

**Local Content Policy in the Petroleum Sector in Tanzania:
*Core Issues, Expenditure Categories and Road Map***

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2. Background

In the period 22nd to 27th January 2012, Elias Kilembe, Senior Principal Petroleum Geologist with the Tanzania Petroleum Development Corporation (TPDC) and Dr Michael Warner, Director of Local Content Solutions Ltd, lead a stakeholder consultation exercise to identify principles and issues relevant to the potential formulation of a Local Content policy for the Petroleum sector in Tanzania. In accordance with the Terms of Reference, the stated purpose of the mission was *"to find the way forward for TPDC to draft an optimal Local Content Policy in the context of hydrocarbon exploration and development in Tanzania"*. This document on core issues, expenditure categories, institutional capabilities and a Road Map, forms the final deliverables of the assignment.

In this review *Local Content* means the participation and capacity development of domestic capital, labour, technology, suppliers, goods and services in the planning and execution of oil and gas field exploration, development and production.

Pursuant to Phase II of the Terms of Reference for the scoping study, this document lays out some of the core issues to take into consideration to formulate an optimal Local Content policy (Section 3) and discusses expenditure categories (Section 4). Section 5 suggests Road Map showing the steps that might be taken to develop an optimal local content policy with due consideration of stakeholder interests.

3. Core Issues

3.1 A Balanced Policy

Probably *the* core consideration in formulating an optimal Local Content policy for the petroleum sector in Tanzania is how stringent to design the resulting requirements. As a frontier country, with considerable uncertainty over the extent of future exploration and production (see Section 3.2), the central question is how far regulators should go in obliging Exploration and Production (E&P) contractors to employ and train nationals, source from local producers and service providers, or take responsibility for developing the skills and supplier capacity in the country. International capital is fluid and follows the prevailing market opportunities. As can be seen in Nigeria, the strength of Local Content compliance requirements can affect the attractiveness of a country to inward investment. If too stringent, Local Content regulations can act as a break on these investments, elevating costs and introducing risks to project schedules and asset integrity. In turn these costs and risks may undermine investor returns and/or the accumulation of government revenues.

Given these economic sensitivities, an optimised Local Content policy in Tanzania would be one formulated with clear line of sight of the impact of the policy on inward investment and national revenues. As noted by one international investor in Tanzania, if a Local Content policy were to mimic the public procurement regulations (which allow for margins of domestic preference for local suppliers and Tanzanian-only restricted tender lists, and thus follow the types of local content requirements in Nigeria and Kazakhstan) this would severely damage the upstream petroleum industry.

Other stakeholders, for example those interviewed within TPDC, commented that the 2004 Public Procurement Act and its 2005 supplement and implementing regulations, even if applied to the petroleum sector (to which they are not currently applicable) would have limited commercial impact. This is because the low-level of domestic capability in Tanzania means that very few suppliers would pass the technical requirements in a tender and thus be eligible for a price advantage. Additionally, because domestic-only restricted tender lists would be unlikely to emerge for services or equipment that were unavailable in Tanzania.

Clearly there needs to be further dialogue between those proposing to formulate a Local Content policy and the E&P contractors on what policies and regulations would promote backward linkages without undermining inward investment. Indeed, the recent 2010 National Strategy for Growthⁱ and 2010 Mining Actⁱⁱ (which is not strictly applicable to petroleum, but still relevant) stresses the need to “*attract and sustain local and international private investments in the mineral sector*”, whilst concurrently viewing the extractive industries as an opportunity for “*forward and backward linkages*” and promotion of “*value addition activities within the country to increase income and employment opportunities; promoting research development and training*”.

Continuing stakeholder dialogue is thus needed to clarify precisely where the objections of the E&P contractors lie to a Local Content policy, and to explore the mechanisms through which the Ministry of Energy and Minerals and/or TPDC intend to implement such a policy in practice. A policy framework document highlighting general principles could conceivably provide a basis for such a dialogue.

