said “Acacia Mining appears to have transformed parts of the Tanzanian police into a brutal and unaccountable private security force at its North Mara mine” (RAID, 12 June 2019). Additionally, she states that “For such a high number of violations to have occurred outside a conflict zone in a business context is shocking and exceptional” (Watts, 18 June 2019).

¹⁸ RAID (Rights and Accountability in Development) is a British corporate watchdog that exposes corporate human rights violations (RAID, 2019).



Figure 4. A mine worker overlooking the North Mara gold mine in 2015 (File photo courtesy of Acacia Mining)

In 2013, a small number of victims engaged lawyers from the United Kingdom (UK) and brought their claims before the UK courts, since Acacia is a UK registered company. Acacia settled these cases in 2015. Since 2017, new legal cases have been filed which are yet to be resolved (*idem.*).

4.4 Common Ground

In the address of Minister Kabudi of Constitutional and Legal Affairs to parliament in 2017, he spoke of “fighting giants”, “surviving sabotage” and how the alleged misconduct by Acacia uncovered “the truth about the world economic order” (see Introduction). For the purpose of this study, his statement needs clarification: what is the truth he is trying to expose here?

A Conference Report, written after an Extractive Industries Conference was held in November 2017 in Dar es Salaam, sheds light on what Minister Kabudi is alluding to. The Report underlines that the Tanzanian constitution stipulates that “natural resources are collectively owned by the people. The government holds it in their trust. The natural wealth of the nation is therefore vested in the president as a trustee” (Haki Rasilimali, 2017). However, discussants were of the opinion that despite the country’s constitution stating that the people of Tanzania own the nation’s natural resources, in reality:

Profits accrued from the sector get repatriated to foreign countries. Foreigners, actually, own the Tanzanian extractive sector and resources thereof. Extraction and processing of resources in the Tanzanian extractive sector is carried out by foreigners and in the same way, revenues from the extractive sector benefits foreigners while real owners remain in poverty” (Haki Rasilimali, 2017, p15).

This point of view resonates in many resource rich countries spread across the world. It is also alluded to in the work by some scholars, for instance, Peter Dicken writes, “extractive industries are far from ethically neutral” and, “companies often will not act until they receive negative publicity from their activities, rather than taking ethical considerations into account of their own accord” (Dicken, 2019). Here, Dicken makes reference to human rights and environmental issues. Yet increasingly so, questions are also asked about the financial relationships between resource-rich countries and transnational corporations.

Minister Kabudi’s concern about the “world economic order” touches upon questions that can be explored in a time and space mode of analysis, namely: How do global production networks work? And why are the benefits of the extractive industries not necessarily linked to the location of extraction?

To answer this last question, it is important to take in account that refining and distribution processes of oil, gas and minerals often takes place in a different country, or continent even, from where the resource is extracted (Dicken, 2015). This can be explained by the fact that companies seek to dilute risks of doing business in politically unstable countries by diversifying operations geographically (Andreasson, 2015, p312). On the other hand, politicians are continuously having to make trade-offs when taking decisions about whether or not to open their borders to money from abroad. As mentioned in Chapter 2, there is a delicate balance between tax agreements that benefit a country whilst still attracting foreign investment. Seeking the right balance between these two objectives, depending on the perspective, can invite corruption.

Usual explanations for why locations of extraction are often left depleted (i.e. corrupt elites and greedy corporations) cover some ground, but there is more to uncover. Commonalities among ‘resource cursed’ countries cannot only, and definitely not exclusively, be ascribed to these two dimensions alone. Instead, actors on all levels are to be taken into account in ‘resource curse’ situations, as the scope of corruption amongst international institutions, multinational firms and (African) elites is so vast, it is difficult to comprehend (Burgis, 2015).

In an interview, journalist and researcher Tom Burgis discusses his book *The Looting Machine*, in which he investigates several corruption cases in Africa’s extractive industries. He asserts that the main ‘source of corruption’ in Africa is the continents’ wealth in natural resources. Burgis

explains, “When governments rely on oil, gas and minerals for their revenue they do not feel beholden to their people” (Burgis, 2015).

Burgis provides an interesting and fresh perspective on these corruption cases as he notes how (corrupt) interests have become much more globalised and detached from nation-states since the turn of the century¹⁹. For instance, he mentions a network of companies that spreads out from its headquarters in Hong Kong called the Queensway Group²⁰, which could be viewed as an arm of the Chinese government. At the same time, this group is instrumental in several global commodity markets; an ally of various repressive African leaders; and provides a way into some of these countries for big western companies (British oil and gas company BP and British-Swiss commodity trading and mining company Glencore do business with this group).

Most notable is that every single one of the corruption scandals Burgis has tried to piece together in his book, without exception, involves an offshore tax haven²¹. These secrecy jurisdictions allow one to put together a company and hide the fact that one owns it. “If you’re an oil minister in an African country, or if you’re a middleman, or if you’re a Westerner or Chinese guy wanting to funnel a bribe or receive a kickback, that’s how you do it” (Worldfinancevideos, 2015).

There is no single definition of what a tax haven is. Tax Justice Network (TNJ) offers the following description: “A tax haven provides facilities that enable people or entities to escape (and frequently undermine) the laws, rules and regulations of other jurisdictions elsewhere, using secrecy as a prime tool” (Tax Justice Network, 2019). TNJ ascribes the following properties to tax havens:

- Unrestricted capital flows between countries.
- Strict or absolute bank secrecy.
- Fast and unbureaucratic formation of new enterprises.
- Tax exemptions for foreign companies and persons.

These properties require destinations with economic and political stability and a respectable and reliable reputation. Burgis underlines the fact that the majority of tax havens are either in the Caribbean or in the English Channel: small manageable islands. He writes that pressure to start

¹⁹ For an in-depth critique of Africa’s extractive industries see Tom Burgis’ *The looting machine: Warlords, tycoons, smugglers, and the systematic theft of Africa’s wealth*

²⁰ For more on the Queensway Group see Mailey’s *The anatomy of the resource curse: Predatory investment in Africa’s extractive industries*.

²¹ There are many names for the same areas: offshore havens, fiscal paradises or tax havens.

a public registry of beneficial ownership of all the people who own companies in these secrecy jurisdictions already exists, and that:

This requires a little bit of political will and could be a great fillip in the West's relationship with some of the most troubled African states, far more so than any amount of aid or trade preferences. In addition, it is within the gift of the West, rather than going back in the old ways of lecturing African leaders on how to run their countries (Worldfinancevideos, 2015).

His research led him to recognise “the thread that connects a massacre in a remote African village with the pleasures and comforts that we in the richer parts of the world enjoy” (Burgis, 2015).

In *Moneyland*, Oliver Bullough describes the process of hiding money as the ‘crime of opportunity’. In an online article written for Transparency International UK he writes:

If we want to help ensure the anti-corruption uprisings are a success, we need to help them by tackling corruption in its entirety. And that means we in the West, and in Britain most of all, need to face up to our own role in hiding and accepting crooked officials' stolen wealth (Bullough, 7 September 2018).

There is a growing awareness and condemnation of financial structures that facilitate the hiding of money from heavy taxation through offshore financial havens. Nevertheless, reports published by the World Bank and United Nations have been slow to pick up the issue of illegal money flowing from the global south to the global north through illicit financial flows. Yet a change is noted by those who work in the financial world of capacity building and anti-money laundering practices.

4.5 Concluding remarks

In conclusion, a closer look into Tanzania's extractive industries reveals a timeline of regulatory changes. In reviewing these changes, scholars have noted how the promotion of large international mining capital, from 1996 onwards, is reminiscent of colonial times in the early 1920s when the goal was also to attract large mining companies (Emel et al., 2011).

Similar to the mining law introduced in 1929, the 1998 Mining Act²² provided concessions and asked for a small royalty (3% in 1998, 1.5% in 1929) (Butler, 2004) (Emel et al., 2011, p76). Unsurprisingly, yet still worth noting, Barrick is quoted to herald the mining act of 1998 as “The best of its kind” (UNCTAD, 2002: 12; Emel & Huber, 2008).

²² The 1998 Mining Act was written by a British firm specializing in privatizing and liberalizing developing economies and allegedly vetted by a Canadian miner with Barrick connections and by the Canadian High Commission (Emel et al., 2011, p76).

This chapter has aimed to establish the need for time and space sensitive models of analysis to be developed through which state-firm disputes as Tanzania-Acacia could be viewed. Acacia claims no wrongdoing, still, corruption in this sector is widespread and the work by individuals such as Burgis and Bullough expose just how important it is to take actors on all scales into account when aiming to clarify matters concerning corruption and tax evasion in the mining sector and the extractive industries as a whole. Their work is relevant to many case studies and should also be considered when looking into Tanzania's gas and oil sectors which are still to be further 'developed' in the future. The following chapter (5) explores similarities and differences between the different perspectives on the Tanzania-Acacia dispute from individuals with a professional (and often personal) interest in Tanzania's extractive industries.

5 Positioning Stakeholders in the Tanzania-Acacia Dispute

Views on the new direction taken by the 5th administration under President Magufuli with the 2017 mining regulations are strongly divided amongst those with a vested interest in Tanzania's extractive industries. Through extracts from interviews I will explore these different views, keeping in mind that a person's personal and professional background could influence one's perspective on the events surrounding the Tanzania-Acacia dispute. Nevertheless, I found myself often surprised by the strong views expressed by the participants considering their areas of professional interest.

Below every citation (an extract of the interview), the participants' professional background and nationality (Tanzanian or non-Tanzanian) is specified. An alias is used instead of the participants' actual name in order to respect the privacy of those who have taken the time and trouble be interviewed for this research. The professional interest of the participants for this study can roughly be divided into the following 4 categories:

1. Private sector	<ul style="list-style-type: none">- Tanzania Chamber of Minerals and Energy (TCME)- Tanzania Private Sector Foundation (TPSF)- PricewaterhouseCoopers (PwC)- Independent consultant- Frontier Energy
2. International Community	<ul style="list-style-type: none">- Natural Resource Governance Institute (NRGI)- Canadian High Commission – (2x)- Norwegian Embassy- World Bank (WB)
3. Civil Society	<ul style="list-style-type: none">- Swiss Aid / Publish what you Pay- Haki Rasilimali- Policy Forum- WATED
4. Academia	<ul style="list-style-type: none">- University of Dar es Salaam, Tanzania- Roskilde University, Denmark

In line with the Grounded Theory approach, the main themes presented in this chapter (capacity, contracts, compliance, corruption and communication) originate from the data itself, meaning that participants used these terms to describe the processes they observed. Starting with capacity and ending with communication, the 5 themes are ordered from basic conditions to larger processes. Contracts (2) are based on the negotiation capacity (1) of governments and firms. These contracts require compliance (3) by all parties in order to work. A lack of compliance could lead to corruption (4) which includes many activities that can occur on different scales. Lastly, there are potential dangers and opportunities for the way in which information is (mis)communicated (5) among and between actors in the extractive industries and the wider public.

5.1 Capacity

The subject of capacity (in this context: a set of set of skills and resources or competences and capabilities) came up regularly during interviews. Capacity is a fluid concept and in interviews both human as well as physical capital were referred to. Some participants explicitly talked about the imbalance in capacity between the Tanzanian state and the firms who operate in the extractive industries. And most participants agree that the Tanzanian governments' capacity in these industries is low.

Theo (Tanzanian, Private Sector) lobbies and talks to as many people in government as possible to try and convince them to adopt policy proposals with the intention "to make this industry grow". Having extensive experience in Tanzania's mining industry, he states:

You can only grow if you have good policies that will attract investment. And when it comes to mining, especially large-scale mining, you need investors from outside Tanzania. You need foreign direct investment. The capital available here is minimal (Theo, Tanzanian, Private Sector).

Most participants shared Theo's opinion and mentioned the need to turn to foreign countries for assistance in developing its extractive industries.

Paul (Non-Tanzanian, International Community) identifies a complication for Tanzania, which could explain why assistance from abroad is not readily sought out, especially in the extractive industries:

Even though other organizations, governments etcetera, could provide support, it is sometimes more difficult than it seems because a lot of the governments who could offer technical assistance are where those companies that are negotiating are from (Paul, Non-Tanzanian, International Community).

The point of contention here is that for Tanzania to seek and accept support from abroad with regard to its extractive industries, they would be turning to the same countries that host the headquarters of – say – big mining firms. Therefore, whatever assistance the Tanzanian government receives, the benefactor would presumably be partial to the interests of its own multinationals.

