



Terms of Reference

Research Consultancy: LOCAL CONTENT IN TANZANIA: IS IT WELL MANAGED AND DELIVERING?

1. Introduction to Policy Forum

The Policy Forum (PF) is a network of more than 60 Tanzanian civil society organizations established in 2003 and drawn together by their specific interest in augmenting the voice of ordinary citizens to influence policy processes that help in poverty reduction, equity and democratization with a specific focus on public money accountability at both central and local levels. Its desired change is to improve service delivery by influencing and monitoring the implementation of policies for equitable and accountable use of public resources through inclusive governance. PF anticipates to enhancing the way the network builds upon its members ability to apply knowledge and improve on its capacity to build coalitions and partnerships for advocacy. This desired organizational impact is what underpins PF's vision of improved quality of life for the Tanzanian people.

2. Background Information & Context

Delivering local benefits in the communities where extractives industries operate is no longer a choice. It is a commercial necessity and one that is increasingly mandated by laws and policies. In the new competitive landscape of waning supply and increasing demand for mineral resources, companies in the extractive sector face rising expectations to do more than simply mitigate negative impacts, serve as sources of tax/ royalty revenue, and act as good neighbors.

Today, business success depends upon the ability of companies to develop local talent, build a competitive local supplier's base, and deliver lasting socio-economic benefits to the areas where they operate. Some companies have responded to non-technical risks through isolated investments in community development. Although increasingly required by law in the extractive sector, local content represents the most strategic contribution a company can make to securing its social license to operate and leaving a positive legacy in countries.

If designed and implemented effectively, local content offers an opportunity for local companies and governments to unlock mutual benefit from resource extraction by focusing on companies' core competencies and supporting long term economic growth prospects. It encourages local employment and the use of local goods and services in backwards-linked supply chains of companies hence offers economic empowerment. Citing examples of Angola, Nigeria and Tanzania's experience in mining sectors, difficulties have been achieving development from natural resources alone. Thus, since the mid-2000s, African countries,

including Angola and Nigeria, have implemented local content policies (LCPs) to maximize the benefits of resource extraction.¹

In Tanzania, policies were as well developed to promote the maximization of value-addition and job creation through the use of local expertise, goods and services, businesses and financing in the value chain and their retention.² In 2017, the legal framework has had much more explicit requirements for local content, and it is possible that they have had greater effect. Therefore, getting current data on mining and gas is crucial in enabling analysis of the impact of more recent local content provisions. Moreover, there are numerous ministries and agencies within the Tanzanian government that hold responsibility for local content policies. How authority is spread among these agencies has not always been clear.³ For instance: the effectiveness of the Local Content Department and whether it is truly assisting in the creation of local content.

Although there is a significant body of work focusing on the design and effectiveness of local content policies in both the mining, oil and gas sectors in Tanzania. little is known about how local communities in the extractive areas are empowered to play their roles and their level of participation is not clearly established. Moreover, it is unclear how the Government ensures local content is realized. Is it just in the planning phase? Generally, there is a significant gap on relationship between local content policies and local content creation. The policies are good but are the same efforts applied in managing or monitoring its implementation? Do local communities realistically and adequately benefit from operations by extractive companies?

It is against this background that Policy Forum through the Tax Justice Working Group places a call to undertake a study that broadly explores on the management of the local content policies in the extractive sector particularly in the mining and gas industries. Though it is understandable that the oil and gas industry has not been fully developed, as such the discussion of the oil and natural gas sector can be limited to a discussion of natural gas. The findings of the study are meant to contribute to the existing efforts of procurement of local goods and services, job creation as well as skills and technology transfer.

3. Objectives

3.1 General Objective

The aim of the study is to explore the management of local content policies in the Extractive sector to see whether it is delivering as expected.

3.2 Specific Objectives

- i. To assess local content policies in Tanzania and establish the extent to which they are expected to benefit the local population.
- ii. To explore the role of the Government and gauge the extent to which it oversees local content compliance.

¹ (Ovadia; 2016a and 2016b).

² Mining (Local Content) GN. No. 3

³ Ovadia 2017

- iii. To assess the communities' perspectives on Government's engagement in the local content creation.
- iv. To briefly provide more recent data on the performance of local content in Tanzania: This will entail documenting the level of participation of local communities in the mining and gas industry's value chain given the recent stricter local content provisions.
- v. To examine the challenges facing the Government as well as communities in deploying local content.

4. Study Questions

- i. Is the Government effectively playing its oversight role to ensure local content compliance? What have been the initiatives so far?
- ii. Are there complementary efforts by the private sector in local content management?
- iii. Are the citizens aware of local content concept? Do they feel that the Government is working towards its realization?
- iv. What are the recent local content trends in the mining and gas industries?
- v. What are the challenges facing the Government and communities?
- vi. What are the policy and administrative recommendations that need to be raised to relevant stakeholders?

5. Methodology guide.

- I. The study should identify and interview key stakeholders in the communities, relevant Government institutions including Local Government Authorities, Companies and Civil Society Organizations.
- II. Desk Review Report on how policies, strategies and regulatory frameworks in the mining, oil and gas industries enshrine the roles of the Government.
- III. The study should also identify/ select geographical areas where the Mining and gas Industries are active/dominant to ascertain participation and even sustainability in the areas where exploration has phased out.
- IV. The consultant should undertake comprehensive community-based and workers consultations (with women and men supply of goods and services) in extractive communities, relevant CSOs as well as private sector players working in the sector.

6. Deliverables

The consultant is expected to provide a draft report and data set of the study to Policy Forum within 30 days of being engaged.

7. Requirements

Interested consultants should attach a brief study proposal showcasing how they have understood the assignment, theoretical review, comprehensive methodology that articulates how the objectives of the study will be achieved, and budget. In addition to this, attach relevant CV/CVs and one or two samples of previous similar analyses conducted. All documents should be sent to info@policyforum.or.tz by or before **27th September 2022**.