3.2 Commercial Uncertainty

At the time of writing, TPDC estimate that \$500m is being invested over the next two years in exploration and appraisal drilling of hydrocarbon off-shore in Tanzania. However, regarding discoveries, the outlook for commercialisation remains unconfirmed. What is publically known is that three hydrocarbon discoveries have been made in Blocks 4 and 1, which are owned by BG Group and Ophir, with BG as operator. However, no formal declaration of potential commercial interest has yet been made, and the owners are in the process of conducting further exploratory wells.

Discussions with TPDC suggest three broad possible hydrocarbon discovery scenarios over the next five years, as follows:

- **Base-case:** 10-12 tcf, leading to two LNG trains requiring \$10b to \$20b of capital expenditure, with production scheduled for around 2017/18, and 10% of gas production protected for the domestic market with 90% exported to high value markets;
- **Base-case minus:** no commercial discoveries are made over the next five years, but exploration continues at a rate of around 4 to 8 wells per year;
- **Base-case plus:** multiple commercial discoveries both on and off-shore, leading to between two and six LNG trains over ten years requiring around \$50 billion of capital expenditure, and 10% of gas production gas protected for the domestic market with 90% exported to high value markets.

These uncertainties need to be taken account of in formulating a Local Content policy. Two considerations are key. Firstly, such a Policy needs to accommodate the scenario where no commercial discoveries are made in the near-term, but where significant investments continue in exploration and whilst capital investments take place in LNG projects over the border in Mozambique. This latter reality is a potential opportunity for Tanzanian suppliers. We understand that the region of Mtwara is already developing to

accommodate on-shore bases for servicing off-shore gas field exploration and developments both in southern Tanzania and northern Mozambique.

Second, the policy would need to accommodate both the base-case and base-case *plus* scenario, and yet these scenarios are quite different. In the base-case scenario, the expected expenditure pattern represents a one-off 'spike' of construction expenditure, followed by recurrent expenditure to operate and maintain an LNG plant and off-shore facilities over the field life. In the base-case *plus* scenario, as is fast becoming a reality in Mozambique, the prospect is for rolling expenditure in construction of off-shore gas production and LNG facilities over the next ten to twenty years. This offers a very different market opportunity - potentially one large enough to attract international gas field service companies and original equipment manufacturers (OEMs) to invest in Tanzania, and possibly allowing the development of an LNG construction services industry.

3.3 Trade Arrangements

On the issue of trade rules between Tanzania and Mozambique, the geographic proximity of gas discoveries either side of the border and the potential that LNG facilities will be constructed in tandem, offers an aggregate market for both international and local suppliers. We are already seeing gas field exploration service companies prepared to establish a presence in the region, eg Halliburton and Schlumberger in Mtwara. The challenge going forward will be for the governments of Tanzania and Mozambique to revisit their trade agreements, both bi-lateral and those under SADC, East African Community (EAC) and COMESA, as well as the terms each offer under free trade zones.

Competitive alignment between Mozambique and Tanzania (and potentially Kenya) will determine the extent to which the potential for aggregate markets in gas exploration, gas field development and LNG construction and production might be exploited to drive local industrial development and create sustainable employment. For example, will the terms of free trade zones or establishment of regional industrial hubs make one or other country more attractive to international service companies to establish regional procurement centres and make associated investments in warehousing, logistics, equipment assembly and maintenance services? And, notwithstanding the difference in languages, will the two governments elect to cooperate on investments in education and vocational training institutions and curricula and R&D centres for developing local technologies, or will both seek to develop their own, potentially competing, training, education and research organisations?

Further, how will the current trade terms on exempting import duties and VAT for certain imported equipment and components work in favour or against the development of local manufacturing capability and cross-border trade? Of direct relevance to the introduction of domestic preferences in a Local Content Policy, is a need to assess how such a policy will be integrated with the provisions of the EAC Common Market Protocol, which came into force in July 2010. Issues to be considered are the free movement of services, the right of establishment and national treatment. In the context of a fully-fledged Common Market, local content might need to mean "regional content".

