



**HakiRasilimali**

Enhancing Transparency & Accountability  
of the Extractive Industry in Tanzania

# REALIZING LOCAL CONTENT DEVELOPMENT IN TANZANIA

Feedback from  
Communities in the  
'Golden' Geita and  
Mara Regions



# Realizing Local Content Development in Tanzania: Feedback from Communities in the 'Golden' Geita and Mara Regions.

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## List of Abbreviations

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FDI	Foreign Direct Investment
FID	Final Investment Decision
GDP	Gross Domestic Product
GGM	Geita Gold Mine
GoT	Government of Tanzania
URT	United Republic of Tanzania
NMGM	North Mara Gold Mine
NRGI	Natural Resource Governance Institute
SML	Special Mining License
UNICEF	United Nations International Children's Emergency Fund

## Executive Summary

The lingering perception that resource-rich countries have been shortchanged by international mining companies gave rise to resource nationalistic policies which were meant to ensure that the said countries maximized their take from mining activities. Chief among these policies are the local content regulations. In line with the trend, Tanzania has promulgated local content policies with the hope of maximizing domestic benefits by increasing citizen participation in the mining sector. However, the efficacy of these policies is yet to be ascertained particularly at the community level. It is in this context that this study intends to examine the extent to which local content policies are effective, particularly at grassroot level.

Using a case study design that sampled Geita and Mara regions, the study found out that jobs in large-scale mines remain generally inaccessible for the majority of locals. Furthermore, results indicate that local communities are, by and large, unable to access profitable supply value chains in mines. Moreover, findings indicate a general lack of understanding among community members as far as value addition is concerned.

The majority of respondents do not believe that the government is doing enough to ensure that mining companies comply with local content requirements. This is an important finding, particularly for the Mining Commission which is responsible for overseeing local content development in Tanzania.

This study finds that there is still a long way to go before local content development is fully realized in Tanzania. This is particularly true for local communities living in the vicinities of mining operations. To kickstart the necessary change, the present study proposes the following recommendations:

- i. The need to clarify understanding of local content by not only defining it in terms of national geographical boundaries but also at community levels.
- ii. Removing the various barriers to employment that local communities face.
- iii. Establishing initiatives to build the capacity of local suppliers to be able to access supply value chains in the mining sector.
- iv. The need for the government through the Mining Commission to enforce local content laws to ensure compliance.

All in all, both the government and mining companies need to undertake efforts to empower local communities and suppliers to be able to take advantage of the local content policies. Local content should be seen and implemented as a vehicle to improve the livelihoods of Tanzanians by enabling them to access jobs, training, markets, and innovation opportunities that accompany the mining sector.

This study concludes by identifying the following areas for further research:

- i. Assessment of local content legal framework and whether and how it can be implemented, in order to identify possibilities for amendments and/or additions.



- ii. Mapping types of goods and services, including jobs, that are demanded in the mining sector and establishing subsequent skill gaps to inform local content development.
- iii. Undertaking local content compliance assessment on suppliers, processing, smelting and refining licenses holders, including their contractors, sub-contractors or any other allied entity engaged in mining activities.
- iv. Benchmarking local content requirements for emerging extractive subsectors of Liquified Natural Gas and critical minerals.



# 1. INTRODUCTION

## 1.0. Background of the Study

Amidst the African mining boom over the past two decades, there have been lingering perceptions among Africans that international mining companies are shortchanging the continent as far as benefits emanating from the sector are concerned. It is in this context that many African countries have opted to introduce resource nationalistic policies in order to maximize their take from the mining sector (Huggins and Kinyondo, 2019; Kinyondo and Huggins, 2019; Kolstad and Kinyondo, 2017; Kinyondo and Villanger, 2017; Siri and Kinyondo, 2016). These policies are basically intended to maximize domestic benefits through increased state ownership and participation in the sector, increased rents charged on the sector as well as local content development (Huggins and Kinyondo, 2019; Kinyondo and Huggins, 2019). It is not surprising then that an estimated 90% of resource-rich African countries have introduced some form of local content requirement in the past years (Siri and Kinyondo, 2016).

The mining sector has made a paradoxical contribution to the economy of Tanzania. Indeed, while the Foreign Direct Investment (FDI) in the sector seems to be increasing over the years, the corresponding contribution it has to the Gross Domestic Product (GDP) is negligible. For instance, up until 2017, the contribution of the sector to the GDP stood at just 4.8%. This contribution corresponded to a 13.74% average annual growth rate and the value of mineral exports increasing from US\$ 26.66 million in 1997 (less than 1% of total exports) to US\$ 1,003.21 million in 2007 (52% of total exports). While the corresponding contribution of the sector has since approached 10%, poverty persists in communities living around mining areas.

The mining sector in Tanzania has faced public outcry on the need to increase its development contribution through enhancing the integration of the mineral sector with other sectors of the economy and ensuring maximum citizen participation throughout the mining value chain. It is against this background that several committees have been formed to redress burning issues surrounding the sector. A milestone was the 2007 presidential mining committee (commonly known as Bomani Committee) which was formed to review and advise the government on its oversight role in the mining sector. The Bomani Committee led to the promulgation of the Mining Policy in 2009 followed by the enactment of the Mining Act of 2010 and its regulations. More surgical mining reforms were enacted in 2017, which introduced specific local content provisions<sup>1</sup>.

While this has contributed to a rise in revenues from mineral resources, the same is not reflected in community livelihood. Specifically, data shows that gold production in 2021 increased to 59,638 kilograms compared to 55,805 kilograms produced in 2020. In 2021, export permits were granted for 42,902 kilograms of gold, which is a decrease of 13.9 per cent compared to the 49,812 kilograms granted in 2020. It is worth noting that mineral exports accounted for 53.8 per cent of the total earnings from non-traditional goods exports, given the struggling tourism sector. Gold exports also comprised 88.4 per cent of the total earnings from mineral exports, and gold accounted for 34 per cent of the country's total exports in the same year. This leads to the question of whether

<sup>1</sup> Section 100, 100A – 100F, 102 – 106 and 126 of the Mining Act of 2010 (re 2018)



the improved numbers in the mining sector can be attributed to the 2017 reforms or increased mining activities resulting from improved global prices for minerals, specifically gold.

of more importance is the lingering question pertaining to the impact of mining on people's livelihoods through citizen participation in the sector. Indeed, apart from revenue collections, local content has been identified as one of the main strategies in Tanzania to maximize the national benefits of the country's lucrative extractive industry. Local content requirements are expected to increase local participation in employment and the supply chain of priority sectors of the economy and thus generate retention of economic benefit in the country.

In essence, local content policies in the mining (industrial gold) sector are intended to maximize local take through increasing local participation in acquiring employment, training, obtaining contracts to supply goods and services, and beneficiation to the sector. Important, and strong local content requirements seem to be provided in Tanzania's mining legal framework. However, it remains to be proven if the same help to facilitate increased participation of citizens to the mining sector especially at the grassroots level. It is against this backdrop that this study explores community perspectives on the effectiveness of local content requirements in enabling local communities to participate in Tanzania's gold sector.

## 1.1. Statement of the Problem

At the heart of Tanzania's 2025 vision to become a resource-based industrialized economy is the local content policy (URT, 2021). The need to realize an industrial economy by 2025 requires that the Tanzanian government ensures that Tanzanian citizens are participating in and taking advantage of opportunities available for goods and services, locally produced and manufactured goods, technological transfer, employment opportunities, and other activities in the entire value chains.

Local content in the mining sector is guided under Part VIII of the Mining Act (Chapter 123 R.E 2019). In addition, it is specifically regulated by the Mining (Local Content) Regulations of 2018, as amended from time to time. In compliance with the laws and regulations, companies are required to submit a local content plan detailing the plans, procedures, and opportunities which can be tapped to enable Tanzanian citizens fully participate in the mining value chain.<sup>2</sup> That being said, there is no evidence that local content policy in Tanzania's mining sector has effectively provided a competitive advantage to locals<sup>3</sup>.