According to Jumaa (Tanzanian, International Community), Tanzania lacks capacity in terms of financial muscle, the number of people negotiating, experience, understanding the business, and legal capacity. Jumaa says it is important to remember when inviting investors to your country that they are investing their money without being sure whether they will earn it back. They are investing risk capital, aimed to generate a profitable risk return. He adds:

Remember the extractive industry employs the best people from all over the world. The smartest guys from universities all over the globe are in this industry. There is no equality between the companies vis-à-vis the government. A company can hire a lot of people to sit down and negotiate on their behalf, non-stop, without other job responsibilities or assignments. But the government cannot do that (Jumaa, Tanzanian, International Community).

Jumaa thus identifies a lack of human capital and depth of knowledge. Without this, he says, “automatically the country won’t get a good deal”. He continues:

They [the government] lack skills to negotiate equal terms. Equal terms meaning, your understanding and my understanding [of the terms of this contract] are the same. The government negotiated having no understanding of the resource base. If you don’t know, you have to ask for expertise. If you’re not able, then say, “I’m not ready today, please wait until I’m ready”, that’s what Nyerere said (Jumaa, Tanzanian, International Community).

The lack in skill to negotiate ‘equal terms’ in contracts between government and foreign investors is illustrated by a story Jumaa shares from when he was employed by the Tanzanian Ministry of Energy. Whilst he was sitting at the negotiating table on behalf of the Tanzanian government in front of “the big guys”, he noticed something peculiar about a cost and gains excel sheet of the agreement under negotiation. It included a curious cost labelled ‘packing’. He tapped the big guys on the shoulder to ask about this cost item and was told they would discuss it later. When he asked his colleagues, they told him it was part of the operational costs; however, the sheet mentioned operating and maintenance cost again later. The negotiations were ended in agreement.

After studying petroleum economics in the United Kingdom, Jumaa came to realise that the cost and gains sheet had included double Operational Expenses (OPEX). This led him to believe

that the cost labelled as ‘packing’ had served as “pocket money”, most likely for the big guys at the table. Looking back, he concludes that: “What we did was stupid. Because it was agreed, and we can’t go back”. He continues:

So, I explained it to them [Ministry colleagues] and they asked, “Ohh, is that what we agreed?” They did not know (Jumaa, Tanzanian, International Community).

Aliko (Tanzanian, Civil Society) provides insight into the consequences of Jumaa’s story. According to him, there are several reasons why contracts between the Tanzanian government and companies are not publicly available. He provides an example where Norwegian state-owned oil company Statoil²³ requested their contract with Tanzania to be made public, but the government opposed. Aliko says the following on the lack of contract transparency:

What you have is that politicians either signed contracts, out of incompetence that they’re ashamed of, or because of corruption. Neither of these scenarios reflects well upon the politicians in question. So, they will object to having the contracts out there. There are about 26 PSA’s²⁴ between Tanzania and multinationals. Some are out, others not, because some people are not comfortable with it. So, you wonder what is in these contracts (Aliko, Tanzanian, Civil Society).

Allen (Tanzanian, Private Sector) notes how Statoil was established in Norway in the same year (1972) that saw the creation of Tanzania’s State Mining Corporation STAMICO. He mentions how both these state-owned enterprises differ greatly in their trajectories, as the Norwegians had the technological expertise which Tanzania (i.e. STAMICO) lacked. Hence, according to Allen, Tanzania’s STAMICO would perpetually have to depend on foreign multinationals for assistance in developing mines.

Allen suspects the outcome of the Presidents’ investigation teams was influenced by their assumptions. He notes how the contents of containers are sampled three times before customs approves it for export.

Remember that these samples were also tested by the [mining] company and TMAA²⁵ and SGS²⁶ before being approved. They all got same result. How could you [investigation team] get a different result? It is a tested method used

²³ Statoil changed its name to Equinor in 2018

²⁴ Production Sharing Agreements (PSAs)

²⁵ Tanzania Minerals Audit Agency (TMAA)

²⁶ SGS is the world’s leading inspection, verification, testing and certification company and has two labs (Mwanza) and two offices (Dar es Salaam and Tanga) in Tanzania (SGS, 2019).

by companies and TMAA. There must be a different set of assumptions when approaching the minerals (Allen, Tanzanian, Private Sector)

David (Tanzanian, Academia), one of the few vocal supporters of the current administration in government among the sixteen, similarly states “capacity is needed”. Likewise, Nathan (Tanzanian, Private Sector) asks, “Can government sign contracts with full comprehension of what they are signing right now?” and answers, “Probably not”. Yet he adds:

You have to distinguish between intent and execution. Execution lags behind intent. It’s important to put this stuff in context and I spend a lot of my time trying to help people to see that. Investors I work with, who read the same newspapers I read, ask “What’s happening in Tanzania? Things used to be so quiet there!” But just because things were so quiet, does not mean things were going well.

Nathan is lucky to be able to contextualise this discussion because he previously worked for the Tanzanian government, where his then colleagues would ask him: “Do you think we should sign this deal?” “Maybe not”, has been his response.

In response to Nathan’s call to distinguish between the governments’ intent and execution, Aliko had the following to say:

That’s where to my ‘civil society ear’, it just doesn’t sound right. The intention might be clear: more benefit for Tanzania. But it becomes murky is when you hear, “How I do it, don’t ask” (Aliko, Tanzanian, Civil Society).

Chris (Non-Tanzanian, Civil Society) does not make the same distinction between “intent and execution” but talks about the difference between “ambition and feasibility”. To illustrate, he uses Tanzania’s ambition to construct a gold smelter in order to increase the level gold concentration instead of exporting it in its raw form. Chris says:

Sounds good, but there are many challenges. It’s a white elephant: huge investment, but at the end of the day no value is added. People are cautious about building refineries in Africa. Oil and gas are still sent to India and China (Chris, Non-Tanzania, Civil Society).

The wish of the Tanzanian government to construct a smelter came up several times in interviews, especially with participants who are more critical towards the governments’ approach. According to Theo (Tanzanian, Private Sector), Acacia told the government that smelting is not in their business model. They know how to mine gold, pull the rock from the ground, crush it, process it but they do not have the expertise to smelt. Theo went into the nitty-gritty of how gold processing works:

What we know in Tanzania is carbon-in-leach processing. You end up with a gold bar that is between 80 and 95% pure. These are exported to South Africa or Switzerland for refinery. The refining process takes the gold bar from 80%, for example, to 99,999999% purity. The volumes produced by Bulyanhulu and Buzwagi mines are not sufficient to warrant the construction of a smelter in Tanzania. That is the only reason why the concentrates have to be exported from Tanzania. So, Acacia told the government: “We don’t have enough volume. And even if we have enough volume, this smelting business is not our business. We are happy if the government could call for investors to come install smelters here. We would be happy to take our concentrates to those smelters, but we can’t do it ourselves cause it’s not our business” (Theo, Tanzanian, Private Sector).

So, the carbon-in-leach process somewhat reduces the necessity to export raw materials for further refining, but it does not absolve it. Smelting is needed for further refining and mining companies prefer to export their concentrates for this process. Theo believes the government has genuine good reasons to want to construct smelters in Tanzania since it would add value to the mineral before export and it would provide employment. Additionally, it would create business for Tanzania’s Electric Supply Company (TANESCO). Theo’s mentioning of TANESCO brought up an interesting point:

At the moment, TANESCO is producing around 1500 megawatts. A very very very big smelter can consume that amount. One smelter. So, if I say it again, and I want the government to hear this, as an industry we don’t object to what the government wants. We don’t. We support the initiative. The only problem is the economics don’t work. The numbers don’t work because the volumes are not sufficient. We invite the government to initiate a study. Because maybe there’s technology; maybe from China. Maybe the Chinese have come up with technology that can even smelt smaller quantities. We don’t know. But the government was not keen to take our advice (Theo, Tanzanian, Private Sector).

So, even if smelters were to be built in Tanzania, there is not enough energy to power them. According to Theo, the arguments against the construction of a smelter in Tanzania when shared with the government “falls on deaf ears”.

Charlotte shares that TMAA also came up with a report that showed that processing gold in Tanzania demands energy and resources currently not available in the country. TMAA’s assessment also concluded gold reserves in the mines were not substantial enough for the smelting to be profitable.

Summing up, the issue of capacity came up mostly in reference to the scarcity of it on the Tanzanian governments’ side. External assistance does not come without complications, considering other governments could be partial to the interests of their own businesses operating in Tanzania. A significant identified capacity issue is the lack in skills to negotiate contracts based

on equal terms. Consequently, this could explain why contracts between the Tanzanian government and investors are often not made public, as one participant pointed out. The outcome of the President's investigation teams is disputed. Some participants called for a distinction to be made between the current administration's intent versus its execution, however, others talked about the difference between ambition versus feasibility.

The mentioning of the gold smelter exemplifies a lack in technical capacity which Tanzania is eager to change despite negative advice from the private sector and TMAA, who claim volumes are not sufficient to make its construction economically viable, plus, there is a shortage of electricity to power the smelters. In other words, there appears to be a lack-of-capacity-loop. A lack of knowledge, skill and experience – a desire to have greater control over production and extract more value – but governments who could provide technological assistance often seem to have their own agenda.

5.2 Contracts

Contracts (also referred to as agreements or arrangements) between extractive industry firms and the Tanzanian government were a favourite topic of discussion amongst most participants. Discussions on the concessions provided in past contracts, the conditions included in new contracts and the consequences they hold for future contracts, exposed a great variety of views. Most, however, believe contracts to be strongly linked to the motive behind the creation of the 2017 mining regulations and the investigations that preceded it. Perspectives surrounding these events are compared and contrasted in this paragraph.

Of the sixteen participants, eleven explicitly state that earlier mining contracts did not benefit Tanzania as they could/should have. Allen (Tanzanian, Private Sector) reflects on the 1998 mining acts and says that in hindsight, they were “too generous” (to the companies). He explains:

Royalty of 3%, capital deduction in the first years, VAT deferrals, 0 rating of exports meaning they get a lot of refunds (Allen, Tanzanian, Private Sector).

For Jumaa (Tanzanian, International Community) the 1998 act had no regulations, but the regulations were in the individual agreements. Similarly, Emmanuel (Tanzanian, Private Sector) describes Tanzania at the start of large-scale mining around the year of 2000 as “a sleeping country” and that the government at the time basically told companies to “Come and take the gold”.

The debate on whether the mining companies pay enough tax or not, and on profits turning up in Europe instead of Tanzania, Allen (Tanzanian, Private Sector) raises the question of why the Tanzanian government surrendered all the mining rights allowing mining companies to own the raw material before they start mining it. If he were in charge, Allen would have said:

This is our gold. You [mining company] come in as a contractor. You help us mine it. We'll pay you for helping us mining, and then we rule it [natural resources] only (Allen, Tanzanian, Private Sector).

For years and years, concessions allowed companies to build up huge losses they could deduct against their taxable income, says Paul (Non-Tanzanian, Other). He makes a comparable argument and believes that "The country could and should benefit more from its extractive sector". Paul also confirms Allen and Jumaa's assessment of the 1998 mining laws:

The mining act of 1998 was extremely generous when it came to its fiscal terms. They were not inconsistent with the legal regime that prevailed at the time, it was just that the legal regime at the time was very generous. But by late 2004/2005 the gold price increased a lot and there were increasing questions as to whether the country had given too much away (Paul, Non-Tanzanian, Other).

After the Mining Act of 2010, renegotiations resulted in a regime that "still wasn't that great for Tanzania but was significantly better than what had come before it", says Paul.

The terms that were renegotiated later obviously improved the governments' take but didn't rectify those leakages at the start. So, the government definitely was right in saying that the country could benefit more from those projects. And I think they could get more from those projects without scaring investment away (Paul, Non-Tanzanian, Other).

Jumaa (Tanzanian, International Community) talked about 'fairness' in the agreements signed between Tanzania and investors in the past, and points out that:

An investor won't tell you to "Go and find someone to negotiate with us". So, if you ask me, what they [Tanzanian government] agreed on the table was fair. They agreed to negotiate. It is not the investors' problem. Maybe it's the government's problem. However, circumstances changed after the start of production and the government began to see that they were getting less than they should. But agreements were already signed. What the government should have done was go the companies and say: "Mr. Company, I know we had some bad agreements on the table. Can we go back to the drawing board to look at what's working and what is not working and try to agree on equal terms?" (Jumaa, Tanzanian, International Community).