3.4 Legal Framework

A separate document prepared under this consultancy provides commentary on the relevance of selected public policies, laws and regulations in Tanzania to the formulation of Local Content policy for the petroleum sector. The executive summary of which is reproduced here, as follows:

Dedicated requirements for Local Content within existing primary legislation in the petroleum sector are generally weak. The requirements are limited to mandating that E&P contractors propose plans for training and employment within their organisations as part of applying for an Exploration and

Development License. Beyond this, the current law offers little guidance on rules for sourcing from domestic suppliers, developing the industrial skills base, building local supplier capability or investing in infrastructure and R&D.

Obligations in the PSA on Local Content are significantly stronger, and provide a starting point for formulating a Local Content policy that balances the commercial interests of investors and Contractors with Governments goals for maintaining inward investment, raising national revenues and growing a competitive economy (as expressed through the Tanzania Development Vision 2025 and other Government policies and strategies for economic and industrial development). However, as the basis for a comprehensive policy on Local Content, the PSA has certain limitations, as follows:

- lacks definitions on Local Content;
- gives little guidance on how Contractors' expenditure might align with Government policy to build capability in the domestic industrial base so that Tanzanian citizens and suppliers can participate in the petroleum industry;
- limits TPDC approval of commitments to Local Content to the training, employment and staff progression of nationals within the Contractors immediate organisation, and does not cover its sub-contractors' commitments; and
- provides limited guidance on how commitments on Local Content might be made accountable and transparent.

A levy is included in PSAs to support skills development and transfer, paid direct to TPDC, for use against specified purposes (Article 19c in the model PSA). More communication in the use of this fund and consideration of the full scope of stated purposes could be part of the local content solution.

Notable is that the existing procurement procedures that govern recoverable expenditure by Contractors allow for margins of domestic preference to be applied to the award of contracts. Critically though, these regulations lack the incentives, such as rules for accountability and transparency, that might encourage Contractors to utilise the mechanisms. Thus it is perhaps in this area of implementation of the PSA and tender procurement procedures, as well as filling gaps in coverage and definitions, that a Local Content policy could contribute.

3.5 National Participation versus Capacity Development

In recent years countries with strong Local Content regulations – Nigeria, Kazakhstan, Brazil, Indonesia – as well as, in the past, the UK and Norway – expanded their requirements on Local Content from encouraging national participation to encouraging the development of national capacity. By this is meant a widening of the obligations on investors and operators from simply using more of the available national labour and suppliers, to making a long-term contribution to develop the capacity of the national labour force, domestic suppliers, and in some cases public institutions. Such capacity development is delivered either on-the-job, in the form of training of national employees and career progression of nationals, or through upfront investment in local infrastructure or new plant, facilities and capacity within domestic suppliers.

Thus a key consideration for Tanzanian policy makers is the extent to which a Local Content policy should emphasise national participation relative to national capacity development. On the one hand, there is a strong argument in favour of national capacity development, since the current level of industrial capacity relevant to servicing the petroleum exploration industry and future development projects is particularly low. However, if insufficient emphasis is placed on utilising current capabilities (for example in construction services, accommodation, travel, and relevant equipment currently being provided to the mining sector) then the end result may be that little new capacity is built at all.

This is the dilemma that some argue is now being faced in Ghana in the petroleum industry, and also in Tanzania in the mining sector namely, that earlier investments were effectively 'enclave' developments, generating limited backward linkages, and thus leaving a less than optimal legacy of capacity to the national labour force or its supplier industry to participate in future investments.