Indeed, according to Ingebrigt (2018), the policy has failed to create a level playing field, with foreign companies dominating the sector. Yet, currently, there exists limited data on the implementation, monitoring, and impact of local content requirements in Tanzania's mining sector especially at the grassroots level. It follows therefore that research on the implementation of local content in Tanzania's mining sector and the extent to which it benefits Tanzanians active in mining value chains is much needed so as to develop local content compliance in the country.

<sup>2</sup> Ibid: regulations 11 and 12.

<sup>3</sup> <https://investmentpolicy.unctad.org/investment-policy-monitor/measures/3209/adoption-of-mining-regulations-on-local-content-2018>

## 1.2. Study Objectives

The main objective of this research is to unearth best practices of local content implementation which can lead to an increased level of Tanzania citizens' participation in and benefit from the mining value chains at the grassroots level. The corresponding specific objectives of this research study are to:

- i. Assess local employment status in the industrial gold mining companies of the Geita and Mara regions.
- ii. Explore the status of the local supply of goods and services in the Geita and Mara regions' gold companies.
- iii. Assess knowledge transfer to locals by the industrial gold mining companies.
- iv. Explore the level of local communities' participation in gold value addition.
- v. Examine if local content requirements are monitored and complied with in Geita and Mara region

## 2. AN OVERVIEW OF LOCAL CONTENT REQUIREMENTS IN TANZANIA'S MINING SECTOR REGULATORY FRAMEWORK

The Tanzania Multi-Sectoral Local Content Guidelines (GoT, 2019) define local content as the value added to or created in the economy through deliberate utilization of Tanzanian<sup>4</sup> human and material resources and services in investments to stimulate the development of capabilities and to encourage local investments, ownership, and participation. It spans various areas like employment, training, preference for local goods and services, technology transfer, research, development, and innovation, as well as prioritizing Tanzanian citizens in sectors such as insurance, legal, and financial services. Tanzanian citizens' involvement in key economic activities is crucial in accelerating local development

Local Content has become a strategic issue in Tanzania as it can stimulate broad-based economic development by alleviating poverty and ensuring sustainable economic and social outcomes (White, 2017). In Tanzania, the Policies and Laws governing the mining sector have been reviewed to capture local content issues which aim at ensuring that Tanzanians are given preference in employment and supply of goods and services in the sector (GoT, 2019). These laws include the Mining Act CAP 123 of 2019<sup>5</sup>, the Natural Wealth (Permanent Sovereignty) Act of 2017<sup>6</sup>, and the Natural Wealth (Review and Renegotiation of Unconscionable Terms) Act of 2017<sup>7</sup>, with regulations including the Mining (Local Content) Regulations of 2018<sup>8</sup> the Mining Mineral Beneficiation Regulations<sup>9</sup>, the Mining (Value Addition) Regulations<sup>10</sup>, and the Mining (Minimum Shareholding and Public Offering) Regulations of 2016<sup>11</sup>, as amended from time to time.

These laws and regulations are designed to promote participation of Tanzanians and Tanzanian-owned businesses in the country's extractive industries. They stipulate local content requirements that must be adhered to in mining operations in the country. The law<sup>12</sup> specifically requires for all applicants of mineral rights and holders of prospecting, mining, special mining, processing, smelting and refining licenses, including their contractors, sub-contractors or other allied entity engaged in mining activities (Stakeholders), to ensure that local content is a major component of the mining activities engaged.<sup>13</sup>

4 All Tanzanians

<sup>5</sup> <https://www.tumemadini.go.tz/uploads/publications/en-1595155292-CHAPTER%20123%20-%20THE%20MINING%20ACT%20CHAPA%20FINAL.pdf>

<sup>6</sup> <https://www.madini.go.tz/media/Natural-Wealth-and-Resources-Permanent-Sovereignty-Act-2017.pdf>

<sup>7</sup> <https://www.osg.go.tz/uploads/publications/sw1570609630-6THE%20NATURAL%20RESOURCES%20CONTRACT-ACT,%20BLM%2024-06%20%20JULY,%202017%20clean%20copy%20%20CHAPA.pdf>

<sup>8</sup> <https://www.madini.go.tz/media/MINING-LOCAL-CONTENT-REGULATIONS-2018.pdf>

<sup>9</sup> [https://www.madini.go.tz/media/SUPP\\_GN\\_136\\_THE-MININGMINERAL-BENEFICIATIONAMENDMENTS-REGULATIONS-2019\\_GN-NO.136-OF-2019.pdf](https://www.madini.go.tz/media/SUPP_GN_136_THE-MININGMINERAL-BENEFICIATIONAMENDMENTS-REGULATIONS-2019_GN-NO.136-OF-2019.pdf)

<sup>10</sup> [https://www.tumemadini.go.tz/uploads/publications/en-1599442924-MINERAL%20VALUE%20ADDITION%20REGULATIONS\\_v.pdf](https://www.tumemadini.go.tz/uploads/publications/en-1599442924-MINERAL%20VALUE%20ADDITION%20REGULATIONS_v.pdf)

<sup>11</sup> [https://www.parliament.go.tz/uploads/documents/1484576441-9%20GN%20286%20-%20THE%20MINING%20\(MINIMUM%20SHAREHOLDING%20AND%20PUBLIC%20OFFERING\).pdf](https://www.parliament.go.tz/uploads/documents/1484576441-9%20GN%20286%20-%20THE%20MINING%20(MINIMUM%20SHAREHOLDING%20AND%20PUBLIC%20OFFERING).pdf)

<sup>12</sup> <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.madini.go.tz/media/MINING-LOCAL-CONTENT-REGULATIONS-2018.pdf>

<sup>13</sup>



The section below presents an overview of the different local content requirements stipulated in different laws and regulations guiding the mining sector and local content implementation in Tanzania.

## 2.0. Preference to Local Companies in Granting Mining Licenses

Mining regulations<sup>14</sup> should give preference to indigenous companies when granting mining licenses. This indicates a prioritization of these companies by the government,<sup>15</sup> the regulation does not imply that licenses are exclusively given to Tanzanian companies. That said, in the case of a competitive scenario where both a local and foreign company vie for a mining license, the local company is favored and is thus more likely to receive the license. Moreover, foreign mining companies must adhere to the law by forming an arrangement where an indigenous company must hold a minimum of 5% equity participation to qualify for a license. Likewise, non-indigenous companies aiming to provide goods or services must establish a joint venture with an indigenous company, in which the respective local company hold at least 20% equity participation<sup>16</sup> This approach ensures Tanzanian companies are involved in the mining sector while allowing foreign companies to obtain licenses based on their compliance with equity requirements and other relevant regulations.<sup>17</sup>

## 2.1. Requirement to Submit Local Content Plan

The prospective mineral right holder<sup>18</sup>, contractors, and subcontractors are required by the law to submit a Local Content Plan to the Mining Commission for approval.<sup>19</sup> The Local Content Submission Guidelines apply to all applicants of mineral rights and holders of prospecting, mining, special mining, processing, smelting, and refining licenses, including their contractors, sub-contractors, or other allied entity engaged in mining activities (Stakeholders)<sup>20</sup>. The plan must demonstrate the company's commitment to using local goods and services, and to training and employ Tanzanian workers.<sup>21</sup> This requirement is there to ensure that Tanzanian citizens are given first opportunity to supply goods and services into the mining sector as long as they meet the specifications of the mining industry. Furthermore, this requirement is intended to ensure that Tanzanians are given first consideration for employment and training for employment.<sup>22</sup>

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<sup>14</sup> The Mining (Local Content) Regulations of 2018, regulation 7

<sup>15</sup> Ibid. Regulation 8(1).

<sup>16</sup> The Mining (Local Content) Regulations of 2018

<sup>17</sup> Ibid, regulation 8.

<sup>18</sup> Means the person or company in whose name a Mineral Right is registered

<sup>19</sup> The Mining (Local Content) Regulations of 2018, regulation 10 (1).

