Kenya, Tanzania mining reforms earn them poor investor ratings

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KAMPALA. Just when Kenya and Tanzania are undertaking reforms to ensure their mining sector plays a central role in economic growth, a report by Canada's Fraser Institute has cast a dark cloud on its attractiveness, after ranking them at the bottom of the pile.

The annual Survey of Mining Companies index ranks Kenya as the second worst mining destination in the world, after Guatemala, and the worst in Africa.

According to Fraser Institute, which is a leading think-tank that shapes public policy and influences private sector decisions, Tanzania is the fourth least attractive destination in Africa and ranks at position 78 out of 91 countries globally.

Hostile environment

Dar el Salaam ranking has dropped from 59 out of 104 in 2016, attributed to increasing concern among investors over uncertainty regarding the administration, interpretation and enforcement of existing regulations, trade barriers, and security.

"Legislative changes in Tanzania, which are being retrospectively applied, undermine the sanctity of contracts and remove recourse for international arbitration to resolve disputes with the government. This creates uncertainty and instability and makes for a particularly hostile investment environment," says the report.

Industry players say that the poor ranking of Kenya and Tanzania, which have been at the forefront of implementing initiatives to drive growth of the mining sector, is an indication that the reforms do not resonate well with investors.