3.6 *Relative Importance of National Ownership*

A further important consideration is national equity. Within Local Content policies and regulations around the world, different countries emphasise national equity to greater or lesser extent. For example, in Nigeria regulations state that 100% national ownership of a supplier is a prerequisite to participation in tendering for many types of contracts. In Brazil, the emphasis is less on national equity and more on how much value of a contract is retained in the country, which has had the intended effect of encouraging international contractors and equipment manufacturers to make inward investments. GE and Rolls Royce are examples of recent investors. In South Africa, in the mining sector, originally the emphasis was also on ownership, as promulgated through Black Economic Empowerment policy and regulations. However, in recent years the concept of *Broad-Based* Black Economic Empowerment has emerged, where similar weight is given to the employment and career progression of Historically Disadvantaged South Africans (HDSA) as to the question of who owns the supplier firms the HDSA's work for. With youth unemployment high in Tanzania, the authorities will need to decide on how much emphasis to place on national ownership of supplier firms compared to other aspects of Local Content, such as whether the supplier is tax-registered in Tanzania and/or employing and progressing the careers of Tanzanian citizens.

3.7 *Prioritising Communities*

The recognised international benchmark standards for the management of environmental and social impacts in project financing– the International Finance Corporation's Social and Environmental Performance Standards and The Equator Principles – adopt a principle of compensating persons geographically or economically displaced by capital projects.

At one extreme, resettlement plans and relocation packages may commit to provide preferential employment opportunities for local residents on the project or in associated national supplier chains. At the other end of the spectrum, project developers may - outside the mandate of The Equator Principles - voluntarily elect to preference for employment those who reside in the wider province or region, undertaken as a strategy to build reputation and goodwill and forestall local hostility at their project. For various reasons then, a Local Content policy may wish to make explicit how those affected by or living close to projects or from the province might be prioritised for employment, training and supplier opportunities.

3.8 *Where to Leverage Local Content*

Both the 2002 Petroleum (Exploration and Production) Actⁱⁱⁱ and the more recent 2010 Mining Act^{iv}, establish the precedent that some aspects of Local Content (in these Acts the employment and training of nationals) be part of the approval process for granting an exploration license and development license. Further, the 2010 Mining Act includes in the licensing process approval of a procurement plan describing the goods and services available in Tanzania. The model PSA ties similar provisions to the approval of annual work programmes (not the granting of a license). This obliges Contractors to provide a list of goods and services from which they and TPDC then agree the goods and services to be advertised locally. In formulating a Local Content policy, consideration will be needed of where in the framework of approvals and incentives the aims of the policy will be leveraged. The above Acts and the model PSA provide some initial direction.

3.9 *Training and Education*

A key component of any Local Content policy is the training and certification of nationals in the skills and certification needed to be able to participate in the exploration, construction and operations phases of petroleum developments. Interviews conducted during the week of 22nd January 2012 confirm that all parties favour 'demand-driven, competence-based' training in support of the Tanzanian petroleum industry. How responsibilities for such training are to be allocated between government, private training and education institutions, E&P contractor and their major service providers will be an important consideration in the policy formulation process. Key considerations include:

- the timely input by industry on standards and certification required for trainees to be eligible to apply for employment and hiring opportunities;
- sufficient industrial placements to build real competencies;
- centralised information on the skills, standards, certification and experience required of Tanzanian citizens; and
- how costs for training will be absorbed by the E&P Contractor or their service providers, and whether these will be cost recoverable even if the training is not 'directly' related to the TPDC approved work programmes.

3.10 *Local Supplier Market Information*

Unclear at the time of writing is the current level of capability of domestic suppliers in Tanzania relevant to the petroleum sector, be that Tanzanian-owned suppliers or international suppliers registered in Tanzania and/or with infrastructure and facilities located in-country. To some extent one can already assume a fairly low-level of industrial readiness. This said, exploratory drilling activity off and on shore in Tanzania has escalated in recent years, and Mtwara in the south is expanding with the inward flux of off-shore field service companies.

The question of current and future national supplier capability is intrinsic to what the intended development outcomes of a Local Content public policy might be. For example, the goal of the policy could be to drive short-term employment, or it could be to develop national wealth, or develop a long-term sustainable industrial base, or drive 'pro-poor' growth, or raise revenues for poverty reduction programmes.