<sup>20</sup> The Mining Act (CAP. 123 R.E 2019) s. 28 (3) (h).

<sup>21</sup> The Mining (Local Content) Regulations of 2018, regulation 12(1)(b).

<sup>22</sup> Ibid, regulation 12(1)(i-iii)

## 2.2. Preference to Tanzanian citizens for supplying of goods and services.

The law<sup>23</sup> requires a mineral right holder to give preference to goods and services that Tanzanian citizens or local companies produce. Where these goods and services are unavailable in Tanzania, the law states that a local company should provide such in a joint venture with a foreign company.<sup>24</sup> The law defines a local company for the purpose of the Mining Act as "a company or subsidiary company incorporated under the Companies Act which is 100 percent owned by a Tanzanian citizen or a company that is in a joint venture partnership with a Tanzanian citizen or citizen whose participating shares is not less than 50 percent".<sup>25</sup>

The laws stipulate a general requirement for mining companies and their subcontractors to prioritize Tanzanian companies and workers when awarding contracts and employment opportunities. This requirement potentially creates opportunities for Tanzanian businesses and individuals to participate in the extractive industries.<sup>26</sup>

The mineral right holder is required to prepare and submit to the Mining Commission a procurement plan for a duration of at least five years indicating the use of local services such as insurance, financial, legal, accounts, security, cooking, catering, health and other services provided or available in Tanzania. The procurement plan must also indicate the use of workers, goods and equipment manufactured, produced or available in Tanzania.<sup>27</sup>

## 2.3. The Minimum Local Content Thresholds

The law<sup>28</sup> sets the minimum local content thresholds that stakeholders should achieve in procuring goods and services; research and development relating to in-country services; health, safety and environment services; and information systems, information technology and communication services.<sup>29</sup> The thresholds range from immediately after the local content plan approval to within 5 years and to within 10 years.<sup>30</sup>

## 2.4. Training and employment of Tanzanian citizens

The local content plan submitted by the prospective mineral right holder must contain the Employment and Training Subplan, among others.<sup>31</sup>

The sub-plan must include a forecast of the hiring and training needs of the mineral rights holder, including specification of the skills needed, the anticipated skill shortages in the Tanzanian workforce, the specific training requirements and the anticipated expenditure the mineral right holder will incur in implementing the Employment and Training Subplan.<sup>32</sup>

<sup>23</sup> The Mining (Local Content) Regulations of 2018

<sup>24</sup> The Mining Act (CAP. 123 R.E 2019) s. 102(1)(2).

<sup>25</sup> Ibid s. 102 (9).

<sup>26</sup> The Mining (Local Content) Regulations of 2018, regulation 12(1)(b).

<sup>27</sup> Ibid s. 100 (4).

<sup>28</sup> The Mining (Local Content) Regulations of 2018

<sup>29</sup> The Mining (Local Content) Regulations of 2018, regulation 13(2).

<sup>30</sup> Ibid.

<sup>31</sup> Ibid. regulation 12(3)(a).

<sup>32</sup> Ibid. regulation 20 (1)(a).

Furthermore, the mineral rights holder is required to stipulate the timeframe within which they will provide employment opportunities for the Tanzanian workforce for each phase of the mining activity to enable them to prepare for those opportunities<sup>33</sup>.

Moreover, the law requires the mineral right holder to include a succession plan as part of the Employment and Training Subplan submitted to the Mining Commission.<sup>34</sup> The succession plan is required for any position occupied by a non-Tanzanian, and it must provide for and require Tanzanians to understudy the requirements of the position held by a non-Tanzanian for a certain period, after which a qualified Tanzanian citizen shall assume the position. The law further requires that all middle and junior positions, including foreman, supervisor or any position designated as such, be occupied exclusively by Tanzanians.<sup>35</sup>

## 2.5. Technology transfer, local research, and development

The law<sup>36</sup> requires a prospective mineral right holder to include a Research and Development, and a Technology Transfer Subplan in the Local Content Plan submitted to the Mining Commission for approval.<sup>37</sup> The law further requires that after the grant of the mining license and before the start of commencing activities, the mineral right holder must submit to the Mining Commission a program for research and development in the country, outlining a revolving three to five-year program for mining-related research and development initiatives to be undertaken and detailing expected expenditure that will be made in implementing the program.<sup>38</sup>

The Local Content Policy and regulations require mining, (and oil, and gas companies) to promote technology transfer and local research and development. By all intent and purposes, mining companies must collaborate with Tanzanian institutions and businesses to develop local capacity in the mining industry.

## 2.6. Legal, Financial, and Insurance Services Content

As a general requirement, the law<sup>39</sup> requires the mineral right holder to retain services of a Tanzanian legal practitioner or a firm of legal practitioners whose principal office is located in Tanzania.<sup>40</sup> The mineral right holder is thus required to include a Legal Service Subplan in the Local Content Plan submitted to the Mining Commission when applying for a mining license.<sup>41</sup> The subplan must include a comprehensive report on legal services utilized in the preceding six months by expenditure, a forecast of legal services required during the ensuing six months and the projected expenditure for the services, and the annual legal services budget for the ensuing year.<sup>42</sup>

<sup>33</sup> Ibid. regulation 20 (1)(b).

<sup>34</sup> Ibid. regulation 21.

<sup>35</sup> Ibid. regulation 22.

<sup>36</sup> The Mining (Local Content) Regulations of 2018

<sup>37</sup> Ibid. 12(3)(b)(c).

<sup>38</sup> Ibid. regulation 24(1).

<sup>39</sup> The Mining (Local Content) Regulations of 2018

<sup>40</sup> Ibid. regulation 32.

<sup>41</sup> Ibid. regulation 12(3)(d).

<sup>42</sup> Ibid. regulation 33.

Also, the law requires the mineral right holder to retain only the financial services of a Tanzanian financial institution or organisation. This requirement may be dispensed with the approval of the Mining Commission for the mineral right holder to retain the services of a foreign financial institution or organisation.<sup>43</sup> As such, the prospective mineral holder must include the Financial Services Subplan in the Local Content Plan submitted to the Mining Commission for approval when applying for a mining license.<sup>44</sup> The Financial Services Subplan will specify the financial services utilized in the preceding six months by expenditure, a forecast of financial services required in the ensuing six months, and the projected expenditure for financial services.

The law<sup>45</sup> further requires that the insurable risks related to the mining activity in the country be insured through an indigenous brokerage firm or, where applicable, an indigenous reinsurance broker.<sup>46</sup> The law<sup>47</sup>, however, permits, through the approval of the Mining Commission, the use of an offshore insurance service, with an assurance from the National Insurance Commission that local Tanzanian capacity has been fully exhausted.<sup>48</sup>

## **2.7. Retention of earnings from mining operations within the banks and financial institutions established in Tanzania.**

As a rule, the law<sup>49</sup> requires that all earnings from disposal or dealings of mining operations to be retained in the banks and financial institutions established in the United Republic of Tanzania.<sup>50</sup> The law<sup>51</sup> further stipulates that it is unlawful to keep such earnings in banks and institutions outside the United Republic of Tanzania, except where distributed profits are repatriated in accordance with the laws of Tanzania.<sup>52</sup>

## **2.8. The Minimum Shareholding Requirement**

A holder of a Special Mining License (SML)<sup>53</sup> is required to maintain a 30 percent total issued and paid-up share as a minimum local shareholding.<sup>54</sup> If the holder of an SML has failed to secure the minimum local shareholding due to an unsuccessful public offer, they may apply to the Minister of Minerals for a waiver of this requirement.<sup>55</sup> The minimum shareholding should be obtained through a public offering in accordance with the law guiding capital market and securities<sup>56</sup> immediately after the commencement of the mining operations.<sup>57</sup>

<sup>43</sup> Ibid. regulation 34.

<sup>44</sup> Ibid. regulation 12(3)(e).

<sup>45</sup> The Mining (Local Content) Regulations of 2018

<sup>46</sup> Ibid. regulation 30(1).