So, most participants agree that past mining contracts were not in Tanzania's favour and understand the government's efforts to improve their position in order to reap more benefits from its natural resources. For instance, Chris (Non-Tanzanian, Civil Society) says:

Bad contracts needed to be renegotiated. Magufuli is doing that. He is increasing royalties, forcing companies to be listed on the Dar es Salaam stock exchange so nationals can buy shares and get more revenue out of it. And value addition: local content, employing Tanzanians, procurement services, food directly from Tanzania and more taxes (Chris, Non-Tanzanian, Civil Society).

Still, despite improvements in recent years, many participants are critical towards the government's current approach and question what lies beneath the surface of the reasons behind the 2017 investigations into Acacia's activities and the new mining regulations. On Tanzania's aim to benefit more from its natural resources, Paul (Non-Tanzanian, International Community) says:

I think they [the government] could have done that without taking the aggressive approach [\$190 million fine, banning exports, renegotiation contracts, eliminating access to international arbitration] it has done. And I think there would have been a lot of people in government who would have felt the same. And therefore, you have to think that the only reason the government has taken such an aggressive approach is for political gain (Paul, Non-Tanzanian, International Community).

Monica (Tanzanian, Civil Society) similarly believes the motivation behind renewed interests in the country's mining sector is rooted in political interest. She asks, "Why did the Tanzanian government not start going after big mining companies 20 years ago, and only today?" Monica explains:

Every leader comes into power with his own political agenda. For this time around, we've seen a president who has a specific interest in the mining sector, in the natural resource sector. And it is true we have lost a lot through the mining sector [in the past]. But the process of how mining is conducted and the violation of human rights, the abuses, the rapes and so on - these are things that are on-going and happen over and over and over and over (Monica, Tanzanian, Civil Society).

As a civil society activist, Monica is primarily concerned with continuous human rights abuses in the mining sector, which are as much a problem today as they were 20 years ago. Thus, she wonders, why go after mining firms now? Why not earlier?

Chris (Non-Tanzanian, Civil Society) also believes the Tanzania-Acacia dispute is being used by the president as a political tool:

There is a general feeling in Tanzania, but also in Africa in general that large corporations have been stealing the wealth of Africa and a lot of material wealth has left the continent without much coming back. There is anger towards the white population. So, it's a political tool for Magufuli to showcase he is doing something about it: to help gain popularity among citizens and voters (Chris, Non-Tanzanian, Civil Society).

Theo (Tanzanian, Private Sector) similarly identifies how heavily taxing mining giants can work to the advantage of Tanzanian politicians. He explains:

If you take the entire value chain of small-scale mining, you are talking about 3 or 4 million people: the miners themselves and those who are selling food, the bar operators, the sex workers - it's a long list. It's a big number politically (Theo, Tanzanian, Private Sector).

And they can all vote. Theo is dismissive of the perception that foreign companies are stealing Africa's wealth. He says, that after the 2010 Mining Act, he believed things would change:

As an industry, after that act was put in place, we thought ok, now the win-win situation has been achieved. And we will now rest, relax and concentrate on extraction. Concentrate on finding new deposits. But that was not the case. A few years later, boom! The Acacia thing hit. [long pause] So I think this negative perception that started many years ago is still there (Theo, Tanzanian, Private Sector).

For Janeth (Tanzanian, International Community) however, the dispute with Acacia did not come out of the blue. She connects the dispute to Tanzania's history with the extractive industry and how this history has created a distrust of the government towards mining companies:

What happened [with Acacia] was not a surprise. It would happen at some point! Magufuli wants a fair deal. But the approach won't yield the desired effect. You do not want to chase investors away. Ministers want to negotiate fair deals, but companies do not feel consulted (Janeth, Tanzanian, International Community).

Janeth describes the Tanzanian approach now as "We will get what we want no matter how!" In her opinion, the 2017 mining regulations are "rushed laws" and she criticises the lack of consultation employed by the government because "investors need predictability" (Janeth, Tanzanian, International Community).

Opinions among participants differed greatly on whether or not Acacia was in fact operating outside the terms of their contract. Simon (Tanzanian, International Community) doubts whether there was any misconduct by Acacia, saying:

Why would Acacia take more minerals for smelting out of the country then declared at customs? They would risk damaging and undermining their position (Simon, Tanzanian, International Community).

Simon has spoken to government officials about the new mining regulations, and shared that he believed:

The government found transfer pricing more problematic than the port findings. Claiming profits in the stock exchange but losses in Tanzania. Meaning Tanzania does not receive its fair share of taxes. That's why they [government] decided to bring all operations of Acacia to a stop (Simon, Tanzanian, International Community).

Simon was most shocked by the act which allows contracts to be renegotiated and told the government that, "Companies will never agree to this!" He explains:

All previously signed MDA's (Mining Development Agreements) had a stability clause that ran the lifetime of an investment, until the mine is exhausted. Government has acknowledged the importance of the stability clause but said it should be phased, rather than for the whole period of the investment (Simon, Tanzanian, International Community).

Simon additionally added the concern on the side of the companies that:

Seats in government change regularly. Who are you as a company negotiating with? (Simon, Tanzanian, International Community).

David (Tanzanian, Academia) completely disagrees with Simon's point of view on this matter. According to David, the dispute with Acacia is about transparency, control and fairness:

Acacia was caught red handed! They did not operate in a transparent manner. The results from government investigation are reliable, but people say they are not! Leftover minerals were used to hide pure gold, no doubt this was done intentionally [by Acacia] (David, Tanzanian, Academia).

Regarding the \$190 billion fine, Simon (Tanzanian, Private Sector) states that the "\$190 billion was a faulty calculation. Estimates of gold and mineral ore were wrong". Simon considers that exaggerating this number was perhaps a negotiating strategy by the Government of Tanzania, but that, "If so, it was a bad one, because it exposes the incapacity to assess the mineral ore".

Chris (Non-Tanzanian, Civil Society) similarly says:

The fine of \$190 billion is completely senseless. A clumsy strategy; if one at all. Point is, governments need money. Election is coming up and they need something to show for it. The government's focus is on infrastructure and not so much on education and health. Infrastructure is super expensive: standard gauge railway, renewal of the port... (Chris, Non-Tanzanian, Civil Society).

Nathan (Tanzanian, Private Sector) takes the opposite side of this discussion and says that:

The \$190 billion fine is a valid number for them to talk about. Does it hurt investors and investor confidence? Absolutely. But you must put all that into context. Investors see it as a start of something negative, but I see it as a corrective measure (Nathan, Tanzanian, Private Sector).

Monica (Tanzanian, Civil Society) believes the findings from the investigations were likely exaggerated. Her main concern with the government's approach is the secrecy surrounding the negotiations and the fact that the reports from the investigative committees were not made public, causing her to be suspicious.

We should have known the negotiation team. At least we'd have an idea of who is representing Tanzania at the negotiation table. But the only person that we knew of was the Minister of Constitution and Legal Affairs Minister Kabudi (Monica, Tanzanian, Civil Society).

The lack of consultancy with private sector advisors, the civil society community and even the ministries for mining and energy by the Tanzanian government, not just in setting up contracts, but also in the writing of the new mining regulations, came up regularly. Especially amongst those working in the private sector and civil society organisations.

As representative of the Tanzania Chamber of Mines and Energy, Theo (Tanzanian, Private Sector) describes his involvement during the last stages of the enactment of the 2017 mining legislation.

It was, I remember it, it was a Thursday afternoon and I received an email with an attachment of the three bills. And that email was inviting me - as representative of the Chamber - to Dodoma and I was supposed to be there Saturday morning to present our comments on the draft legislation. So, I called for a policy committee meeting on Friday. We started around 2pm and we went through the draft bill. We reviewed the bill until 8pm. And that same night at 3am I travelled to Dodoma. So yes, we were involved, but if you ask me it was just a formality. Just to say we were involved. And none of our comments were taken into account (Theo, Tanzanian, Private Sector).

Elias (Tanzanian, Academia) believes the reason why even the Ministries of energy and minerals (now split up into two ministries) were sidelined is "because the president lost trust in them". He illustrates:

When you talk to ministries and state-owned companies now, they say everything goes through the state house. Decision-making is centralised, too centralised. Ministers are powerless. You see them in big Japanese V8 cars, but they are absolutely powerless. They do not want to burn their fingers; will they be fired the next day?" (Elias, Tanzanian, Academia).

Another question Monica (Tanzanian, Civil Society) asks is “There are other big mining companies in the country, why Acacia?” She considers:

Maybe there was individual or personal interest, you know? If you have a conflict with somebody you want to use that opportunity to bring out your anger in ways you want to. But some say, maybe the government had an interest with the Chinese, and they want to take Acacia out. So, there are a lot of speculations out there (Monica, Tanzanian, Civil Society).

This is an interesting speculation to which Monica is alluding and one that did not come up a lot in other interviews. Indeed, why Acacia? The investigation team specifically looked into Acacia’s containers and their contracts.

Theo (Tanzanian, Private Sector) uses marriage as an analogy to describe what happened with Tanzania and Acacia and states he is lost as to whether it was the investigation that triggered the enactment of the new legislation, or whether the investigation was just used as a means to an end.

Maybe your partner could be annoying you in one way or another, but you are struggling as to, how to put it... (long pause) You want to initiate an argument with your partner so that it could lead to you discussing that thing that is annoying you. You know what I mean? ... so, you can do something so your partner will react. And when the partner reacts then you introduce the topic or subject you wanted the two of you to discuss. Now, taking that example to the Acacia/Government scenario. Maybe the government of Tanzania was not happy with the Acacia contract. It was looking for a way to bring Acacia to the table of discussion (Theo, Tanzanian, Private Sector).

Lisa (Non-Tanzanian, Other) on the other hand believes that “every country would do this” and that Acacia is being used to set an example for other companies. She says she understands where the Tanzanian government is coming from:

The government probably looked at the contract they have with Acacia, and saw they only get a small part. We’re not happy with this, this isn’t helping us enough, they’re our resources, we’re putting our foot down. This [the findings from the investigation teams] was perhaps the final straw, a trigger, to also look at other contracts in this sector which Tanzania is not profiting enough from in order to realise their vision of becoming a middle-income country (Lisa, Non-Tanzanian, Private Sector).

So, some believe Acacia was targeted because the Tanzania government has a personal interest regarding the Chinese, others think it was a means to start a difficult conversation, and it is possible the government is using Acacia to set an example for other firms.

Viewing the recent developments in Tanzania’s mining sector on a bigger scale, Paul (Non-Tanzanian, Other) believes there is a general increasing trend of resource nationalism across the

continent, and that one could argue that Tanzania is at the forefront and others are following. Paul thinks:

Tanzania did sign particularly generous agreements initially. So ... many countries would feel like they should have got a better deal and are being ripped off by companies. I think that Tanzania probably felt that a lot more than others and had a genuine reason to (Paul, Non-Tanzanian, International Community).

Allen (Tanzanian, Private Sector) also describes Tanzania's approach towards its mining sector as resource nationalism, and he says:

For good reason. Tanzania has not been getting its fair share. So, they have been trying to negotiate better (deals) and restrict loopholes for cheating practices. We do not lack new potential mines, if not gold or diamonds we have oil, gas, rare earths and other resources (Allen, Tanzanian, Private Sector).

Regarding the potential consequences of present contracts for future state-firm agreements in Tanzania's extractive industries, Jumaa (Tanzanian, International Community) is critical. Especially about the 2017 Act which provides parliament with the power to review and renegotiate existing agreements. Jumaa says,

With laws, you do not work retrospectively. New laws should not affect existing arrangements. The law also talks about natural resources, including oil and gas. Even investors are afraid (Jumaa, Tanzanian, International Community).

Paul (Non-Tanzanian, International Community) also recognizes how the consequences of the Tanzanian's response to Acacia's alleged misconduct could have a negative knock-on effect regarding the attractiveness of the economy in general to investors, and says, "Tanzania is standing here now, at the principal point of the negotiations around the offshore gas, which could feasibly transform the economy".

In short, participants recognise a trend towards centralisation on a national scale, which coincides with what some term as 'resource nationalism', a wider regional trend which could have a similar effect for future contracts in the extractive sectors. Some participants oppose to calling Tanzania's activities resource nationalism, and argue past contracts are to be taken into account when negotiating contracts to come and that recent developments in Tanzania's mining sector are corrective measures as opposed to resource nationalism.