If the intended development outcome is primarily to create short-term employment, then the central question on local market capability is whether there is current or future local supplier capability that in the process of providing services or manufacturing or transporting goods, would employ significant numbers of Tanzanian citizens. Whether these suppliers are nationally-owned is of little consequence, since the central goal is creation of national employment.

In contrast, the shape of the potential local supplier market might look very different if the development goal of a Local Content a policy were national wealth creation. In this case market surveys would need to assess the potential for suppliers of goods and services to be wholly-owned Tanzanian companies. Likewise, if the policy goal were 'pro-poor' growth, then the objective might be to develop a domestic supplier industry that sourced the majority labour and goods from disadvantaged urban and rural communities. Or, if the policy goal were to develop a long-term industrial base or raise long-term national income through business taxes to support poverty reduction programmes, then the need would be for local supply chains offering diversified products and services able to support a wide range of long-term markets, not only the upstream petroleum sector.

The question of local market capability is further complicated by the growth of a potential supplier market for the upstream petroleum sector over the border in Mozambique. As noted, the market is attracting

international suppliers and service contractors who can service both country markets. Further, the development of supply chains in Uganda should also be taken into account, in particular in the context of the EAC common market.

In conclusion, it could be argued that the priority is to first formulate general policy principles for Local Content, including the anticipated development outcomes, rather than to undertake detailed market surveys without knowing what the survey is seeking to find; or at least to run the two exercises in parallel.

5.11 Regulatory Authority

The absorptive capacity of existing institutions to accommodate a policy on local content depends largely on what it is that a policy on Local Content proposes. Assuming that such a policy would clarify the obligations under the PSAs, and establish regulations to expand the role of private and public entities in developing national capabilities and require reporting and transparency in local content performance, then a key question will be whether it is TPDC or some other existing or new agency that takes on these regulatory functions. In Mozambique, for example, the petroleum regulatory authority 'INP' (National Petroleum Institute) seems the institution most likely to take on regulatory responsibilities for local content. In Nigeria, local content rules were previously enforced as a function within the Nigerian National Petroleum Corporation (NNPC). The subsequent 2010 Act on Nigerian content transferred this regulatory function to the newly formed Nigerian Content Development Monitoring Board (NCDMB) - a public body chaired by the Minister of Petroleum Resources, with representation from the NNPC, Government directorates of Finance, Personnel, Planning etc. and various petroleum industry associations.

If a Local Content policy in Tanzania points to the need for some element of third-party oversight or consultative forum to support the regulatory process, then such a body would need to be as inclusive as possible and its members provided with suitable training. For reference, the equivalent authority in Nigeria is the Nigerian Content Consultative Forum. The importance of robust oversight and transparency in local content regulations cannot be overstated in ensuring an agreed and successful policy.

5.12 Next Steps

A priority in formulating a Local Content policy through stakeholder dialogue will be to provide orientation on the key issues outlined earlier in this section. The stakeholders most likely to be targeted in such orientation would include:

- *Parliamentary Committee on Energy and Minerals* – with a focus on the potential trade-offs between local content, commercial interests, inward investment and national revenues;
- *Ministry of Energy and Minerals* – to understand how a Local Content policy might impact on other petroleum policies and directives;
- *EWURA* (Energy and Water Utilities Regulatory Authority) – to understand the regulatory boundaries between the upstream and down-stream petroleum industry;
- *TPDC* (or some future local content regulator) – on the procurement and reporting tools needed to manage compliance; and
- *Tanzanian education and training organisations* – to enable them to develop new curricula in support of the petroleum industry, eg Dar es Salaam Technology Institute, Small Industry Development Organisation, University of Dar es Salaam.