<sup>47</sup> The Mining (Local Content) Regulations of 2018

<sup>48</sup> Ibid. regulation 31.

<sup>49</sup> The Mining (Local Content) Regulations of 2018

<sup>50</sup> The Natural Wealth and Resources (Permanent Sovereignty) Act of 2017, s.10(1).

<sup>51</sup> The Mining (Local Content) Regulations of 2018

<sup>52</sup> Ibid. s. 10(2).

<sup>53</sup> A special mining license will be granted for large-scale mining operations in which capital investment exceeds USD 100 million

<sup>54</sup> The Mining (Minimum Shareholding and Public Offering) Regulations of 2016, regulation 4(1).

<sup>55</sup> Ibid. regulation 4(2).

<sup>56</sup> The Capital Market and Securities Act of 1994.

<sup>57</sup> The Mining (Minimum Shareholding and Public Offering) Regulations of 2016, regulation 5(1).

However, a holder of SML is exempted from listing their shares if the SML holder has entered into an agreement with the Government for non-dilutable free carried interest shares in the capital of a mining company and economic benefit sharing agreement.<sup>58</sup> Thus, such an SML holder is exempted from the minimum shareholding requirement.

## 2.9. Local content monitoring, compliance, and enforcement

Compliance with local content requirements is monitored by the Mining Commission, which is responsible for overseeing the implementation of the Mining Act and its regulations.<sup>59</sup> The Mining Commission is also responsible for enforcing compliance with local content requirements by conducting audits and inspections of mining companies' procurement and employment practices.<sup>60</sup>

In their Local Content Plans, mining companies must include specific targets for local content and a monitoring and evaluation framework to track progress towards achieving these targets.<sup>61</sup> Companies are also required to submit an annual local content performance report to the Mining Commission detailing their compliance with local content requirements.<sup>62</sup>

Failure to comply with local content requirements can result in penalties, including fines or suspension of operations.<sup>63</sup> Therefore, it is important for mining companies to ensure that they comply with local content regulations and implement effective monitoring and evaluation frameworks to track their progress toward achieving local content targets.

## 2.10. State participation in the mining sector

State participation in mining activities is one of the ways in which local content requirements are implemented in the mining sector. The law<sup>64</sup> provides for state participation in mining activities through holding direct equity interest in any mining venture, including mineral beneficiation.<sup>65</sup> The Government can acquire equity interest by statutory allocation of shares. The state does also directly participate in the mining sector through the State Mining Company (Jacob, 2017).

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<sup>58</sup> The Mining (Minimum Shareholding and Public Offering) (Amendment) Regulations of 2020, regulation 2.

<sup>59</sup> The Mining (Local Content) Regulations of 2018, regulation 47.

<sup>60</sup> Ibid, regulation 48(1).

<sup>61</sup> Ibid, regulation 10(1).

<sup>62</sup> Ibid, regulation 37.

<sup>63</sup> Ibid, regulation 49.

<sup>64</sup> The Mining (Local Content) Regulations of 2018

<sup>65</sup> The Mining (State Participation) Regulations of 2022.



### 3. METHODOLOGY



This study adopted a case study design to explore the perspectives of the community on the implementation of local content policy with a view to examining whether local content is delivered in accordance with the Mining (local content) (Regulation) 2018 at the grassroots level. Tarime (Mara region) and Geita (Geita region) districts were subsequently sampled for this analysis.

Tarime District (Mara region) has been sampled because it is the home of one of Tanzania's largest industrial gold mining operations (the North Mara Gold Mine - NMGM) which is majority-owned since 2019 by the Canadian company Barrick Gold Corporation. The mine is operated by Barrick as a joint venture with the Government of Tanzania, under the joint venture name referred to as 'Twiga Minerals Corporation Ltd'<sup>66</sup>. NMGM combines open pit and underground operations from Gokona (underground) and Nyabirama (open pit). The process plant has the capacity to process an average of 8,000 tonnes of ore per day. In 2022 NMGM produced a total of 263,000 Ounces of Gold<sup>67</sup>. Another reason for selecting NMGM is the presence of several host communities who have been directly affected by mining activities in the area, and their involvement in implementing local content policies is crucial to ensuring its effectiveness.

<sup>66</sup> <https://www.tanzaniainvest.com/twiga-minerals>

<sup>67</sup> <https://www.barrick.com/English/operations/north-mara/default.aspx>

It was further important to sample the NMGM because it has had its fair share of controversies, including allegations of human rights abuses, environmental degradation, and lack of transparency in mining operations. These allegations have consequently created tense relations with local communities. Studying local content implementation at NMGM therefore provides an opportunity to examine the impact of local content policy on addressing such issues.

On the other hand, Geita Region was selected because the region is one of the largest gold-producing regions in Tanzania and is home to the Geita Gold Mine (GGM), which is operated by the AngloGold Ashanti. As of 31 December 2020, the Mineral Resource at GGM was at 7.92 million ounces.<sup>68</sup> Geita is very different in terms of its local context compared to North Mara. Indeed, it has a population characterized by different backgrounds, cultures, ethnicities, races, religions, nationalities, and a range of economic activities outside mining, such as agriculture.

The diverse communities and economic activities in Geita provide insights into the different impacts of local content policy on different segments of the population. Understanding the implementation of local content policies in this context can offer valuable lessons for developing effective policies in other mining areas. Overall, the context of North Mara Gold Mine and Geita Gold Mine offers unique opportunities to explore the perspectives of the community regarding the implementation of local content policies and their impact on the development of the local communities.

### 3.0. Research Approach

The key question that is intended to be answered is: how do community members perceive the implementation and monitoring of local content requirements in the industrial gold mining sector in the Geita and Mara regions?

To answer this question, we studied the community perspectives on the specific elements of local content requirements in the cases of NMGM and GGM. The study sought to explore community perspectives on 4 elements, employment, procurement of goods and services, knowledge transfer and domestic value addition, due to their significant impact on the local economy, job creation, skill development, and overall community empowerment.

Specifically, this study sought to answer the following questions:

- i. What is the local employment status in the North Mara and Geita Gold Mining regions?
- ii. What is the status of the local supply of goods and services in the North Mara and Geita Gold Mining regions?
- iii. What is the status of knowledge transfer to locals by North Mara Gold Mine and Geita Gold Mine?
- iv. What is the level of local communities' participation in gold value addition in the North Mara and Geita Gold Mining regions?

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<sup>68</sup> <https://www.geitamine.com/about/>



- v. If and how are local content policy requirements monitored and complied with by North Mara Gold Mine and Geita Gold Mine?

### 3.1. Data Collection Instruments

The study employed both primary and secondary data sources. Secondary data was extracted from available official documents and academic papers relevant to the mining sector and local content. Primary data was collected during field studies in Mara and Geita regions between 15<sup>th</sup> February and 4<sup>th</sup> March 2023.

The study deliberately targeted a nearly 50-50 gender representation of the respondents. The study also aimed at 50-50 North Mara and Geita respondents. Ultimately, a total of 60 respondents were consulted, that is, 30 from North Mara and 30 from Geita.

Primary data was collected using semi-structured interviews which were administered to Local Government Authorities, General Members of the Communities, Politicians and Local Suppliers of goods and services in Nyamongo (Tarime) and Geita, both Geita Town Council and Geita District Council. Moreover, the study used direct observations of local participation in the extractive sector activities and results. The three instruments of data collection are briefly discussed below.

### 3.2. Desk Study or Literature Reviews

The study involved a desk review focusing on building cases to identify the existing research and knowledge gaps regarding the implementation of local content policy in gold mining areas. This helped to ensure that the study is built on a solid knowledge foundation and identify areas where additional research is needed. Desk review was further used to identify best practices and lessons learned from similar studies or initiatives in other areas or sectors.

