



### **LOCAL CONTENT IN TANZANIA'S GAS AND MINERALS**

Local content in Tanzania's gas and minerals sectors means the quantum of composite value added to or created in the economy of Tanzania through deliberate utilization of Tanzanian human and material resources and services in the gas and mineral sectors operations to stimulate the development of capabilities of Tanzanians and to encourage local investment and participation. In a simple language, local content is what encourages local employment and the use of local goods and services in Tanzania's mineral sector.

Local content policies may apply to both domestic and foreign investments but often focus on foreign investments. Foreign investments are very effective in adding value thus bringing about better economic benefits.

#### **Objectives of Local Content:**

- To stimulate the development of capabilities of Tanzanian locals so as to encourage local investments and participation
- To enable Tanzanian citizens to develop skills subsequently giving the highest priority to local goods and services
- To provide efficient and transparent monitoring and reporting system to ensure delivery of local content policy objectives
- To increase the capability and international competitiveness of domestic businesses

There have been various enactments aimed at compelling stakeholders to abide by the local content in Tanzania's gas and minerals sectors. These include;

- The Mining Act, 2010
- The Petroleum Act, 2015
- The Mining (Local Content) Regulations, 2018
- The Petroleum (Local Content) Regulations, 2017

#### **The Local Content Plan:**

It is a requirement under both Regulations that contractors, subcontractors, licensees and any entity carrying out mining and petroleum activities in Tanzania to incorporate local content as part of the activities engaged by that particular contractor, subcontractor or any allied entity. Additionally, the Regulations make it an offence to contravene any of its parts.

The Mining (Local Content) Regulations, 2018 and the Petroleum (Local Content)



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Regulations, provide in depth provisions related to the local content in Tanzania's gas and minerals sectors, a contractor, subcontractor, licensee or other allied entity shall;

- Before carrying out any work or activity set up a project office within the district where the mining or petroleum project is located
- Prepare and submit a local content plan for approval when making an application to undertake activity by the Mining Commission or the Petroleum Commission

The local content plan shall contain the following detailed information;

- That the first consideration is given to services provided within the country and goods manufactured in the country
- That qualified Tanzanians are given first consideration for employment and that,
- Adequate training of Tanzanians is provided on the job
- That a Tanzanian citizen is given priority in any matter relating to the technology transfer, research, development and innovation in any gas and mining activity
- Enter a collective bargaining agreement in respect of the terms and conditions of employment with an association of employees
- Establish and implement a bidding process for the acquisition of goods and services to give preference to indigenous Tanzanian companies
- Ensure that the insurable risks relating to mining activity in the country are insured through an indigenous brokerage firm or where applicable on indigenous a reinsurance broker
- Retain only the services of a Tanzanian legal practitioner or a firm of Tanzanian legal practitioners whose principal office is located in Tanzania
- Retain only the services of a local Tanzanian engineering firm
- Retain only the services of a Tanzanian financial institution or organization
- Maintain a bank account with an indigenous Tanzanian bank and transact business through banks in the country
- Within forty-five days of the beginning of each year after commencement of their activities submit to the Commissions an annual Local Content Performance Report covering all its projects and activities for the year for review