5.3 Compliance

To comply means to conform to a rule, such as a law, policy or regulation. Regulatory compliance (which is what is discussed in this context) may be defined as the goal of organisations to ensure an awareness of the relevant laws, policies and regulations, and to take the necessary steps to comply with them (Lin, 2016). In other words, when companies choose to do business in a certain country, they should comply with their rules and regulations.

The majority of participants expressed concern about the negative consequences of the dispute with Acacia and the 2017 acts introduced in its aftermath, believing them to be harmful to Tanzania's 'business environment'. However, three participants strongly disagreed with this point of view. Lisa (Non-Tanzanian, Private Sector) is one of them, she says:

The natural resources aren't going anywhere. If you don't like it, then leave!
(Lisa, Non-Tanzanian, Private Sector).

Lisa believes the negative views on Tanzania's approach is prevalent because it affects the economic interests of certain groups of people in the country.

The reaction of the government towards Acacia might influence the investment climate, but companies and the international community always have something to complain about. The last government was also criticized because of corruption etcetera. And now, they [companies and international community] say there are too many rules. The disgruntled voices from the private sector are hypocrite. Perhaps they were just spoiled. Now that there are rules to comply with, they're being difficult. Not surprising, they are worse off!
(Lisa, Non-Tanzanian, Private Sector).

I asked Nathan (Tanzanian, Private Sector) if he believes the government is telling investors to either comply by their rules or get out. He answers:

No. Only if you conclude that the rules are unreasonable. Is compliance in Tanzania that negative? (Nathan, Tanzanian, Private Sector).

David (Tanzanian, Academia) is optimistic and beliefs the negative views on the new mining regulations will subside, and that:

Compliance to new regulation will come after 3,4,5 years. You (investor) are protected by law, no more bribes. Initially companies will be scared but when they see ... Investors will come in five years (David, Tanzanian, Academia).

Paul (Non-Tanzanian, International Community) addresses the negativity surrounding the 2017 regulations and addresses what he considers to be a misconception about what investors really care about when it comes to compliance:

There is this fear that you [government] are going to drive investors away. And I think that is one of the things that we have been trying to get across to the government, particularly in the last two years, is that there is a growing body of evidence that companies don't actually care that much about how they are taxed. They care a lot more about the quality of the resource, the infrastructure, the stability of the policy environment. And, yeah, there will be a point when the tax burden is so high that it pushes companies away. But unless u tax them to excess, that is probably not going to be one of the key deterrents (Paul, Non-Tanzanian, International Community).

Paul additionally addresses another conception he considers to be false:

I know people think that mining and oil and gas companies operate in an enclave where they can just carry on regardless of what is going on in the country and what the public thinks of them. But they do need some sort of social licence, especially if they want to be there for the next 20 to 30 years (Paul, Non-Tanzanian, International Community).

So, according to Paul, tax is not the key obstacle for companies in the extractive sector, unless its excessive. Also, oil, gas and mining companies need a 'social licence' to operate, especially when involved in long-term projects.

Aliko (Tanzanian, Civil Society) looks beyond the impact of the heavier tax burden for companies in the mining sector and considers how smaller (also Tanzanian owned) businesses are affected by increased taxes, using the phrase "If you want milk, you have to feed the cow". He explains:

We [civil society] were not the ones to defend businesses as an NGO working for the marginalised. But when we see the small businesses that we are trying to help suffer, then we have to do something. So, for the first time, we are advocating for a friendlier business environment. It was never our thing in the past, arguing how tax exemptions are harmful, but we need to look at it from the small business side as well (Aliko, Tanzanian, Civil Society).

Moreover, Aliko says big companies are reaching out to civil society organisations for advice on how to deal with the current administration. He adds:

You don't want to start defending Statoil, the optics don't look very well. These are powerful entities that have armies of lawyers and lobbyists. They don't need CSO's to fight for them. But sometimes we found, in this environment, big companies were reaching out to us (Aliko, Tanzanian, Civil Society).

Aliko points out the oddity of finding himself (as a civil society activist) in a position whereby he asked to assist individuals working in multinationals.

Theo (Tanzanian, Private Sector) mentions the fact that the 2017 regulations remove firms' access to international arbitration. In case of a dispute, firms will rely on local judiciary. On this, Theo states:

Now, that is a problem to the industry. Because there is no way that someone who is planning to invest \$10 million will agree to such an arrangement. No one. They would all prefer to have a neutral institution to do that. And a neutral institution is through international arbitration (Theo, Tanzanian, Private Sector).

In contrast, David (Tanzanian, Academia) questions the objectivity and neutrality of international arbitration and questions whether it can function as a neutral medium to resolve judicial disputes. This is a sensitive topic of discussion, as some participants asked not to be recorded when speaking on this matter. David, however, expresses his opinion clearly, stating that there is no respect for national regulations, but that in the end, "facts will prevail".

With reference to the implications of the new regulations for ongoing gas reserve negotiations between the Tanzanian government and a consortium of companies, Jumaa (Tanzanian, International Community) believes that "No one will agree to the current terms!". However, Lisa (Non-Tanzanian, Other) comments that the regulatory changes introduced in 2017 are only viewed from a private sector point of view. Lisa advises firms to:

Sit at the negotiating table and get to know more about the culture. How do negotiations happen here? Get to know the national pride. It might be seen as a soft side issue but many things that happen can be explained from there. In the end, everyone wants to enrich themselves as much as possible, which might have been easier before. Now, companies will have to be more creative to create a win-win situation (Lisa, Non-Tanzanian, Private Sector).

Summing up, opinions are clearly divided among the participants. Are the new regulations unreasonable? Will investors eventually comply? Firms are arguably more concerned about the stability of the policy environment instead of tax regulations. Furthermore, firms need a social licence to operate in a country. For the first time, civil society organisations in Tanzania are advocating for a friendlier business environment. The neutrality of both national and international arbitration is put into question by different participants. Some participants say investors will not agree nor comply with the current terms, yet, others argue 'the culture' and national pride should be more seriously considered by the private sector in negotiating processes.

5.4 Corruption

Corruption, “you can’t look past that”, says Paul (Non-Tanzanian, International Community). Corruption is a re-emerging theme in the interviews. Not in the least because President Magufuli’s declaration of war against corruption in his country. However, some participants were uncomfortable discussing corruption in Tanzania’s extractive industries and were especially careful to share their personal opinions on the President’s anti-corruption campaign. This chapter continues to use the description of corruption as proposed by Gamu, Le Billion and Spiegel in Chapter 2²⁷.

About President Magufuli’s anti-corruption campaign, Chris (Non-Tanzanian, Civil Society) says the following:

Magufuli is not a Mobutu. He seems to believe in the anti-corruption effort. In my experience, things have changed when interacting with government. People show up at 8 in the morning with well-informed questions. There are better qualified people. There was a massive overhaul of people within government, which made our collaboration with the government much faster and easier (Chris, Non-Tanzanian, Civil Society).

Nathan (Tanzanian, Private Sector) describes President Magufuli’s anti-corruption campaign as a mini revolution:

It’s a power struggle [in Tanzanian government]. The administration is taking on the [corrupt] system from within. And that’s going to create some ripples (Nathan, Tanzanian, Private Sector).

Aliko (Tanzanian, Civil Society), is less positive about the President’s anti-corruption campaign and expresses concern about the centralisation of decision-making processes under the President’s office, identifying fear as a motivator for people to work harder:

From a systemic point of view, I’m worried about relying on one individual. When he’s gone [Magufuli], everything will have to be built again. I am not arguing it is not developmental, it can be. Rwanda is a good example. You’ve got Kagame as a strongman and its very developmental. But at what risk? At what cost? You could say China is a country to look up to. It is very centralised. It has its proponents. But I’d rather work better and serve communities better because I’m incentivized in other ways to do it. Not because of fear. Fear will never be a sustainable approach to improving service delivery. That’s my issue with it. I think people are improving their work ethic but it’s out of fear rather than they’re encouraged and incentivised to do so (Aliko, Tanzanian, Civil Society).

²⁷ Corruption: A system whereby money is diverted from public coffers and away from the public good while reducing the responsiveness of public officials to the needs of the poor (Gamu, Le Billion, Spiegel, 2015, p173).

Aliko thus recognizes similarities in the governance structure of Tanzania and Rwanda, and assesses fear is an unsustainable motivator to improve people's work ethic in the interest of addressing corruption.

Tanzania Minerals Audit Agency (TMAA) is often mentioned in relation to President Magufuli's fight against corruption. Out of the sixteen participants, six expressed explicit critique on the governments' decision to shut TMAA down shortly after Acacia was accused of misconduct.

Charlotte (Non-Tanzanian, International Community) comments that TMAA's work in promoting transparency in Tanzania's extractive industry was very valuable. They received visits from the Ministry of Minerals and even from Ethiopia so that others could learn from the work they were doing. The mining auditing authority was, perhaps not insignificantly, partly funded by the Canadian High Commission, Charlotte tells me.

David (Tanzanian, Academia) has very little positive to say about TMAA, commenting that TMAA was:

Very good at lip service, like a preacher in a church" (David, Tanzanian, Academia)

In David's opinion, TMAA was not committed to promoting transparency in the mining sector in any substantial way.

Without hesitation, Simon (Tanzanian, International Community) shared that TMAA probably was corrupt, "but not so bad". But still, "big enough for the government to lose trust in them". Simon's suspicion of corrupt practices in TMAA does not mean he thinks the President and his advisors are any less suspicious. He believes the president's anti-corruption campaign has mostly:

Concentrated corruption among a small group of people. If a deal were to be made between Tanzania and Acacia, my educated guess would be that a good sum will probably go to the negotiating team from the government (Simon, Tanzanian, International Community).

Aliko (Tanzanian, Civil Society) does not accuse the President of corrupt practices but he does question his method to fight it:

Because actually, he [Magufuli] is trying to circumvent the system. The institutions we have in place, who are able to address these issues, he doesn't see them as important, he sees them as destructive (Aliko, Tanzanian, Civil Society).

Here, Aliko is referring to institutions such as TMAA. He continues:

At the end of the day, African countries need strong institutions, not strongmen. It's taken years to build what we have, and our institutions still need a lot of strengthening, this is not the time to weaken them (Aliko, Tanzanian, Civil Society).

Elias identifies a paradox and comes to a similar conclusion as Aliko:

We have a paradox: A president with really good intentions of transforming STAMICO, the state mining corporation, into CODELCO²⁸, kind of, but he's weakening them [state institutions] at the same time, so he's achieving the opposite! (Aliko, Tanzanian, Civil Society).

Several respondents thus note a distrust of the government towards institutions meant to promote transparency in the extractive sector.

On the government's allegations against Acacia, Paul (Non-Tanzanian, International Community) says:

I wouldn't be at all surprised if Acacia had been cheating. I would say that it is more than likely that they were to some extent (Paul, Non-Tanzanian, International Community).

He then undercut this by stating that:

There is still a limit for a multinational that is listed on the Stock Exchange, that is audited by independent accountants. During the financial crises, it became very apparent that there was a bit too cosy relationship between auditors and those they were auditing. But there is still a limit to how much you can fiddle the numbers (Paul, Non-Tanzanian, International Community).

He suspects the government "just didn't think that their actions would have such an impact on mining operations". On the question if the government underestimated its power, Paul answers:

Yeah. Underestimating their own power and overestimating maybe how much scope companies have to avoid taxes and misreport their operation. The government probably thought mines are so profitable that even if exports are banned, they would still make money, the mines would keep running and people would stay employed. Or, they thought once the fine is payed, we can start splashing on infrastructure etcetera and people won't care about a few thousand Tanzanians without jobs (Paul, Non-Tanzanian, International Community).

Zainabu (Tanzanian, Civil Society) critiques the government for the lack of transparency about the negotiations with Barrick Gold:

²⁸ Codelco is a Chilean state-owned copper mining company.

The Acacia dispute is negotiated in conversations behind closed doors, thus leading to lots of hearsay. There simply is limited knowledge as to what goes on behind those doors (Zainabu, Tanzanian, Civil Society).

Chris (Non-Tanzanian, Civil Society) links the lack of transparency surrounding the Tanzania-Acacia dispute to increased centralisation in Tanzania's government:

There is a small circle of people who make the decisions. Many ministries and key people are side-lined in the process. Making things hard to follow. (Chris, Non-Tanzanian, Civil Society).

