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Institutional Framework and Capacities in Enhancing Local Content in Natural Gas Value Chain in Tanzania: Key Actors' Perceptions

Lazaro Wilbard Chuwa^{1*}

¹Institute of Accountancy Arusha, P. O. Box 2798 Arusha, Tanzania.

*Correspondence ORCID ID: <https://orcid.org/0000-0002-4424-2250>; email: lazarochuwa@yahoo.com

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*Local Content,
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This paper investigated the institutional framework and capacities in enhancing local content in the natural gas value chain in Tanzania. It aimed to assess the regulatory framework, institutional preparedness, and readiness to facilitate the enhancement of local content in the natural gas value chain in Tanzania. The study established key actors' perceptions about local content policy (policy statements, requirements, metrics; institutional/organizational structure). An exploratory relative research strategy was utilized by using a qualitative approach. The study uses documentation, archive records, and interviews to collect data. In total 60 interviews with respondents were conducted using the purposive sampling technique from the key stakeholders in the oil and gas sector in Tanzania. The study provides knowledge to all stakeholders in the upstream sector of oil and gas in Tanzania, which they can use as a guide to enhancing local content in Tanzania. The findings from this research show that the institutional framework and regulations have not yet made critical progress in enhancing local content in the natural gas value chain in Tanzania. Specifically, issues such as poor participation and contribution of the stakeholders in making the regulations and policies, political intervention, corruption, experience, and poor infrastructures hinder the capacities of the institutional framework and regulations in enhancing local content in the natural gas value chain in Tanzania. The study recommends government and the responsible institution must develop a public-private dialogue forum as a vehicle to build trusted relationships and close collaboration, and use this to jointly discuss key sector-wide development issues which will empower our regulatory framework for enhancing local content policy and proper implementation and framework development in promoting of the local content policy in Tanzania.

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INTRODUCTION

Africa's contribution to global natural gas output is small, but it is expected to grow significantly over the next decade. With rising global interest in natural gas has come an enormous expansion in exploration and discovery including, in the last decade, in the Indian Ocean off the East African coast, yielding significant finds (Jacob, Xavier de Mevius, & Moyo, 2012). In 2016 the natural gas reserves of the Africa continent were measured at 513.2 trillion cubic feet, large natural gas reserves are found in Algeria, Algeria, Libya, and Egypt, and lately, Tanzania and Mozambique (Bishoge, Zhang, Mushi, & Matomela, 2019b). Tanzania has discovered a large number of natural gas reserves in recent years, which are expected to have a positive impact on the country's socio-economic and political development (Bishoge, Zhang, Mushi, Suntu, & Mihuba, 2018). Tanzania Ministry of Energy and Minerals confirmed that the natural gas reserves found to amount to the normal cubic feet of 57,25 trillion (TCF) (Ewura, 2021).

Having an abundance of valuable resources like oil, natural gas, and minerals are typically seen as a source of wealth and a blessing for countries. Oil and gas, in particular, create enormous revenues. These revenues should be able to help countries overcome capital and foreign exchange constraints, and create a "push" to increase growth (Sachs & Warner, 1999). This led the government of

Tanzania to develop a local content policy (LCP) to increase business and job opportunities for Tanzanians in the sector (Kinyondo & Villanger, 2017). However, the following are the critical issues; Are the existing institutional frameworks and capacities strong enough to enhance local content in Tanzania? What would Tanzanians like or expect from a major natural gas resource discovery through the local content institutional framework?

There is a limited empirical study to assess the regulatory framework, institutional preparedness, and readiness to facilitate the enhancement of local content in Tanzania. Researchers like Arthur and Arthur (2014), Adedeji et al. (2016), Tordo et al. (2013), Ocheni (2015), Senoo J. E. (2014), Melyoki (2016), Ovadia (2014), Kinyondo and Villanger (2017), Poncian and Jose (2019), and Kazzazi and Nouri (2012), have concentrated largely on the tools and policy directions governments could use to gain value for their citizens. However, these studies did not address the issue of preparedness and readiness to facilitate the enhancement of local content in Tanzania. The study assesses the regulatory framework, institutional preparedness, and readiness to facilitate the enhancement of local content in the natural gas value chain in Tanzania. The study establishes key actors' perceptions about local content policy (policy statements, requirements, metrics; institutional/organizational structure).