4.0 Expenditure Categories

There appears to be little information thus far available to either the E&P contractors or TPDC on the capabilities and competitiveness of local suppliers (be these Tanzanian-owned or locally registered

international suppliers). As noted in Section 3.9 above, this lack of market information need not prevent the development of general principles for a Local Content policy, indeed market surveys would be better informed were such principles to already be in place. However, a detailed analysis of local market capabilities *would* be a prerequisite before formulating a policy or regulations that included local content targets or listed goods and services restricted to Tanzanian bidders.

The process of identifying goods and services able to be procured from within Tanzania is matter of analysing both demand and supply. The E&P contractors would first need to provide forward procurement plans for anticipated expenditures in exploration. In interviews with the E&P contractors we were informed that such an activity has already been undertaken, although the results were not shared with the consultant at this time. Regarding the possibility of a new hydrocarbon capital project in Tanzania, the most likely scenario seems to be development of a gas field and on-shore LNG facility associated with the recent discoveries by BG Group and its partners. A modular-based, overseas-constructed, contracting strategy for such a project was indicated in the interviews held in week of 22nd January, but no further details on expenditure plans were forthcoming.

Experience from other countries in Africa that have progressed LNG projects (Angola and forthcoming in Mozambique) suggest market surveys should at least be conducted on the expenditure categories listed below. Market surveys would determine the extent of providers of these services and equipment, and the quality and competitiveness with which goods and services might be provided. Note that the local Tanzanian market may be able to provide more of the goods and services listed below, depending on the extent to which international suppliers and service providers have already established themselves in Tanzania in support of LNG developments taking place in northern Mozambique and the on-going drilling campaign off-shore Tanzania.

Services

- Recruiting and manpower services
- Engineering professional services, e.g. architecture, surveying, civil, mechanical, electrical, environmental engineering
- Civil and building skilled and semi-skilled services, e.g. welding, plastering, electricians, sheet metal, paving, dry wall, painters, pipefitters, rebar workers, steam fitters, scaffolders, carpenters, cement finishers, pipe layers, , roofing.
- Fabrication services/yards - steel, piping, vessels, racks, trays (depending on availability and capacity of yards)
- Catering services
- Camp and facilities management services
- Travel agency, hotel and housing services
- Logistics - marine and overland, incl. warehousing
- IT and Telecom installation and repair
- Interpreters and Translation services (or translators, not translators service)
- Electrical equipment installation, repair and maintenance (motors, power tools)
- Training services for car, bus, truck drivers, machinery operator
- Car, bus, truck, heavy vehicles leasing/ rental and driving services

Materials/Equipment

- Leasing heavy construction and earth moving equipment
- Construction bulk material - gravel, cement, rebar, fencing, aggregate, lumber
- Steel construction material - structural members, joists, beams
- Construction fittings - doors, windows, HVAC, electrical panels, plumbing fittings
- Electrical equipment, incl. installation, repair and maintenance
- Bulk equipment - pumps, valves, gaskets, filters, separators

- Workshop equipment and handtools - electrical and manual
- Personnel protection equipment (PPE)
- Office furniture, white goods, AirCon, textiles and household goods

5.0 Road Map

Table 1 below suggests a Road Map of activities to develop an optimal Local Content policy for the petroleum industry in Tanzania. The Road Map is intended to enable public authorities and other stakeholders to engage in the formulation of an optimised local content policy that balances different interests and aligns with existing domestic economic policy and plans and with international good practice for managing local content in the petroleum sector.

It is important to note that the consultant has been informed by the British High Commission that the industry have stated that they 'will not wait' if the local content policy is not satisfactorily in place within the industry's time line, or blocks progress unreasonably. During consultations undertaken to inform this document, a number of industry representatives also asked that policy formulation be fully consultative and not rushed. The Road Map below has sought to achieve a balance between the need for urgency, reasonableness and consultation.