Similarly, Elias (Tanzanian, Academia) is of the opinion that decision-making processes in Tanzania have become "too centralised" and that "Ministries are powerless". He explains:

The president is positioning himself as anti-establishment, very Trump-like. Which is not true. Because you could argue Magufuli is very much part of the establishment. He has been in government for 20 years. He's been in ministries for 20 years. So, he's very much an insider and part of the establishment. What could make him anti-establishment is that he was not expected as a president during the last elections. And yes, he's been implementing some strong policies hurting the pockets of middle- and upper-class Tanzanians. But its more than that. If you're talking about the TRA²⁹ and the tax mess, it's the average kiosk or shop, they are the ones being hurt (Elias, Tanzanian, Academia).

Elias thus identifies that middle- and upper-class Tanzanians are affected by President Magufuli's fiscal policies. Whilst, his assessment that 'the average shop' is being hurt echoes Aliko's concern expressed in paragraph 5.3 about the effect of the heavier tax burden on small businesses.

According to David (Tanzanian, Academia), similar attempts to transform the mining sector in Zambia and Mali failed because of corrupt governments. In his words, "If a President does this [corrupt], then it won't work". When I proposed this statement to Nathan (Tanzanian, Private Sector), he answered:

Mining by its very nature is a very closed, concealed sector. What's the reference price for the cost of doing something in Tanzania relative to Australia? Who knows? Only they [Barrick] can tell you, right? The reason why it hasn't worked in other countries, and to some extent the reason why we are struggling in Tanzania, is because the governments that tend to have to negotiate with mining companies don't have the same visibility of how the counter party operates. This ambiguity creates an environment vulnerable to corruption. And that's really the reason why this hasn't worked in many other countries. The only way to fix this is by fixing the corruption because that's where everything stems from. The information asymmetry between the mining operators and the governments negotiating these contracts is so large that what's

²⁹ Tanzanian Revenue Authority (TRA)

supposed to be a good deal? Who really knows? (Nathan, Tanzanian, Private Sector).

Nathan quotes the chairman of Barrick, “The mining sector is not what it was when the MDA was signed”, and responds:

Maybe they [mining companies] did things back then they wouldn’t do today. My argument is that the problem exists on both sides. I think that the manifestation of the problem is always seen through the government officials who get caught in these situations. It’s never a reflection of the people who hand those things [bribes] out (Nathan, Tanzanian, Private Sector).

Nathan’s evaluation that discussions on corruption mostly reflects badly on government officials is supported by the data collected for this research. The majority of respondents reflected on the topic in reference to the government without discussing “the people who hand bribes out”.

Lisa (Non-Tanzanian, Private Sector), however, is one of the exceptions. She speaks critically about the backlash the Tanzanian government has received in reference to its anti-corruption efforts:

They [private sector/international community] represent their own interests. Those of their country or the company. In the end, they also want to gain as much as possible. The governments’ reaction to Acacia might influence the investment climate but companies and the international community always have something to complain about. The last government didn’t do it right either with corruption etcetera. And now, they complain about too many rules. In order to become a middle-income country, taxes need to be collected. Of course, companies and some parts of the population won’t be pleased about this. But Magufuli’s strategy is clear. Look at his speeches! What you see is what you get. He’s saying to stop complaining and start working. *Hapa kazi tu!*³⁰ (Lisa, Non-Tanzanian, Private Sector).

Summing up, President Magufuli’s anti-corruption campaign is affecting his own government as well as foreign firms, which will predictably create some ripple effects. It is not surprising middle- and upper-class Tanzanians are not happy with heavier tax policies, since it is ‘hurting their pockets’, as some respondents say. When certain (economic) interests are affected, people will complain, says Lisa. Other respondents note a trend of centralisation and distrust towards state institutions (TMAA, STAMICO), whilst side-lining the Ministries and civil society organisations. Nonetheless, several respondents admit they suspect there probably was some degree of corruption in Acacia’s activities, as well as in TMAA.

³⁰ *Hapa kazi tu!* (“Just work!”) became a popular slogan in Tanzania during the 2015 elections and embodies the aspiration for a more work oriented focus for the country and those in public service in particular to drive the country to prosperity.

5.5 *Communication*

The category ‘communication’ emerged organically from the collected data and is understood as the process of passing information and understanding from one person to another or one organisation to another. The way in which mainstream media (national and international) have covered the Tanzania-Acacia dispute came up several times in interviews.

According to Paul (Non-Tanzanian, International Community):

One of the main causes of tensions within countries, and between governments and investors, is a mismanagement of public expectations, and obviously the media has a very important role in all of that (Paul, Non-Tanzanian, Other).

The important role of media in managing public expectations is mentioned by 7 out of the 16 respondents. An example of (mis)communication mentioned in the interviews is the “Everyone a car!” anecdote (see Introduction). Monica (Tanzanian, Civil Society) points out the danger of this particular story:

At least I, as an elite, would try and say, ok, this is just a speculation, you know, this is the government. But what about a person in Geita (gold mining region) right now? Who has read this report about getting a car and he or she is not seeing a car getting to their community, and seeing Acacia still operating? You create tension there. So, the community will start hating the company and the company will have to deploy force to make sure they are protected (Monica, Tanzanian, Civil Society).

Jumaa (Tanzanian, International Community) shares a similar concern:

Imagen a poor guy who gets this news. He will think “If we get our money, we will be able to buy a bus. Meaning we could get out of poverty”. What will happen in the [2020] election if it doesn’t happen? The aftermath of this will be very, very big. If you come to my place and ask me to vote [hypothetical], I will ask where my minibus is. (Jumaa, Tanzanian, International Community).

If Jumaa was in the government’s position he would say the following to Acacia:

“Mister company, I’ve looked at the operations today, I see you are getting a lot of revenue and it’s not fair to us, please, can we try to find a balance”. You know, that’s a very friendly approach eh?! You don’t have to go to the public and state “These guys are stealing from us!” (Jumaa, Tanzanian, International Community).

Elias (Tanzanian, Academia) identifies a capacity issue in reference to how events in the Tanzanian extractive industries are communicated to the public:

We [in Tanzania] don't have big journalists who do analysis here. Sometimes I wish I could everything, but I don't have the time. The extractive industry is an area where we really miss critical analysis (Elias, Tanzanian, Academia).

Simon (Tanzanian, International Community) importantly points out how (mis)communication may have triggered the state-firm dispute between Tanzania and Acacia to begin with:

When Barrick created Acacia, they didn't follow the rules, because Barrick was the owner of the MDA³¹, and that didn't change when Acacia became the operating company. Meaning that Acacia was operating on illegal terms. The transfer of the MDA should have been noted. Barrick should have declared that the MDA in their name had been assigned to Acacia, which is also an operating company. For Barrick this was a very clever way to secure investments globally. They don't want to receive bad press, and so they create an offshore vehicle and in case there are any problems, it will be handled by Acacia and not by them. As a brand, Barrick can thus maintain its name, with Acacia operating these mines in Africa, as an offshore company (Simon, Tanzanian, International Community).

In other words, Simon argues Barrick should have communicated the change in operating company to the Tanzanian government. Also, untethering the Barrick name to the mines in Tanzania in order to secure Barrick of its reputation communicates a message to the public, and especially the government. At the least, it sparks questions as to why the firm does not want its name attached to its activities in Tanzania.

Regarding the lack of information communicated on the negotiations between Tanzania and Barrick, Aliko (Tanzanian, Civil Society) comments:

If you [government] are genuine, serious and honest about improving the terms of the fiscal and legislative regime, and everything that comes with it, wouldn't you want to be open about it? You (the government) are asking us to trust you that you are doing the right thing for Tanzania, but how do we know? (Aliko, Tanzanian, Civil Society).

Paul (Non-Tanzanian, International Community) uses Mozambique as an example of how transparency could improve the public's perception of the government. Paul explains, when the President of Mozambique Filipe Nyusi announced the final investment decision regarding its natural gas reserves, Nyusi said: "We have had to make sacrifices". Paul explains why this statement is significant:

He [Nyusi] used the word "sacrifices" to get this project off the ground and I think that is actually going to be quite helpful going forwards for him politically. Even though he has had to acknowledge something that may come across as a weakness, he acknowledged that the government and the country have to make difficult decisions when getting these sorts of investments off the ground. This means that they then will be less likely to be pushed into a corner by a public

³¹ Mining Development Agreement (MDA)

that's accusing them of striking a bad deal. Being as transparent as possible about the decision that the government, and a country, has to make can have a really positive effect in the long run and the public's perception of them [government] (Paul, Non-Tanzanian, International Community).

Paul thus explains how the government can use communication strategies in order to improve the public's perception of them.

Nathan (Tanzanian, Private Sector), additionally discusses the role of mainstream media (national and international) and identifies the following problem:

The people who set the narrative on the consequences of government action are the ones that are hurt by them. The big multinationals that can give press statements, that can influence the media and set a particular tone with regard to government actions. And the government, up until recently, has not been good in countering that in a constructive way. So, you get very negative statements from the press on what government is doing. And the government goes completely on the defensive, without doing what good communication can do. So, if there is one criticism to government it is that they should really get better at communication (Nathan, Tanzanian, Private Sector).

Nathan says, "The rhetoric is developed by people like me, from particular areas", meaning middle- or upper-class areas. He argues that a particular, biased lens is used to view developments in Tanzania. He explains:

If you remove the name of the country and the fact that the country happens to be in Africa, and someone told you a story about a new president who came into power and tried to revive the virtues of that particular country through a massive government led investment program and a massive anti-corruption effort ... if you didn't know where the country was, you'd talk about Keynesian economics (Nathan, Tanzanian, Private Sector).

Since there is a lot of speculation around the case with Acacia, Nathan says news media has a way of filling in the gaps. Additionally, he points out that most people interviewed for this particular research will be middle- or upper-class, like himself, and that the policy and ideas of the current administration under President Magufuli are not geared for this part of the population.

They [government] are trying to rebalance what they see as a massive imbalance between the 98% of the population and the 2% of the population that have enjoyed the benefits of what's been going on the last 15 to 20 years. So, the direct impact of most of the decisions that are made would disproportionately affect the likes of myself and the people you have had a chance to speak to. And the problem is, myself and people like me are the ones setting the narrative in terms of what's going well and what isn't (Nathan, Tanzanian, Private Sector).

Nathan holds an original view on what the government is trying to communicate to the public. According to him, the actions by the current government (new mining regulations, investments in a national airline, moving the political capital from overpopulated Dar es Salaam to central Dodoma) are not based on rational economic analyses, but are meant to “build a sense of confidence in the bottom half, or more than the bottom half of the population”.

He says, “I almost forgot what it felt like to be Tanzanian”, and then recalled the day he sent a picture of the new Dreamliner (aircraft) for Air Tanzania to a friend. Nathan shared the significance of this for him:

If I was in DC [Washington], or Heathrow in London, and that plane was parked on the tarmac, I think there'd be something... there's a sense of pride that comes with being able to reach out to the world, which is what they [government] are trying to distil in people. “This is us, reaching out to the world, on our terms.” And I think this is not a narrative that you hear, that is explained in that way. But I think the intent behind it is exactly that (Nathan, Tanzanian, Private Sector).

Nathan's assessment that the government's actions are to build a sense of confidence and pride in Tanzania's population, rather than led by rational economic analyses, is indeed a narrative not often heard, if at all.

Summing up, the importance of managing expectations through ‘effective’ communication should not be underestimated. Effective communication meaning the sender and receiver understand the communicated information in the same way. Creating false expectations through ineffective communication can potentially lead to disputes and even conflict. Some respondents advise the government to be as transparent as possible towards the public about decision-making processes and negotiations, yet, the same advice could be offered to the private sector as well. Miscommunication likely does not only take place on the sending-, but on the receiving-end of the message as well, as some respondents believe the government's efforts have been misconstrued and misunderstood as focussed on foreign firms, whilst the intention was more focussed on establishing a sense of confidence and pride among the Tanzanian population.

5.6 Summary

The fragments of interviews presented in this chapter reveal the multiplicity and (at times) contradicting views that emerge from the collected data. At first glance, it is clear participants strongly disagree on whether they believe the government's current approach towards its extractive sector would be to the detriment or benefit of the country. Also, there is strong

disagreement on the terminology that ought to be used to describe the governments' approach. Is it resource nationalism or a corrective measure?