### 3.3. Semi-Structured Interviews

The study extended consultation with key informants to explore their experience during the implementation of local content policy in their gold mining value chains and to capture communities' perspectives on the Government's engagement and extractive companies in local content practices. To do so, three separate open-ended questionnaires were used to gather information from four Local Government Authorities Representatives, 20 Local suppliers of goods and services, and 36 General members of the community.

### 3.4. Direct Observations

This method was applied to document success and worse-case scenarios of local content implementation in Mara and Geita. Where possible, photos were used to report such cases.

## 4. ANALYSIS AND RESULTS

### 4.0. Demographic Analysis of the Respondents

The study consulted a total of 36 community respondents, that is 18 respondents from each region. Gender was highly considered with nine respondents (9 males and 9 females) being interviewed from each region. Besides, a total of 20 local suppliers of goods and services were interviewed that is 10 suppliers from each region.

Moreover, out of the 36 community respondents, 16 had completed primary education, 16 had secondary education, and four had tertiary education (see Table 1). This finding that our respondents have some level of education is consistent with the recent data that shows that the literacy rate in Tanzania has shot up to 76% in 202/21 from 69.8% back in 2014/15 as Tanzania's National Panel Survey Indicates (Amankwah et al., 2023).

Besides, a significant number of respondents (13 out of 36) were youth (Table 1). The inclusion of youth in the sample was necessary since the population of Tanzania is largely youthful with over 70% of the total population comprising under 30s (UNICEF, 2023). Majority of the consulted community fell in the adult age category (23 out of 36). This was necessary as interviews were meant to focus on individuals who were more likely to have intimate knowledge of mining and older respondents were the right candidates for this need. Table 1 below depicts an overview of the demographic characteristics of the sampled respondents.

**Table 1: Age and Education Level of the Community Respondents**

Educational level					
		Primary education	Secondary education	Tertiary education	Total
Age	15-35	4	7	2	13
	36 and above	12	9	2	23
Total		16	16	4	36

### 4.1. Local Employment Status in the Sampled Regions.

For the purposes of this work, local employment in the mining sector refers to the job opportunities accessed by individuals living in the vicinities where mining activities take place. It is noted that the extent of local employment in mining can vary depending on factors such as the type of minerals being mined, the size of the mining operation, and the availability of skilled workers in the local area.

Granting job opportunities to locals is important because in the end, they are the ones that primarily face negative consequences of mining activities. These include water and air pollution, and displacements, among others. It is in this context that mining companies are always advised to work closely with local communities to mitigate negative impacts and create more sustainable employment opportunities. (Hilson, 2016).

Mazer (2022) examined the impact of mining on local employment in the Canadian province of Quebec and found that the mining industry had positive effects on local employment, with a higher proportion of workers in mining compared to other industries. However, she also noted that many of the mining jobs were highly skilled and required specialized training, which meant that they were not accessible to all local workers. It is thus recommended that mining companies should invest in training programs and collaborate with local educational institutions to develop a skilled workforce.

In the present study, out of 36 community respondents, only 12 respondents declared that they had been employed in the extractive sector. The other 24 community respondents said that they have never been employed in the sector. A significant number of respondents who said they had been employed in the sector indicated that they had been employed to provide security services (4 out of 12). Specifically, two of them had been employed to provide casual labor in the mining sites, and another two were employed as plumbers. Other mentioned posts of employment included dewatering operator (1), supervisor (1), geo technician (1), and project manager (1) (see Table 2).

The findings suggest a relatively low employment level in the mining sector among local community respondents. Furthermore, the majority of those employed in the sector were engaged in security services, with only a few employed in technical or managerial positions. This implies that the majority of local employees were engaged in low paying jobs.

Based on this finding, it is obviously the case that job opportunities in mining areas are not forthcoming to local communities. For local communities to be able to access more jobs, efforts to improve technical skills may be necessary. This is important as employing locals does a lot in terms of ensuring that mining companies attain the much-needed social capital.

**Table 2 : Local Employment in the Sampled Regions**

		Casual labor	Dewatering operator	Geo technician	NA	Plumber	Project manager	Security	Supervisor	Total
Have you ever been employed in the extractive sector?	Yes	2	1	1	0	2	1	4	1	12
	No	0	0	0	24	0	0	0	0	24
<b>Total</b>		<b>2</b>	<b>1</b>	<b>1</b>	<b>24</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>36</b>

There are a number of reasons that can explain lack of employment opportunities among locals in the sampled regions. To start with, nine out of 24 respondents who said that they had never been employed in the extractive sector indicated limited qualifications as the reason for them not being employed (Table 3). Seven respondents indicated limited opportunities as the reason for them not being employed. Respondents attribute limited opportunities to reasons such as few opportunities being advertised. There is also a claim that sometimes opportunities are advertised merely to "fool" the locals while in reality, those opportunities have already been offered to non-local people.



Moreover, five respondents said that they have never had the interest of being employed in the sector, while two respondents gave as reason for never been employed in the sector that they are peasants and are involved in crop cultivation to sustain their living. An interesting reason for one of respondents for never been employed in the sector is because he is a human rights activist. He claims that, because of that, whenever he applies for a mining job, he is never hired.

**Table 3 : Reasons for being/not being employed in the mining sector**

		Being a peasant	Being an activist	Limited opportunities	Limited qualifications	NA	No interests	Total
Have you ever been employed in the extractive sector?	Yes	0	0	0	0	12	0	12
	No	2	1	7	9	0	5	24
<b>Total</b>		<b>2</b>	<b>1</b>	<b>7</b>	<b>9</b>	<b>12</b>	<b>5</b>	<b>36</b>

It is rather clear from findings that local authorities in the sampled regions ought to create alternative livelihood programs and initiatives to provide varied economic opportunities for individuals in the area. This could include programs in agriculture, tourism, or other industries that align with the local community's values and interests.

## 4.2. Local Supply of Goods and Services in the Sampled Regions.

For the purposes of this study, local supply of goods and services in the mining sector refers to the procurement of goods and services from local suppliers and businesses located in the communities where mining operations take place. Supplies can include anything from equipment and machinery to food and housing for workers.

Research has shown that local procurement in the mining sector can have significant economic benefits for the communities in which mining operations are located. Local procurement can create jobs, boost local incomes, and stimulate economic growth in the surrounding areas. (Helena Ranängen, 2017). Mining companies can contribute to local economic development by sourcing goods and services locally but there are challenges to overcome, which include but are not limited to, capacity constraints and limited access to finance (Ba, 2022).

### 4.0.1. Types of Goods and Services Supplied by Locals

In general, some of the goods and services that are needed in the mining sector include:

- Equipment and machinery for mining operations, such as excavators, drills, trucks, and crushers.
- Chemicals and reagents are used in the extraction and processing of minerals, such as explosives, flocculants, and grinding media.
- Services related to mining, such as exploration, drilling, engineering, and

- environmental consulting.
- Transportation and logistics services for moving minerals and ore to processing facilities or ports for export.
  - Support services such as catering, accommodation, and security for mining workers.

Recall that in this study, a total of 20 local suppliers were consulted that is 10 local suppliers from Mara and Geita apiece. Out of the 20 consulted suppliers, almost half (9 suppliers) supply fruits and vegetables. These suppliers are mainly local community development groups. Two suppliers supply logistics services, while the remaining ones, supply either accommodations, building materials, civil engineering and manpower, construction materials and mining equipment, Fish, Food, general supplies, or legal services (Table 4).

**Table 4 : Types of goods and services supplied.**

		Frequency	Percent
Valid	Accommodations	1	5.0
	Building materials	1	5.0
	Civil Engineering and Manpower	1	5.0
	Construction materials and Mining Equipment	1	5.0
	Fish	1	5.0
	Food	1	5.0
	Fruits and Vegetables	9	45.0
	General supplies	1	5.0
	Legal service	1	5.0
	Logistic services	2	10.0
	Rice and Accommodations	1	5.0
	<b>Total</b>	<b>20</b>	<b>100.0</b>

Based on the findings, it can be concluded that the majority of the local suppliers provide basic goods such as food to the mining companies. Very few locals supply more specialized services to the mining companies, such as legal services or engineering. The findings suggest that there is potential for increasing local sourcing of fruits and vegetables from local community development groups; This could be achieved through developing partnerships with these groups and establishing long-term contracts for the supply of produce.

