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Mining Commission calls for mining licence holders to submit local content compliance plan

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The Mining Commission issued a public notice on 17 July 2018, calling for mining licence holders to submit their local content plans to the Mining Commission. The call is in line with the requirements of the Mining (Local Content) Regulations, 2018 (the "Regulations").

Licence holders are obliged, under the Mining Act, 2010 and the Regulations, to ensure that local content is a component of their mining activities and are required to prepare and submit a local content plan for approval by the Mining Commission. In terms of the Regulations, the local content plan is required to have sub-plans relating to procurement of goods and services, employment and training, research and development and technology transfer. In addition, licence holders are, after commencement of mining activities, obliged to submit to the Mining Commission an annual local content performance report, within 45 days of the beginning of each year.

In particular, the local content plan must indicate what arrangements are in place that give preference to procurement of local goods and services, the employment of citizens and a training plan for employees who are citizens. Contractors and sub-contractors to be engaged by licence holders must qualify for purposes of the local content requirements, which includes at least 25% local equity participation in the company providing good or services. In the case of goods not available in Tanzania, and that are supplied by a foreign company, the foreign company is obliged to incorporate a local entity, which must offer at least 25% of its equity to individuals who are citizens, or in the case of a corporate entity, whose shares are fully owned by citizens.

Other local contents requirements include an obligation to place insurance only with local insurers whose principal offices are located in Tanzania. This requirement applies to procurement of legal and financial services as well, which means that such services can only be procured from firms that are fully owned by Tanzanians with the principal office located in Tanzania. In respect of insurance, there is an exemption process in the event that there is need to procure offshore insurance services.

The Mining Commission has published guidelines for the submission of a local content plan, the *Mining Commission (Guideline for Submission of Local Content) Plan*, which prescribes the form and content of the local content plan. The guidelines contain a declaration to be signed by two directors, under seal, stating that first consideration will be given to goods and services available in Tanzania and employment and training of Tanzanians, and giving details of the licence holder and details concerning the sub-plans.

The Mining Commission has also provided for the form and terms of an integrity pledge, which must be signed by applicants of mining licences as well as those already holding mining licences under seal or the signature of one director, duly witnessed by a notary public. The integrity pledge is defined as a formal and concrete expression of commitment by a mineral rights holder to abide by ethical business practice and support the national stand against corruption.

ENSafrica will be hosting a seminar for an in-depth look at the provisions of local content requirements during the course of August 2018, and will keep you posted on further details.



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