The collected stories also lay bare how differently some participants view the intent behind the Tanzania-Acacia dispute, the introduction of new mining regulations and the anti-corruption effort. Some speak of a mini revolution, whilst others believe politicians are serving their own political agenda.

All in all, the majority of participants expressed critique on the government's approach towards establishing greater control and more benefits from the mining industry and the extractive industries more generally. Still, other stories are captured that contradict this dominant narrative. These exceptions to the norm paint a different picture of the recent developments in Tanzania's extractive industries and take note of the importance of factors (such as culture and national pride) other participants did not mention.

6 Presenting Themes, Patterns and Concepts

This research started with a set of questions referring to the Tanzania-Acacia dispute. 1. What happened? 2. Why did it happen? 3. What does this mean for the future of Tanzania's extractive industries? Prior to conducting the 16 interviews, it seemed as though discussions on the Tanzania-Acacia dispute occurred along a set of clear dichotomies:

Also, the possible consequences of the dispute and subsequent new mining/extractive regulations were largely perceived negatively by national and international commentators, believing the measures taken by Tanzania's government to be detrimental to the investment climate, and therefore the economic future of Tanzania.

In the process of gathering data, dichotomies started to fade as new perspectives arose and complexities that transcended the binary *A* versus *B* came to light. No longer did this dispute play out along the state versus business divide because other actors who influence the narrative on this dispute came into view.

By interviewing individuals from the international community, civil society organisations and academia, I started to see the reductive nature of readily accepted dichotomies. The Tanzania-Acacia case study shows the diversity of actors actually involved in a seemingly straightforward dispute. These actors may not directly influence the outcome of the negotiations between the Tanzanian government and Canadian Barrick Gold Corporation, however, the work they do in their fields is relevant to the public perception of the developments, and therefore their opinions, views, concerns and ideas should be taken into consideration. where do the perceptions of these actors differ? Where are they similar? Also, to what extent does the nationality and professional background play a role in participants' positions towards the dispute?

This chapter will explore these questions by digging deeper into the collected data, shedding new light onto the intricacies of the Tanzania's extractive sector. The results of this study do not singularly pertain to Tanzania. Arguably, the complexities found in this particular state-firm case study are found in similar situations in extractive sectors all over the world. The themes, patterns and concepts presented in this chapter therefore hold value to research outside the scope of this case study.

6.1 Visualising the data

In order to extract themes and patterns from the data it is useful to first gain a clear understanding of the participants positions are towards some of the most discussed topics. Data visualisations are a helpful tool for this purpose. As seen in Chapter 5, all participants are coded along their area of professional interests (private sector, international community, civil society or academia) and nationality (Tanzanian or Non-Tanzanian). But do participants' professional interests and nationality correlate with their stance towards the Tanzania-Acacia dispute and the subsequent new mining regulations? The data visualisation in figure 5 focuses on two main points of contention among participants in this study.

Firstly: participants strongly vary in their perception of the governments' motivation and approach. Some consider it a form of *resource nationalism* whilst others describe it as a *corrective measure*.

Secondly: participants disagree on the consequences they foresee because of the measures taken by the government to secure greater benefits from its natural resources, either seeing it as being to the *advantage* or *disadvantage* of Tanzania's future.

Participants who consider the government's approach to be to Tanzania's disadvantage mention concerns about unpredictable policy environment, the limited possibility of firms complying with the new regulations, the use of the "Africa's wealth is stolen by western corporations" narrative as a political tool, the lack of consultation in drafting new regulations and the weakening of institutions.

Participants who consider the approach to be to Tanzania's advantage argue that: businesses should comply by the country's rules, corruption is being tackled from within 'the system' (government) and that corrupt institutions are being dismantled.

Figure 5 shows a visualisation of the data collected for this research. *Resource nationalism* and *corrective measure* are placed at opposite ends of a linear line because the reasoning behind them contradicts each other. Resource nationalism is seen as synonymous to 'bad for business', whilst others believe the approach to be a corrective measure, in other words, a measure to correct losses caused by agreements which provided overly generous benefits to corporations in the past.

Along the X-axis (horizontal line), participants are organised according to their description of the government's approach as *resource nationalism* or as a *corrective measure*.

The Y-axis (vertical line), indicates participants' views on whether the government's approach is to the *disadvantage* or *advantage* to Tanzania.

For example, if a participant says the Tanzanian approach is stimulating national pride but mismanaging public expectations they will be scaled at X: +1 and Y: -1.

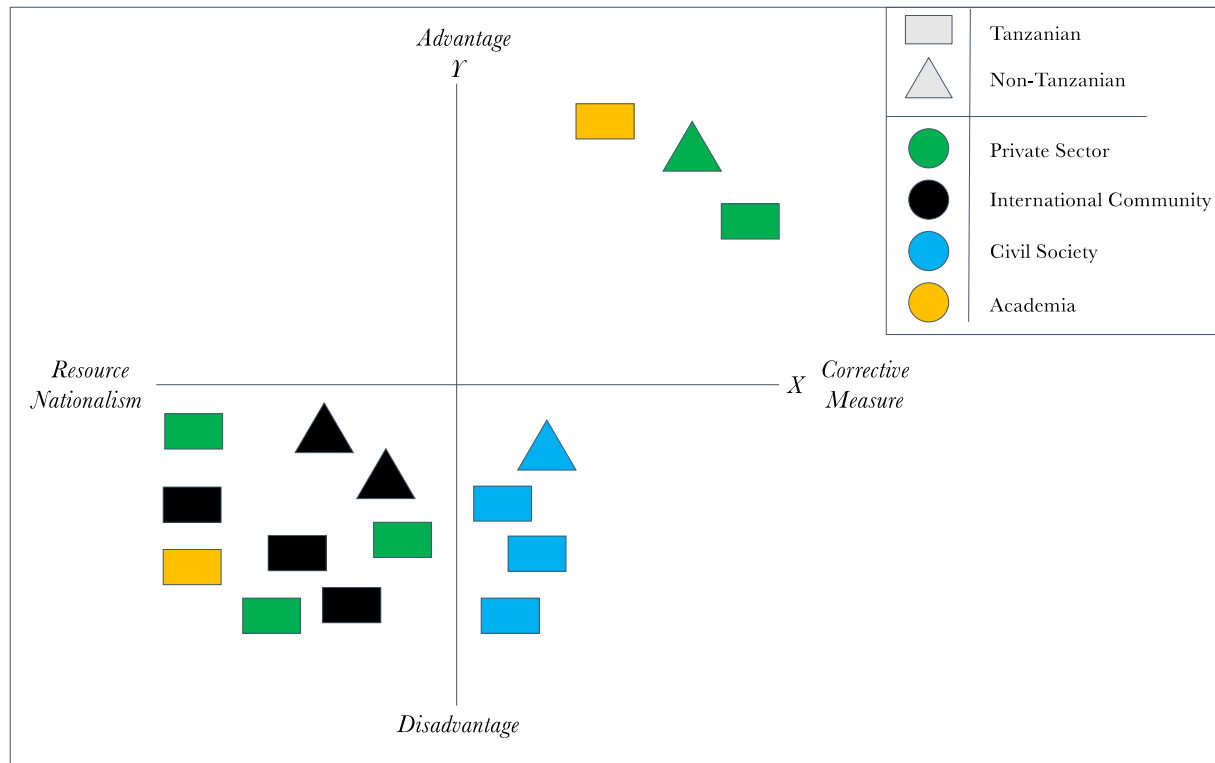


Figure 5. Data visualisation

A number of things stand out when looking at the figure above. First, thirteen out of sixteen of the participants are concentrated below the horizontal line, indicating the vast majority view the government's approach to be disadvantageous to the country. The three participants above the horizontal line consider the approach to be to the advantage of the country and a corrective measure.

Although nationality (rectangles and triangles) does not appear to matter much in how government's approach is viewed, professional interests do matter to some extent. Participants working in civil society (blue) are all concentrated below the horizontal line, yet right of (although close to) the vertical line. This group thus largely considers the government's approach to be to the disadvantage of Tanzania but is less concerned about resource nationalism.

It is also notable that participants from the international community (black) unanimously consider the governments approach to be resource nationalism and disadvantageous. However, private sector (green) is distributed both above and below the horizontal line in the matrix. The

two academics (yellow) are found at complete opposite sides of the matrix: opposing viewpoints thus exist within these two areas of professional interests.

The divergent positions of participants from the private sector and academia contrast the grouped positioning of participants from the international community and civil society. Thus, there is some correlation between the participants' stance towards the approach and their area of professional interest, whilst nationality seems to matter very little. What other factors apart from professional interest play a role in dividing participants along this matrix?

6.2 *Concerns, Themes & Patterns*

Analysing participants' concerns in the Tanzania-Acacia case study help to unfold key *themes* and *patterns* which, in turn, can provide new insights into the state-firm dispute. For this I ask: What are the *concerns* expressed by participants who describe the approach as either *resource nationalism* or *corrective measure* have, and how do they differ?

6.2.1 *Resource nationalism or a corrective measure?*

Figure 5 shows that those who describe the governments' approach as resource nationalism also tend to believe the approach is to the disadvantage of the country. In the interviews, participants who fall in this category express concerns about the instable policy environment, increased centralisation, the weakening of institutions, a lack of consultancy in the drafting of new legislation and the mismanagement of public expectation.

A different set of concerns emerge when analysing the interviews of participants who described the government's approach as a corrective measure. These participants mentioned the information asymmetry between the state and firms, contracts based on unequal terms, a media bias, and the need for some to always have something to complain about.

Concerns about transparency, accountability and arbitration are mentioned by both groups, yet are ascribed differently. Those who favour the resource nationalist description argue for increased government accountability in its decision-making processes, and increased transparency in state-firm negotiations. In addition, questions are raised regarding the neutrality of the local judiciary system.

Those in favour of describing the approach as a corrective measure argue for more transparency in firm operations and desire firms in the extractive industry to be held accountable for all

operations in the country. The question here lies in the interpretation of law. One participant explicitly questions the neutrality of international arbitration.

A sensitivity to time appears to play a role in these different perceptions. Participants who perceive the governments approach to be resource nationalism largely look at ‘the now’, present time. Whereas participants who consider the approach a corrective measure, take history, present and future into account by advocating to correct disadvantageous agreements of the past in order to agree on equal terms in the present for a more appropriate distribution of benefits and burdens in the future.

Resource nationalism and corrective measure do not necessarily contradict each other; rather they offer different descriptions of the same process. These descriptions are based on a different set of concerns and underlying interests. If one considers that the control over natural resources exerted by the state in the past was underserving the interests of the country, then resource nationalist policies can be considered a measure to correct previously disadvantageous rules and regulations.

6.2.2 Interests & Perspectives

A pattern emerges when comparing the different concerns of participants in favour of either the *resource nationalism* or *corrective measure* descriptions. Efforts to exercise greater state control and maximise revenues from the exploitation of natural resources (the definition of resource nationalism) affects the interests of internationally operating firms (private sector) and the individuals who oversee these activities such as embassies (international community). Increased state control over a particular sector is easily viewed negatively as it often (and in the Tanzanian case certainly) means more restrictions on business operations. So, when adopting a purely rational economic perspective one will logically view the approach as resource nationalism.

Contrarily, participants who describe the approach as a corrective measure view state control as something positive. The two terms thus capture very different ideas about what increased state control over the natural resource sector could/should mean for the country. These ideas are formed by different *perspectives* based on the *interests* of the participant.

Participants mainly concerned about increased state control share economic interests based in neo-liberal rationality. Here, stable and predictable policies equal a good ‘investment climate’, will attract investors and foreign capital, and thus benefit the country. Yet, as one of the

participants pointed out, Tanzania is going through a transition in its mission towards becoming a middle-income country. However, transition comes with uncertainty.

The interests of those who consider the government's approach to be a corrective measure is more difficult to identify. Looking at figure 5, we see that not one of the three participants work in the same area of professional interest. Nationality also does not seem to matter. These participants do however share a critical outlook on the history of mining firms in Tanzania. Additionally, they all consider *national pride* as inherently important in policy making.

Thus, the government's approach does not make much sense to participants who view the Tanzania-Acacia dispute and new mining/extractive regulations from a purely rational economic standpoint. But when considering the influence of national pride in combination with the history of mining in Tanzania a different viewpoint emerges.