In terms of logistics services, it may be worthwhile to explore opportunities for local suppliers to provide transport and other logistics services to the mines. This could involve providing training and support to these suppliers to ensure that they are able to meet the requirements of the mining companies.



For other types of supplies, such as accommodations, building materials, and mining equipment, it may be necessary to work with a smaller number of established suppliers who are able to provide high-quality products and services at a reasonable cost.

Overall, the findings suggest that there is potential for increasing local sourcing from the community, which can provide economic benefits for local suppliers and the community as a whole. It is recommended that the mines work closely with local suppliers to develop mutually beneficial relationships and ensure that local sourcing is integrated into their supply chain strategy.

The study also inquired on whether the service or products suppliers offer to the mining companies are locally produced or imported. The majority of the suppliers (16 out of 20) said that the products are locally produced. These results indicate significant local sourcing in the industry, which could have positive implications for local economic development and job creation. However, we note that most of the locally sourced goods included cheaper goods such as vegetables. Efforts for local suppliers to start venturing in some more expensive goods and services must be put in place so that locals can access much more lucrative mining value chains.

#### 4.0.2. Locals' Involvement in Consortium Agreements to Supply Goods and Services.

A consortium agreement in the supply of goods and services in the mining sector is a legal document that outlines the terms and conditions of a partnership between multiple companies (a consortium) that come together to provide goods and services to a mining project.

In the mining sector, a consortium agreement is typically used when the scope of the project requires the expertise and resources of multiple companies. For example, a mining project may require the construction of infrastructure, such as roads and buildings, as well as the supply of equipment and materials. A consortium of companies may come together to provide these services and goods collectively, rather than each company bidding on individual components of the project.

In this study, the community representatives were asked if they had ever been in a consortium agreement for the supply of services or goods to the mining companies and what was supplied if they did. Out of the 36 consulted respondents, 50 percent said that they had been in a consortium agreement to provide goods and services to the sector. A third of the people in a consortium (6 out of 18) supplied fruits and vegetables. Lesser numbers said that they provided labour services in the sector (5 out of 18), security services (2 out of 18) or were involved in the supply of beverages, building materials, dewatering services, fish and drilling services.

Findings further suggest that a significant proportion of the respondents are interested in engaging in consortium agreements to supply services and goods but are facing some challenges. The main reason cited for not being in such agreements is the limited opportunities available. This may indicate a need for increased networking and collaboration efforts to create more opportunities for consortium agreements. Some respondents cited their limited qualifications as a reason for not being in consortium agreements thus suggesting a need for capacity-building programs to enhance the skills and knowledge of those interested in engaging in the supply chain. However, it is also important to note that a few respondents indicated a lack of interest in the supply chain, which means that not everyone may be willing to engage in consortium agreements.

#### 4.0.3. Attainment of Goods and Services Supply Tenders by Locals.

For the purposes of this work, attainment of goods and services supply tenders by locals in the mining sector refers to the ability of local suppliers to win tenders. The attainment of goods and services supply tenders by locals can have several benefits for both the mining company and the local community. For the mining company, using local suppliers can help to reduce costs and improve efficiency by avoiding the logistical challenges of sourcing goods and services from abroad. The companies also secure social capital by engaging directly with locals. On the other hand, the awarding of tenders to local companies can provide economic opportunities and help to develop local businesses and industries.



In the mining sector specifically, local companies may be awarded tenders for a variety of goods and services, including equipment, construction materials, transportation, catering, security, and more. These tenders may be issued by the mining company itself or by government bodies overseeing the mining sector.

In this study, local suppliers were asked to state how they attained the tender to supply goods or services to the mining company. 11 out of 20 suppliers indicated that they were awarded tenders because they formed groups, underwent a training workshop on the production of fruits and vegetables and were given capital and areas for production by the Local Government Authorities (see Table 5). In this way, they started production of vegetables and fruits to supply to the mining company. Seven respondents revealed that they were awarded tenders through a competitive tendering process whereby a tender is advertised, and companies are invited to bid. In this competitive process, a supplier is attained and gets awarded the tender. One of the respondents claimed that he was awarded the tender because of his financial capacity and expertise to provide the service, while one last supplier revealed that he got the tender because a subcontractor hired him.

**Table 5 : How Suppliers Got Tenders**

		Frequency	Per cent
Valid	Capacity	1	5.0
	Community Development Group	11	55.0
	Competitive tendering process	7	35.0
	Hired by subcontractor	1	5.0
	<b>Total</b>	<b>20</b>	<b>100.0</b>

These findings suggest that most local suppliers who were awarded tenders to supply goods or services to the company did so through non-competitive processes such as selective single sourcing, training and formation of groups or through subcontracting. This implies that there may be limited opportunities for other local suppliers who did not undergo the same processes to participate in the tendering process.

That said, in order to promote fairness and inclusivity in the tendering process, it may be necessary to establish clear criteria and guidelines for the selection of suppliers. Mining companies could also consider diversifying its sourcing strategies to increase the number of local suppliers who can participate in the tendering process.

Mining companies could also provide additional training and support to local suppliers who may lack the necessary skills and resources to participate in the tendering process. This could include financial and technical support to help suppliers improve their production capabilities and meet the required standards.

Finally, mining companies could consider partnering with local organizations to support the



development of local suppliers and promote sustainable economic growth in the community. This could involve collaborating with local authorities to provide resources and support to local suppliers and community development groups.

### 4.3. The Potence of Local Content Policy in making Local Suppliers Competitive

A report published by the Natural Resource Governance Institute (NRGI) in 2019, suggested that the local content policy in Tanzania's mining sector has not been effective in providing a competitive advantage to locals. The report noted that the policy has failed to create a level playing field, with foreign companies still dominating the sector. The report further proposed that the government needs to revise the policy to make it more effective. It is against this background that this study also was intended to explore if the local content policy gives a competitive advantage to locals on winning tenders in the mining sector.

Results show that out of the 20 local suppliers 16 suppliers claimed that the local content policy gives them a competitive advantage to win tenders while 3 of the suppliers said that the policy does not give them a competitive advantage to win tenders (Table 6). Their claim was contradicted by their further claim that companies that are not local mostly get tenders and local companies miss the tenders. This suggested that their initial response was borne out of not understanding what exactly local content policy stands for. It was not surprising then that one supplier said that they do not know whether the policy gives them a competitive advantage to win tenders.

**Table 6 : Local Content Policy and Competitiveness of Local Suppliers**

Does the LC policy give you a competitive advantage in winning the tenders?					
		Yes	No	I don't know	Total
Location	Mara	8	2	0	10
	Geita	8	1	1	10
<b>Total</b>		<b>16</b>	<b>3</b>	<b>1</b>	<b>20</b>

#### 4.0.4. Challenges Faced by Locals Engaging with Mining Companies in the Supply Chain

Locals engaging with NMGM and GGM to supply goods and services encounter several challenges, including limited access to opportunities, unequal bargaining power, capacity constraints, competition from external suppliers, limited market access, compliance with standards and regulations, payment delays and financial risks. These challenges impact their businesses, livelihoods, and overall economic well-being. It is thus crucial to promote inclusive and equitable procurement practices in order to address these challenges. This can be achieved through capacity-building initiatives, mentorship programs, supplier development programs, and creating platforms for networking and information sharing between mining companies and local suppliers.

