

By Polycarp Machira

Tanzania has a lot of potential in local content and can provide the services outside the local industry, it has been noted.

However, optimal local content will require a co-creation approach with the government, Herald Back, Statoil Procurement Manger observed yesterday.

Presenting a paper entitled; "How will local content be visible in the largest industry project in Tanzania?" he said it was the high-tech mega-projects that need a balance between local and international content.

The gas industry, he said, holds the key to the country's opportunity to forcefully support and work for industrial development. He said local content was always an integral part of procurement.

So he noted there was need to have a centralized system in the country where local suppliers are found just like it is done in Europe, making easy access to such services.

He called on the government to ensure that a local content policy was

# Oil and gas firms call for bigger local say

formulated, arguing: "The government should try and formulate the policy as soon as possible to help hold suppliers responsible to local content obligations."

Illustrating what Statoil was doing to promote local content, he said 81 per cent of the local content spent by the company during 2010-2013 went to Tanzanian registered suppliers, though some with international ownership.

He added that this was a specialized industry which calls for great care in the value chain system. "Early assessment of needs for qualification or certification and other possible barriers must be done," Mr Back said.

He expressed his company's commitment to local content in its

operations and through its supply chain.

But other people in the meeting expressed fears that the said local content could be on paper alone—and 'practically impossible.'

Revenue Watch Initiative (RWI)'s Africa senior regional associate, Silas Olan'g, cautioned that most of the companies participating in the value chain under the local content provision are foreign companies.

He said while it could be easy to mention that 81 per cent of these firms were locally registered, in reality most were foreign companies. "The registered companies will in the long run move profit to their countries of origin, leaving the locals empty-handed," he said.

Speaking at the same event, Neema

Lugangira Apson, a local content adviser said there were still a lot challenges in the industry.

She noted that lack of knowledge in the extractive industry may hinder local participation, especially on the supply chain system as the oil and gas sector.

The country's oil and gas industry has yet to take initiatives to understand the local supplier capacity, establish where they could participate within the liquefied natural gas (LNG) supply chain.

The author of the recently launched book, "Local Content Supplier Development- Developing Local Supplier Order to Optimize and Maximize Local Content in Tanzania's Natural Gas Industry" stated that the extractive industry

lacks local market intelligence and the assumption was that there was 'zero local capacity.'

She suggests that the envisaged Tanzania Local Content Plan or the Local Content Policy should put forward sustainable benefits in workforce development, supplier development and strategic community development.

"The local supplier development must include training and development initiatives," she said.

In this, she stresses the need for the government to promote and encourage private sector training institutions and new small centers specialized to set up training and development courses.

This will inevitably lead to duplication of efforts or make the initiative unsustainable.

"Tanzania needs to develop a 'we-coordinated' system' which responds to local needs. But better communication among stakeholders is the key to achieving the intended goal" she says.

Local companies aspiring to become suppliers to this industry must therefore learn the rules and regulations governing the industry.