Most participants viewed the Tanzania-Acacia case study from a national perspective and mainly focussed on processes occurring within state boundaries. Some participants, however, looked beyond national boundaries in their analysis of the state-firm dispute, adopting a transnational perspective considering the global system instead of the individual state. Hence, two perspectives emerge from the data: *national* and *transnational*.

Also, upon closer view of the interviews, and specifically the concerns expressed by the participants, different underlying interests can be identified. For example, whilst some participants express deep concern for the health and safety of mining communities, others emphasized the importance of securing an attractive investment climate in order to attract foreign investors. The interests that emerge can roughly be divided into two categories: *economic* and *societal*.

The matrix in figure 6 shows the positioning of the participants towards these identified interests and perspectives. For each participant, I weighed how much emphasis they placed on economic and societal issues in relation to the case study and whether they viewed the Tanzania-Acacia dispute from a national or transnational perspective, i.e. focusing on the individual state or the global system.

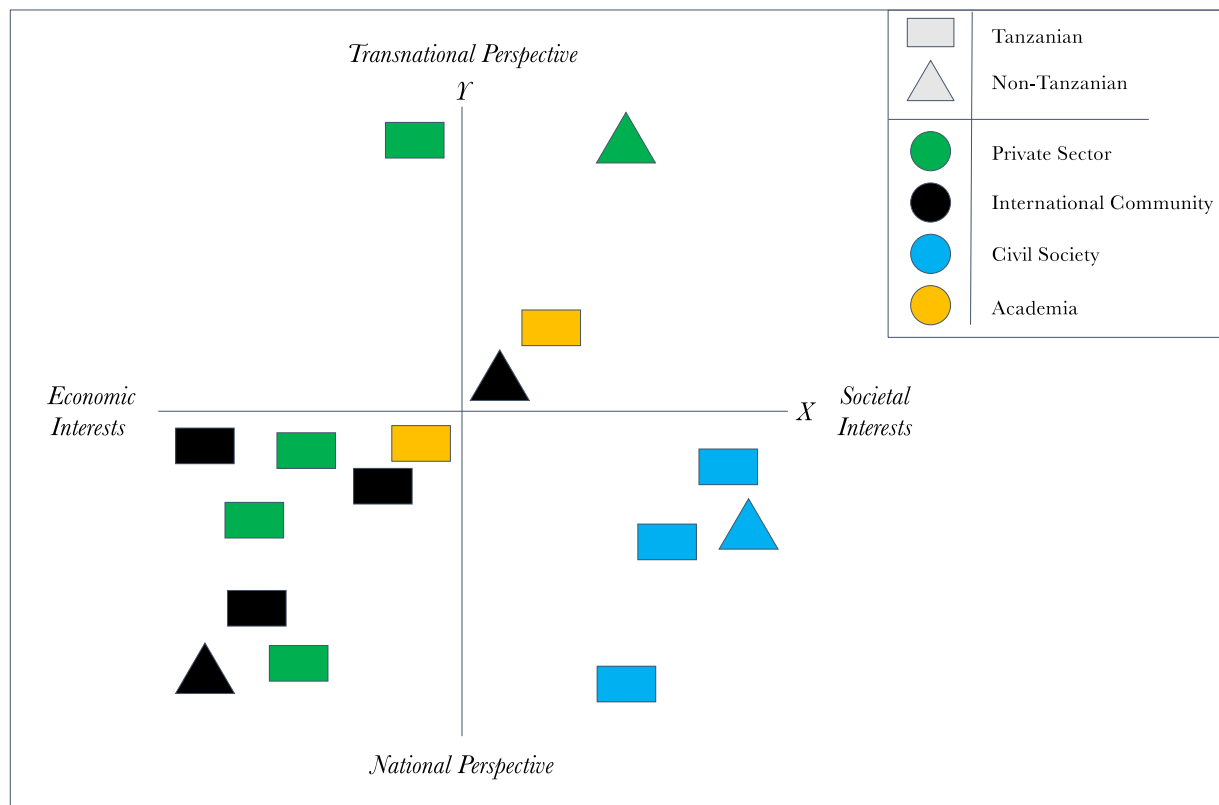


Figure 6. Data visualisation: perspectives & interests

The figure above demonstrates that the majority of rectangles and triangles are positioned below the horizontal line, indicating a strong focus on the individual state as unit of analysis in the Tanzania-Acacia case study among the participants. Only four participants are positioned above the horizontal line as they emphasized the role of the global system and placed the activities of the state within this (larger) system.

Unsurprisingly, participants working in the field of civil society (blue) all prioritise societal issues and view the dispute from a national perspective as they work in the interest of the citizens of Tanzania.

In contrast to civil society, the international community (black) are positioned on left of the vertical line thus expressing economic interests and concerns, except for one. They also appear to view the dispute from a national perspective as they are concentrated below the horizontal line, except for one (the same individual). The positioning of the international community below the horizontal line (national perspective) despite their international working field can be explained by the fact that these participants place strong emphasis on the role of the Tanzanian government in their discussion of the Tanzania-Acacia dispute, hence, overlooking processes that influence the case study beyond the boundaries of the individual state. The one participant from this group positioned at the opposite side of the matrix expressed more nuance in his

analysis of the Tanzania-Acacia dispute, considering societal issues such as the management of public expectation in addition to the more commonly referred to detrimental effects of the 2017 mining regulation on the investment climate. His emphasis on the societal consequences led me to position him on the top half of in the matrix. Additionally, this individual focused on transnational processes as well as national, causing me to position him on the right side of the vertical line.

The other three participants positioned above the horizontal line are the same three individuals who ended up in the top right corner of the previous diagram. A transnational perspective thus seems to correlate with a more positive outlook on the recent measures taken by the Tanzanian government towards its extractive sector, arguably because they take in account the uneven relationship between the state and transnational corporations – this can only be done when one's unit of analysis goes beyond national boundaries and considers global processes.

Similar to the previous diagram, the green rectangles and triangles representing the private sector assume different positions in the matrix, as well as the two academics (yellow). These fields of professional interest thus produce the most variety in interests and perspectives.

Patterns emerge when comparing the data that has informed the positioning of the participants in the 2 diagrams. A state-level analysis, and thus national perspective, coincides with a negative outlook on Tanzania's approach to changing the mining sector and the anti-corruption effort. The second notable pattern shows that considering history of mining and the importance of national pride goes hand in hand with a transnational perspective and a more positive view on the government's approach.

A number of relevant concepts also emerge from the themes and patterns that have been discussed so far. Most noticeable are *resource nationalism* and *corrective measure*. It is clear these two concepts match the two different patterns identified in the above paragraph. Resource nationalism suits the national perspective and the idea that the government's approach will be to Tanzania's disadvantage. Whereas corrective measure links to the transnational perspective and the idea the government's approach will be to Tanzania's advantage. Only the participants from the international community and civil society follow a clear pattern when positioned according to economic or societal interests.

Individuals from the private sector and academia are not grouped according to similar interests. Instead, participants from the private sector and academia differ in their interests, perspectives and stance towards the government's approach.

The divergent positions of private sector participants and the two academics strongly connect to different ideas about the relevance of culture in state-firm relations, exemplified by the earlier mentioned *national pride* and the importance of *culture*. What additional themes and concepts emerge from the data which can help us better understand the identified patterns?

6.3 *Trust, Class & Tax*

From the data, *trust* emerges as an important theme in addition to *national pride*. Participants often mention a distrust of the government towards foreign firms and the institutions monitoring the activities of these firms. On the other hand, participants from all 4 areas of professional interest express distrust in the governments' approach. One participant questioned if the government is truly tackling corruption, or if corruption is just being concentrated at the top.

Also, from the data, two interconnected themes emerge which help to deconstruct critique of the Tanzanian government: *class* and *tax*.

Several participants mention the significance of *class* in relation to different topics. Here, socio-economic class is used to categorise people based on their economic position in society. Participants point out how different groups in society deal with information shared by the government. Someone who is highly educated and financially comfortable may view information communicated by the government through a different lens than a miner in one of Acacia's mines. The news about a \$190 billion fine, which could theoretically materialise in a car for everyone in Tanzania, carries a different weight depending on one's economic position in society. Therefore, *class* matters in the discussion of managing public expectation.

Class also matters in how the President's anti-corruption efforts are viewed. Several participants noted that it is the upper- and middle-class citizens of Tanzania who are likely to be more critical towards the President's anti-corruption efforts because they are the ones who will feel the consequences in their own pockets. *Taxes* are particularly affecting upper- and middle-class Tanzanians. Some participants argue this could cause those who are in a position to influence the narrative on the Tanzania-Acacia dispute to be critical towards the government because their interests are being affected. This is where *class* and *tax* become interlinked.

Taxation may be used as a political tool. Political decision makers could generate public support by heavily taxing mining giants. The narrative that Africa's wealth is stolen by transnational

corporations could be instrumental in legitimising, for instance, the \$190 billion fine which is a way of retrospectively taxing a majority foreign owned mining firm.

On a reflective note, this research should be viewed with an awareness of the socio-economic background of the participants interviewed for this study. Most of the Tanzanian participants were multi-lingual, well-educated and presumably earned an above average income. In their position it would not be surprising that they would adopt a critical lens to viewing taxation in general and the affect it could have on them personally. This should be taken into consideration when extrapolating general conclusions from this study.

7 Conclusion

At the beginning of this research I set out to uncover unexamined perspectives and untold stories of the Tanzania-Acacia dispute, to bring about new insights and examine the narrative that dominates national and international discussions on this state-firm dispute. The Grounded Theory approach offered a useful method to dig deep into the case study and uncover opinions and ideas from which themes, patterns and concepts have emerged. Concluding this research, I reflect on what is the impact of my findings on the dominant discourse of resource nationalism within the resource-oriented industries in the global south, i.e. what is the external relevance of this research?

For anyone interested in the way humans interact with their environment, the extractive industries provide many complex issues with profound implications for individuals, nations and nature as a whole. It is relevant to study the actoral complexity on all scales within the context of a growing hunger for natural resources – to power economic and energy transitions³² – coinciding with rising population and populism around the world. The Tanzania-Acacia case study touches upon these themes and can thus provide insights that go beyond the scope of this study alone.

As mentioned in the introduction, this case study focusses on a process rather than a place. Research on uneven economic development or global inequality are limited when actors and their activities beyond a specific location are left obscured, tying into the idea of reductive repetition discussed in Chapter 2 on the shortcomings of state-level and single-disciplinary focussed analyses. Grounded Theory is an approach that can prevent scholars and researchers from repeating reductive modes of analyses as theories that emerge from the collected data are not based on preconceived ideas and assumptions.

Reduction always leaves things out. The multiple, and at times conflicting views, surrounding this state-firm dispute alerts us to the fact that any reductive approach will be incomplete, because what are the irrelevancies that are being omitted?

Trust, class and tax are central to the Tanzania-Acacia dispute in addition to national pride and culture. Going forwards in Tanzania's extractive industries, these insights can be used to guide state-firm negotiations and the management of public expectation. Culture, national pride and a sense of ownership are factors often considered to be soft or irrelevant and are willingly or

³² Natural resource will continue to be in high demand in the energy transition process. To illustrate, a single wind turbine can contain 335 tons of steel, 4.7 tons of copper, 3 tons of aluminum and 700-plus pounds of rare earth minerals (Orr, 2018).

unwillingly not taken into consideration by the private sector, as mentioned by one the participants.

Tanzania's extracted sub-soil wealth has disproportionately benefitted foreign-owned businesses – and the people of Tanzania to a much lesser degree. Although transparency of mining operators has improved there is still little visibility as to how mining firms operate in one country versus another. As one participant pointed out, this ambiguity creates an environment vulnerable to corruption.

In the end, both sides of the negotiating table agreed to the same contracts which were negotiated at a time when the expertise of the private sector exceeded that the state negotiators. *Information asymmetry* in Tanzania's extractive industries continues to pose a challenge in negotiating contracts based on *equal terms* today – meaning that the understanding of the terms of a contract are the same on both sides of the negotiation table. This was not true in the past, as understood from Jumaa's story.

Past contracts were thus based on unequal terms. The measures taken by the Tanzanian government to correct these contracts is readily conceptualised as *resource nationalism*. However, an awareness of the transnational organisation of production and the history of mining in Tanzania may cause one to revalue their perception of the measures taken by this government. One of the participants to this study commented that economic benefit is possibly not the priority of these measures, arguing that the intent of the recent measures is to go beyond economic benefits, also wanting to include a sense of national pride, ownership, and above all, participation among the Tanzanians. From this point of view, the measures *are* corrective but bear the negative label of resource nationalism.