In her paper titled " Supply chain management constraints in Tanzanian Small and medium enterprises," Jesca Mhoja cited in Nkwabi (2019) discusses the challenges facing local suppliers in

the mining industry and suggests ways to overcome them. She argues that supply chain integration is key to improving the performance of local suppliers and that mining companies should work closely with local firms to build their capacity. She also notes that Government support is crucial for promoting local procurement (Nkwabi, 2019). Also, in their paper titled "Resource Nationalism and local content in Tanzania: Experiences from Mining and Consequences for the petroleum sector," Lange and Kinyondo (2016) discuss the challenges facing local suppliers in the mining industry in Tanzania. They argue that there is a lack of transparency in the procurement process, which makes it difficult for local suppliers to compete with international firms. They also note that local suppliers cannot often meet the quality standards required by mining companies (Lange and Kinyondo, 2016).

In line with the above, this study consulted local suppliers to state their challenges when engaging with NMGM and GGM. The findings suggest that local suppliers face various challenges when engaging with mining companies. These challenges include highly competitive tendering processes, complex negotiations, delayed payments, lack of trust, limited education and capital, shortage of markets, sub-standard products, and temporary contracts (Table 7).

**Table 7: Challenges faced by Suppliers when working with Mining Companies**

Can you tell us about any challenges you have faced when working with mining companies in the past and how you overcame those challenges?											
		Competitive nature of tendering	Complex negotiations	Delayed payments	Lack of trust	Limited education and Capital	No challenge	Shortage of markets	Sub-standard products	Temporary contracts	Total
Location	Tarime	0	1	3	1	0	0	0	4	1	10
	Geita	1	0	4	0	1	2	1	1	0	10
<b>Total</b>		<b>1</b>	<b>1</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>20</b>

However, it appears that the challenges faced when working with NMGM in Tarime and GGM in Geita somewhat vary. Tarime suppliers reported more challenges in complex negotiations, delayed payments, lack of trust, sub-standard products, and temporary contracts. On the other hand, Geita suppliers faced more challenges in the competitive nature of tendering, delayed payments, limited education and capital, and a shortage of markets. The analysis emphasizes that the challenges faced when working with mining companies in Tarime and Geita are not identical. Each location has certain unique challenges, suggesting that the mining industry operates differently in these two areas. Understanding these challenges is crucial for developing strategies to overcome them and improve the working relationships between stakeholders and mining companies in each location.

#### 4.4. Knowledge Transfer to Locals by the North Mara and Geita Gold Mines

NMGM in Tarime and GGM in Geita do not seem to have a consistent tendency to support the community in training so as to enhance their knowledge, skills and capacity to participate in the extractive sector value chains, such as in employment at the mining and the supply of quality goods and services. While the companies have made efforts in certain instances, there is a need for more sustained and comprehensive programs that empower community members to

actively participate in the extractive sector value chains, including getting quality employment within the mines and the provision of high-quality goods and services. The community's ability to fully benefit from the mining operations hinges on their access to appropriate training and skill development opportunities. However, communities have raised concerns about the limited access to such programs and the inconsistent nature of the support provided by NMGM and GGM.

Diversification beyond natural resources is critical to sustainable development once natural resources are depleted. Knowledge transfer is one of the important aspects to ensure that locals benefit from the mining sector. Knowledge transfer can be done in various ways, including offering training and education programs, establishing mentorship and apprenticeship programs to provide practical training and work experience, and community engagement (Ellis, 2018).

However, despite the role played by mining companies in the extractive sector, there is often a lack of consistent support from these companies towards community training initiatives aimed at enhancing knowledge, skills, and capacity. This deficit hampers the community's ability to actively participate in the value chains associated with the mining industry. By neglecting investments in community education and skill development, mining companies miss out on the opportunity to foster a mutually beneficial relationship with their communities and hinder the potential for sustainable socioeconomic growth and empowerment (Pietrobelli, 2018).

Respondents in both Tarime and Geita were asked whether extractive companies in their areas a tendency have to support the community in training for knowledge and skills transfer. The research finding suggests that NMGM in Tarime and GGM in Geita may not have a consistent tendency to support the community on training (see Table 8). This finding is consistent with the paper<sup>69</sup> by Djeynaba G. Ba and Jeffrey B. Jacquet, which suggests that extractive industries in Africa have not always been successful in providing sustainable community development programs that promote local training and employment. They acknowledge that some companies have made efforts to provide community development programs;

these initiatives are often short-term and lack continuity due to inadequate monitoring and evaluation mechanisms and a lack of consultation with local communities (Jacquet, Local content policies in West Africa's mining sector: Assessment and roadmap to success, 2022).

**Table 8 : The Tendency of Mining Companies to Support Communities**

Does the company have a tendency to support the community in training					
		Yes	No	I don't know	Total
Location	Tarime	6	8	4	18
	Geita	6	9	3	18
<b>Total</b>		<b>12</b>	<b>17</b>	<b>7</b>	<b>36</b>

<sup>69</sup> Local content policies in West Africa's mining sector: Assessment and roadmap to success

Overall, these findings suggest that while there is some positive perception of community support, a considerable number of respondents hold the belief that the company does not prioritize or demonstrate a tendency to support communities in training in both Tarime and Geita. This indicates a potential area for improvement for the companies regarding their community engagement and training initiatives. It is beneficial for the companies to address this perception gap and communicate their community support efforts more effectively to enhance their reputation and foster positive relationships in both Tarime and Geita communities.

#### 4.5. Local Communities Participation in Gold Value Addition

Local community participation in gold value addition creates economic opportunities and fosters social cohesion, knowledge sharing, and sustainable development. Promoting responsible practices, prioritizing environmental conservation, and providing adequate support through capacity building, access to finance, and market linkages are essential to maximizing the benefits for the communities involved. (Mbilima, 2021)

Findings show that a higher proportion of Geita respondents know about gold value addition compared to Tarime (see Table 9). This suggests that individuals in Geita may have more exposure to or familiarity with gold value addition processes, such as refining, jewelry making, and other activities related to enhancing the value of gold.

Most of the community respondents indicated that they do not have knowledge of gold value addition (22 out of 36 respondents), with the remaining 14 indicating that they know about gold value addition (Table 9). Those who responded negatively indicated several reasons why they do not know about gold value addition, with some indicating that they have never heard of the idea and others mentioning that the same is not happening within their vicinity.

**Table 9 : Knowledge about Value Gold Addition**

Do you know about gold value addition?				
		I know	I do not know	Total
Location	Tarime	6	12	18
	Geita	8	10	18
<b>Total</b>		<b>14</b>	<b>22</b>	<b>36</b>

These findings suggest a lack of knowledge about gold value addition among the community members, with the majority of the respondents (22 out of 36). This finding is consistent with previous studies conducted in Africa, which have identified a lack of knowledge and awareness about value addition among small-scale miners and communities. (I.B. Ottenbros, 2019). The reasons given by the respondents for their lack of knowledge about gold value addition also resonate with previous literature. For example, the lack of awareness about the concept of value addition has been attributed to inadequate education and training programs for small-scale miners. (Lynas, 2018). Similarly, the absence of value-addition activities within the vicinity of the respondents' communities could be linked to the limited availability of technical skills and infrastructure needed for value-addition.

The research finding underscores the need for increased education and training programs for small-scale miners and community members to enhance their knowledge about value addition. Additionally, there is a need for the provision of infrastructure and technical support for value addition activities in the communities. These measures could help improve the economic benefits of mining activities in Africa.

#### 4.6. Government efforts to ensure compliance with local content policy.

There are several challenges in implementing local content policies in the mining sector in Africa. Baidoo (2020) identifies several challenges in implementing local content policies in the mining sector, including limited access to finance and technology and a lack of technical and managerial skills among local businesses.

Community respondents were asked to express whether they think the Government is doing enough to ensure compliance with the local content policy in Geita and Mara. Most respondents (23 out of 36) indicated that they do not think the Government is doing enough, with 9 respondents indicating that the Government is doing enough and 4 responding that they do not know (see Table 10).

**Table 10 : Government Efforts towards Ensuring Local Content Policy Compliance**

Do you think the Government is doing enough to ensure compliance of local content policy?					
		Yes	No	I don't know	Total
Location	Mara	2	15	1	18
	Geita	7	8	3	18
<b>Total</b>		<b>9</b>	<b>23</b>	<b>4</b>	<b>36</b>

The research finding suggests that there is a general perception among community respondents in Geita and Mara that the Government is not doing enough to ensure compliance with the local content policy in the region. This indicates a significant level of dissatisfaction or skepticism among the respondents regarding the Government's efforts in this regard.