Table 1 Road Map for Formulation of an Optimal Local Content Policy for the Petroleum Sector in Tanzania

Activity	By When	Lead
Phase 1 – General Principles		
1.1 Consultation with key public authorities, E&P industry (investors and suppliers), training and education institutions	Month 1	TPDC with consultancy support
1.2 Review relevant legislation and public policy	Month 1	TPDC with consultancy support
1.3 Identify Core Issues to inform General Principles	Month 1	TPDC with consultancy support
1.4 Prepare draft of General Principles	Month 2	TPDC
Phase 2 – Formal consultation		
2.1 Distribution of the draft General Principles to a wide audience and request for written feed-back	Month 2 to Month 4	TPDC
2.2 Establishment of a Policy Steering Committee, Chaired by the Ministry for Energy and Minerals (or the Commissioner for Petroleum), with representation from: <ul style="list-style-type: none"> • Parliamentary Committee on Energy and Minerals • TPDC • Ministry of Finance • Attorney General's Office • Ministry of Education • Ministry of Industry and Trade • Tanzania Revenue Authority, Energy and Water Regulatory Authority • Representative of the international oil companies • Representative of international service contractors • Representative of Tanzanian suppliers 	Month 3	Ministry of Energy and Minerals

Activity	By When	Lead
2.3 Steering Committee to establish four task forces: Policy Formulation; Market Information; Legal; Consultation and Communications	Month 3	Steering Committee
2.4 Consultation and Communications Task Force prepares a Consultation and Communications Plan for the process of formulating a Policy and supporting regulations, including (i) stakeholders; (ii) communications materials; and (iii) media strategy	Month 3	Consultation and Communications Task Force
2.5 Market Information Task Force prepares ToR for undertaking procurement demand/supply analysis, including: <ul style="list-style-type: none"> Quantify forward aggregate demand for (i) recruitment/skills, (ii) goods and services, (iii) infrastructure for exploration and Projects Identify capability of domestic suppliers to meet aggregate demand for recruitment and goods and services Identify the principal constraints for local suppliers to access these opportunities, be that finance, skill sets, business processes, technology etc. Identify strategic opportunities for increasing local content 	Month 3 to Month 5	Market Information Task Force
2.5 Policy Formulation Task Force accommodates feedback on General Principles and redrafts	Month 4	Policy Formulation Task Force
2.6 Legal Task Force reviews revised General Principles in accordance with existing legal and contractual obligations	Month 5	Legal Task Force
2.7 Steering Committee ratifies General Principles, and takes decision on whether new legislation, directors or regulations are needed	Month 5	Steering Committee
3. Phase III Policy and Regulations		
3.1 Policy Formulation Task Force prepares final Policy document and draft Regulations (latter as required)	Month 6	Policy Formulation Task Force, in consultation with Legal advisors
3.2 Consultation and Communications Task Force prepares a Consultation and Communications Plan for the process of consulting on draft Regulations.	Month 6	Consultation and Communications Task Force
3.3 Policy Formulation Task Force accommodates feedback on draft Regulations and redrafts	Month 7	Policy Formulation Task Force, in consultation with Legal advisors
2.7 Legal Task Force reviews revised Regulations	Month 7	Legal Task Force
2.8 Steering Committee ratifies Regulations	Month 8	Steering Committee
4. Phase IV – Institutional Capacity Building		
4.1 Establishment of institutional arrangements for the oversight of the policy	Month 7	Ministry of Energy and Minerals

Activity	By When	Lead
4.2 Development of orientation and training materials and tools (eg reporting protocols)	Month 8	Ministry of Energy and Minerals
4.3 Roll out of capacity building programmes	Month 9	Ministry of Energy and Minerals

End Notes

ⁱ National Strategy for Growth and Reduction of Poverty II (2010) Ministry of Finance and Economic Affairs, Poverty Eradication and Economic Empowerment Department, MKUKUTA Secretariat

ⁱⁱ The United Republic of Tanzania, Mining Act (2010)

ⁱⁱⁱ The United Republic of Tanzania, The Petroleum (Exploration and Production) Act of 2002, Chapter 328

^{iv} The United Republic of Tanzania, Mining Act (2010) Ministry of Energy and Minerals – Article 28(3e) and Article 34(1f)