A sensitivity to time also appears to play a role in these different perceptions. Participants who favoured the term *resource nationalism* largely look at 'the now', i.e. present time, whereas participants who consider the approach a *corrective measure*, take the past, present and future into account, by advocating to correct disadvantageous agreements of the past in order to agree on equal terms in the present for a more appropriate distribution of benefits and burdens in the future.

Summing up, insights from this study tells us to take in account actors on all scales, not just at the level of the state. This means considering the transnational organisation of production and noting actors that operate on the international, the national and the local scale. Also, one should take in

account the interconnectivity between actors, considering their interests and perspectives and how they influence policy outcomes and debates.

7.1 Implications of this research

I have demonstrated how Grounded Theory can be fundamental in issues concerning policy and regulation and the positioning of different actors within a political debate. Grounded Theory can thus be an insightful approach in order to revalue the dominant discourse and how it produces meaning and knowledge governing the way in which discussions are held. The Grounded Theory approach has facilitated an exploration of multiple concerns, interests and perspectives from which new themes, patterns and concepts have emerged, thereby redefining the dominant narrative.

This leads to the fundamental question: what policy advice can I give; and how does this advice relate to what I have analysed? Those involved in state-firm relations in the extractive industries would benefit from exploring narratives beyond the dominant discourse. The Tanzania-Acacia case study has shown that when matters often overlooked or ignored, such as culture, national pride and the history of mining in a country, are seriously considered, government's decisions to fine (alleged) malpractice, renegotiate existing agreements and claim a larger share of the benefits, are better understood and thus could lead to more equitable negotiations.

A critical examination of the dominant narrative also led to renewed insights on the resource curse theory as discussed in Chapter 2. Scholars identified a significant gap in the resource curse debate, namely, the question of who gets to name the resource, i.e. what gives the resource its economic value? But also, who gets to extract the natural resource? And who profits? In most studies, the resource curse is presented as caused by the mere physical presence of the natural resource. From this premise, discussions in literature and in public debates, almost by default, explain the poverty among riches paradox due to corruption and bad governance.

Although natural resources can be identified as the main source of corruption in Africa, this assessment leaves out a number of important factors. By overlooking the question of 'who names the resource' in the dominant framework used to study the extractive industries and its developmental consequences, studies end up with a strong state focus. This does make sense to some extent because the state *is* central to the extractive industries since natural resources, different from produced goods, are territorially embedded within the nation, i.e. they are locationally specific.

Nonetheless, widely accepted theories such as the resource curse and Rostow's 'developmental ladder to prosperity' miss the context in which development occurs. It ignores the fact that rich and poor are part of the same capitalist world economy. With an awareness of the interconnectedness of the different economic outcomes, one can see how developmentalist theories can be considered as counterproductive to international development. A reductive repetition can be identified to widely held ideas of 'underdevelopment' in global south countries rich in natural resources.

Instead of endless discussions on the resource curse, which as I have shown leaves out important aspects such as who gets to 'name' the resource, I recommend to investigate the uneven distribution of benefits and burdens in the extractive industries and how this continues to take place due to external structural problems and internal political problems. More inquiries into the transnational organisation of production and the role of secrecy jurisdictions in uneven economic development and corrupt practices would open up interesting new avenues for research.

The car anecdote mentioned in the introduction ("a Toyota for everyone!") exposes the reality of uneven economic development and expectation mismanagement. In theory, the people of Tanzania should benefit from the natural resource value extracted within their nation's geographical boundaries. This has not been the case.

The hope of seeing this natural wealth materialise into a car demonstrates a hunger for change. People are ready to claim their share and have high expectations of the outcome between state-firm negotiations. The possibility of 'reparations' paid by foreign firms justifies the narrative that communities have been robbed of their natural wealth. The government is successful in communicating this narrow narrative to its citizens. However, the massive fine is viewed by some to be out of proportion and potentially dangerous with regard to future investors. This leads to the final question: Should the \$190 billion fine be paid?

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9 Appendices

9.1 Appendix A: Interview Protocol

Introduction

Thank you for the opportunity to speak with you, it is much appreciated. A few words about myself, my name is Iris de Nobel and I am a student of Human Geography at Radboud University in Nijmegen, the Netherlands. This interview is part of my master's thesis research, which is about the developments in the extractive industry in Tanzania.

Do you mind if I record our conversation in order to transcribe it later for my analysis? I will turn off the recorder if you would like to say something off the record. If you would prefer not to answer a particular question, or if questions are unclear, please let me know.

Introduction questions

First of all, could you tell me a bit more about your professional background and your field of expertise.

- Could you tell me something about your current job responsibilities?
- How does your work relate to the extractive industry (mining/gas) in Tanzania?

Framing the research

I would like to shed light on the recent developments within the mining sector in Tanzania, taking gold mining company Acacia as a case study. A lot seems to be happening in this sector at the moment. My thesis is that Tanzania wants to benefit more from its natural resources. The changing regulations in fiscal policy has sparked strong reactions. The mining bills issued in July 2017 demand the government has a 16% share in mining projects, increased royalties and the mandate to renegotiate Mining Development Agreements (MDA's). In April 2018, the government issued a local content bill. Arguably these developments were triggered by the case with Acacia.

1. How did you experience the developments surrounding the GoT's dispute with Acacia?
2. Do you think the approach towards the mining industry is in line with the President's anti-corruption agenda?
3. Do you understand where the Tanzanian approach is coming from?
4. Would you have developed the same policies?
5. Do you see a strategy behind the approach towards the mining sector?
 - a. If so, what is this strategy and is it effective?
 - b. If not, what would explain the current approach?
6. What could be the consequences of the approach towards the mining sector on the gas reserve negotiations?
7. In your view, do historical legacies of the political history of Tanzania play a role in the government's current approach?

Final questions

- Do you have any recommendations on other individuals who would be willing to shine more light on this subject?
- Do you have any recommendations on reports or other sources of information that would help in my research?

Thank you for your time and your valuable input.

Iris de Nobel

[illegible]

13	Alban	<p>Tanzania wants to benefit more from its subsoil, sovereign wealth. African countries need strong institutions, not strongmen. Policy coherence in Magallul's government. It is not a country where you can get away with anything. We have like TMA and even the judiciary. It is fighting corruption but will not publish contracts made with multinationals; wants to improve fiscal and legislative regime without more revenues. It is about getting better deals to our citizens by following agreed processes. To our citizens, it is a populist measure. We've tried this, we've had benevolent dictators. Our geographical span of the country, with a population of 50 million people, of which 65% are under 25 years of age and in 5 years will become adults and grow restless without a job, it is not a country we should centralise. The biggest problem is youth unemployment. Create jobs and training people to get the skills to take the jobs.</p>	<p>The negative impact of the new regulations for the extractives on the business environment is unintentionally putting the government in a worse bargaining position. The situation is that either you have politicians who signed contracts out of incompetence that they are ashamed of, or, because of corruption. Neither of these scenarios reflect well upon the politicians in question so they object to having the contracts out there.</p>	<p>If you want milk, you have to feed the cow. Too many small businesses but also big businesses have had to close down because of all the taxes. Working for the marginalised we are extracting from you, you're not getting anything. We have a lot of people who are not getting anything. For a level playing field everyone needs to know what the other knows. There are about 26 profit sharing agreements between Tanzania and multinationals. Some are public others are not. Why not? The 2017 bill sets the stage for renegotiating contracts. It's a very important bill. But you say everyone has a role. The business community should not come to a foreign country to leave their money there, they come to make a profit for the country and for themselves. Contracts are made for a long period, sometimes 60+ years, clarity is important.</p>	<p>To be genuine, serious and honest about improving the terms of the fiscal and legislative regime be open about it. If you want accountability and transparency civil society should be able to say anything. The work was thought to be done, today they're not doing it. If TMA has weaknesses let's dismantled. If TMA has weaknesses let's re-centralisation of Local Government Authority. Less power to collect taxes. When you mustn't entice you centralise all the decision making. It looks like consolidating power to the president.</p>	<p>World wide corporate tax revenues are diminishing and indirect tax (VAT and seos tax) is generating most of the revenue. The move to taxation on consumption is to get away from the loopholes in corporate taxation where it is easy to hide income.</p>	<p>You are asking us to trust you that you are doing the right thing for Tanzania, but how do we know? Why are we left in limbo thinking that this is not necessarily a good thing. The new laws have created much uncertainty but it was not intentional.</p>	<p>K-axis: CSO's are consulted by Private government approach in TMA and even the judiciary. It is fighting corruption but will not publish regulations, not necessarily bad but some terms are unclear.</p>	<p>K-axis: societal perspective. Y-axis: national interests</p>
14	Alban	<p>It is Resource Nationalism. Tanzania has not been getting its fair share. The principal of permanent sovereignty; this is our resource.</p>	<p>There are no technologies because there are no partnerships between local and foreigners in a way that helps local companies.</p>	<p>In 1997/98 Tanzania opened up its mining market offering liberal concessions to several multinational mining companies. Now the terms are viewed as too generous: Royalty of 3 % capital deduction in the first years; VAT at 10% and a 10% royalty. They're not likely to be profitable for the first 5 to 10 years. What kind of agreement we make with an investor: come binnen, take what you like, or, come as a contractor, help us mine, we will pay you for your help but the resource is ours. The debate is whether they pay enough tax or not, and if not, how much more they should pay. The problem is in Europe. The issue is: why did you surrender all the rights so that they own the material before they start mining it?</p>	<p>People at the national oil company, the Tanzania Petroleum Development Corporation (TPDC), the ministries of the extractives, minerals were really not involved in the making of these new laws (July 2017). When you talk to ministries and state-owned companies now, they say everything goes through the state house. Decision making is centralised, too centralised. Ministers are powerful. You see them in a big Japanese car, but they're not likely to get anything out of them. They do not want to burn their fingers; will they be fired the next day?</p>	<p>We have a paradox: A president with really good intentions of transforming STAMCO, the cashew industry, to a more competitive world of his her's weakening them [state institutions] at the same time, so he's achieving the opposite! The president is positioning himself as anti-establishment, very Trump-like. Which is not true. Because you could argue Magallul is very much part of the establishment. He's been in power for 20 years. 20 years. He's been in power for 20 years. So, he's very much an insider and part of the establishment. What could make him anti-establishment is that he was not expected as a president during the last elections. And yes, he's been implementing some strong policies that have been unpopular with some Tanzanians. But it's more than that. If you're talking about the TRA and the tax mess, it's the average kiosk or shop, they are the ones being hurt.</p>	<p>We do not risk new potential miners. We have many natural resources and the Australians are interested in Neodymium in Mbeya.</p>	<p>K-axis: Should have made better agreements in the past. Y-axis: definitely aware of Transnational resource nationalism.</p>	<p>K-axis: economic perspective. Y-axis: national interests yet aware of Transnational resource nationalism.</p>
15	Alban	<p>In the Tanzanian case we are looking at: Dual mining: that's where capacity comes in; and political lobbying of assets.</p>	<p>People at the national oil company, the Tanzania Petroleum Development Corporation (TPDC), the ministries of the extractives, minerals were really not involved in the making of these new laws (July 2017). When you talk to ministries and state-owned companies now, they say everything goes through the state house. Decision making is centralised, too centralised. Ministers are powerful. You see them in a big Japanese car, but they're not likely to get anything out of them. They do not want to burn their fingers; will they be fired the next day?</p>	<p>We (in Tanzania) don't have big journalists who do analysis and criticism. They're not looking at Kenya's different. Cashew last year was the biggest export product in agriculture. And if it wasn't for cashew the value of the TZ Shilling to the dollar may be 4000 today (in July 2018) it was 2272 TZS (or 1 USD) 50, a very important sector. Sixty percent of the cashew industry is owned by small farmers. It is supposed to go back to the farmers as subsidies, implemets, pest control etcetera. Now, they want to scrap that and take the money to central government.</p>	<p>K-axis: New regulations are being implemented. Magallul is after political gain. His party adopted the tough approach from opposition Chulema to gain voters. Y-axis: legitimacy resource nationalism.</p>	<p>K-axis: Economic perspective but sensitive to Transnational resource nationalism.</p>	<p>K-axis: societal perspective. Y-axis: national interests</p>		