#### 4.7. What should be done to develop Local Content Implementation in Tanzania

Respondents from local communities were asked to provide recommendations on what they think should be done to improve the implementation of local content. The findings highlight the perspectives and recommendations of local community members regarding the improvement of local content implementation in gold mining operations. These recommendations range from employment priority and training opportunities to policy monitoring, gender inclusivity, accountability, access to finance, and potential relocation (Table 11).



**Table 11 : Communities' Suggestions on How to Develop Local Content**

What do you think should be done to develop local content?										
		Easy access of loans to locals	Enhanced accountability	Establishment of regional local content units	Evacuation	Locals should be prioritized	Locals should be trained	Strict local content policy monitoring	Women participation should be enhanced	Total
Location	Tarime	1	1	1	0	10	5	0	0	18
	Geita	1	1	0	5	5	1	3	2	18
<b>Total</b>		<b>2</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>15</b>	<b>6</b>	<b>3</b>	<b>2</b>	<b>36</b>

Also, actors of local Government authorities were asked their opinion on what should be done to improve local content implementation. The provided recommendations indicate a focus on building local capacities, raising awareness, and ensuring that locals have priority access to opportunities within the gold mining sector (See Table 12). By developing the skills and knowledge of all stakeholders involved, increasing awareness among the local population, and prioritizing locals in the value chain, it is hoped that the benefits and opportunities arising from gold mining operations can be maximized for the local community.

**Table 12 : Local Government Authorities' Suggestions on How to Develop Local Content**

		Frequency	Percent
Valid	Awareness sensitization of locals	1	25.0
	Local capacity development	2	50.0
	Locals should be prioritized	1	25.0
	<b>Total</b>	<b>4</b>	<b>100.0</b>

Local suppliers of goods and service providers in Mara and Geita were also asked to express what they think should be done to improve local content implementation. Their suggestions included, development of local capacities, access to finance, awareness raising, combating corruption, building trust, and policy frameworks related to the gold mining value chain (Table 13).

**Table 13 : Suppliers suggestions on How to Develop Local Content**

		Frequency	Percent
Valid	Awareness sensitization of locals	2	10.0
	Combat corruption	2	10.0
	Easy access of loans to locals	3	15.0
	Local capacity development	8	40.0
	Local content policy review	1	5.0
	Locals should be trusted	2	10.0
	No recommendation	1	5.0
	Strict local content policy monitoring	1	5.0
	<b>Total</b>	<b>20</b>	<b>100.0</b>

## 5. CONCLUSION AND RECOMMENDATIONS

### 5.0. Conclusion

There is a belief that countries rich in resources have been disadvantaged by international mining companies, leading to adopting resource-nationalistic policies. These policies, such as local content policies, aim to maximize benefits by involving citizens in the mining sector through job opportunities, supplies, training, and technology transfer. Tanzania has implemented similar reforms and local content policies in its mining sector. However, the effectiveness of these policies, particularly at the grassroots level, is still uncertain.

Using a case study design that sampled Geita and Mara regions, the study found out that jobs in large-scale mines remain inaccessible for the majority of local respondents. Among the reasons cited ranged from lack of awareness, lack of qualifications, and limited job opportunities.

Furthermore, results indicate that local communities are, by and large, unable to access supply contracts. The few that do often end up supplying low-value goods such as vegetables and fruits. Moreover, the majority of respondents that supplied goods to mines did so within consortium parameters. Respondents pointed to the fact that the tendering process was not transparent, lack of competitiveness in tendering, complex negotiations, lack of trust, shortage of capital and substandard products as reasons behind their struggle to access mining supply contracts. Interestingly, the delay in executing payments was cited by almost half of the suppliers as a reason for underperforming in the sampled region. This coupled with a dominant perception that mining companies don't do enough to support communities with requisite training, points to an important challenge with regard to both local content development and local support for mining operations.

This study also identified a lack of understanding as far as value addition is concerned. It was worrying that some of the respondents indicated to have never heard of value addition. This suggests that the regions lag especially behind in terms of value addition dimension of local content. Understanding the value addition of gold is crucial for locals because it can significantly contribute to local content development. When locals comprehend the process of adding value to gold, they can actively participate in various stages of the value chain, such as refining, jewelry manufacturing, and trading. This involvement creates opportunities for job creation, skills development, and entrepreneurship within the community. By engaging in value addition activities, locals can retain a larger share of the economic benefits derived from the gold sector, leading to enhanced local content development.

The majority of respondents do not believe that the government is doing enough to ensure that there is local content compliance in the mining sector. This is an important finding, particularly for the Mining Commission, which is responsible for overseeing local content development in Tanzania.

## 5.1. Recommendations

Results from this study point to the fact that there is still a long way to go before local content development is going to be fully realized in Tanzania. This is particularly true for local communities living in the vicinity of mining operations. This study has come up with recommendations that can kick start the necessary change.

The first and most obvious is that there is a need to clarify understanding of local content by not only defining it in terms of national geographical boundaries but also at grassroots levels. There has to be an understanding that communities living in the vicinity of mining operations face the most immediate consequences of mining in the form of water pollution, air pollution, and displacement among others. Subsequently, these communities must be the first in line when it comes to local content benefits as a form of compensation.

Secondly, the various barriers to employment that local communities face should be redressed. For instance, both the government and mining companies must collaborate to ensure that locals secure qualifications via various forms of short-term training such as vocational training. Besides, jobs must be transparently advertised with a level of bias towards locals. Moreover, since not every local can work in the mines, there have to be initiatives to establish alternative income-earning activities such as farming which can be linked to mines.

Thirdly, there must be initiatives to build the capacity of local suppliers to access supply value chains in the mining sector. This can be done by helping local suppliers to gain requisite entrepreneurial skills, access capital, gain business negotiation skills, as well as raising the quality of their supplies. Mining companies must avoid the tendency to delay payments to suppliers because most of them are short in capital and therefore any payment delay could mean crippling local businesses.

Finally, the government through the Mining Commission must understand that there cannot be compliance in the absence of enforcement of local content requirements. Enforcement can only work if the Commission makes use of local government authorities as Kinyondo and Huggins (2019) suggested. This is important since the Commission has limited human resources and therefore a shared responsibility with local authorities would be useful.

All in all, there must be deliberate attempts from both the government and mining companies to empower local communities and suppliers to be able to take advantage of the local content policy. Leaving local content to market forces will not make it inclusive to the poor. Local content policies should therefore be seen and implemented as a vehicle to improve livelihoods of Tanzanians by enabling them to access jobs, training, markets and innovation opportunities that accompany the mining sector.

This study explored whether local content is realized at grassroots level. Perceptions of respondents from sampled mining areas were used to gauge the said effectiveness. More research is needed to cement its validity and reliability. It is therefore recommended that a future similar study seeks to involve a bigger sample. Besides, it would be interesting to take stock of the local content



policy, law and its subsequent regulations and to examine if they are implementable as they are or if there is a need for some amendments and/or additions. It is also recommended that more work is done to map the types of goods and services including jobs that are demanded in the sector and subsequent skill gaps. This will inform the education and training sector as well as the government and relevant stakeholders on areas to invest so as to allow locals to access supply value chains in the mining sector. In addition, a study must be undertaken to assess local content compliance on suppliers, processing, smelting and refining licenses holders, including their contractors, sub-contractors or any other allied entity engaged in mining activities. Finally, in the context of energy transition and with the final investment decision (FID) in Liquefied Natural Gas and the emerging mining subsector of critical minerals, a study that benchmarks local content in the two said extractive sectors is crucial. This will help to inform the country going forward particularly by ensuring that past mistakes are not repeated as the economy moves into energy transition for brighter livelihoods.

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