Definition of Key Terms

Local Content

According to IPIECA, local content can be defined as the added value brought to a host nation through workforce development and investments in supplier development. Local content is the economic activity by the foreign firms that will add value and brings benefits to the host country's local economy through developing domestic firm's capabilities through innovation systems; employing and improving capabilities of the local workforce; and promoting and supporting local firms through local resource sourcing (Ayentimi, Burgess, & Brow, 2016). Local content enables multinational corporations to hire local workers, but it also recognizes that resource extraction and production particularly oil and gas is an enclave industry that will never be a significant employer in and of itself without linkages and ties to the service sector and beyond (Ovadia, 2014). It aims to take advantage and capitalize on the companies' necessity to source certain critical services and goods as well as on various types of employments that are required during the life cycle of the mine, at various skill levels. Local content is perceived as a 'low hanging fruit since it can potentially create employments and boost local industrial development (Ramdoo, 2016).

Local Participation

According to Ocheni (2015), the level of equity ownership local citizens hold is referred to as local participation. The Tanzanian Petroleum Act (2015, p. 109) defines "a local company" as one "incorporated under the Companies Act of Tanzania and which is one hundred percent owned by a Tanzanians or a company that is in a joint venture partnership with a Tanzanian whose participating share is not less than fifteen percent". Its continued importance comes from the fact that indigenization is strongly tied to resource management strategies as well as local demands to participate in the industry (Schritt, 2018). This will help to bridge the gap between expectations and reality, reducing the

likelihood of disputes arising. However, the following are the critical issue: How will they completely compete in the natural gas industry? While at the same time, IOCs find it difficult to operate without the use of expatriate workers and imported inputs due to a lack of qualified local labour and underdeveloped technological infrastructure (Ngoasong, 2014).

Theoretical background: Local Content

Why Local Content?

The combination of appropriate investment of revenues from the oil and gas sector and the development of productive linkages between the oil and non-oil economies can only contribute meaningfully to social and economic development (Ovadia, 2016). Local content seeks to promote and encourage the participation, involvement, and development of national labour, services, goods, capital, and technology (Acheampong, Ashong, & Svanikier, 2016). Successful 'local content' strategies are essentially about ensuring that skills and micro-enterprises and building local capability over the long-term, as well as small and medium-sized firms who employ national members, are marketable in sectors outside the volatile and capital-intensive upstream oil and gas sector (Warner, 2017).

Local Content Policy

Local content policies in oil and gas can be traced back to the 1970s, when the United Kingdom implemented them to exploit its North Sea resources, since then, local content policies have progressed and evolved from focusing on increased local content in a certain industry to extending benefits to other sectors of the economy (Tordo, Warner, Manzano, & Anouti, 2013). Since there is no universally accepted understanding of what constitutes 'local' or 'content,' the term is commonly understood to refer to a set of policy instruments established by national governments to ensure that a certain proportion of factors of production

required at different stages of the mineral value chain are derived/sourced from the domestic economy (Atienza, Arias-Loyola, & Lufin, 2019). It refers to a set of policy instruments developed by national governments to ensure that a certain percentage of the factors of production (such as supplies of goods and services, technology, labour, and knowledge) demanded at various stages of the value chain is sourced from the local domestic economy (Ramdoe, 2016).

Arguments for and against Local Content Policy

Local content policies are recognized for their potential to strengthen production linkages by generating local jobs and upgrading domestic firms (Ablo, 2015). According to the evidence (Ngoasong, 2014), local content policies are moving the focus away from revenue maximization through fiscal policies and toward IOCs' contribution to broader societal growth and development through local content policies. However, the existence of LCPs does not always guarantee that these outcomes can occur. In certain cases, a strong dependency on LCPs has resulted in project cost increases due to delays in goods delivery (Adedeji, Sidique, Rahman, & Law, 2016).

Although there has been a lot of interest in local content policies, there has also been a lot of disagreement about them. Local content policies have been criticized as protectionist policies that offer nationals preferential treatment (Ablo, 2020). The lack of domestic ability in terms of skilled labour, capital, and the required technology is one of the most frequently cited barriers to local participation in the petroleum sector. One of the weaknesses of many of these local content policies is that powerful and significant market forces already exist in what is essentially a globally sourced sector, and the problem is that few local indigenous firms can compete at this level (Wamer, 2017). Indeed, the lack of flexibility in local content policy criteria has the potential to negatively impact

governments' efforts and resources (Ayentimi, Burgess, & Brow, 2016).

Policy and Legal Framework in Oil and Gas in Tanzania

Policies, regulations, and legislation laws usually enforce the local content regime. The Petroleum (Exploration and Production) Act of 1980 governs petroleum exploration and development in Tanzania. The Act specifically permits the government to enter into a petroleum agreement with an oil corporation in which the oil company is given exclusive rights to explore for and produce petroleum (URT, United Republic of Tanzania, 1980). Under Tanzania's existing Production Sharing Agreement (PSA), TPDC is given licenses under the Act by the government, and TPDC enters PSAs with oil firms.

One of the key Acts regulating Tanzania's extractive industries industry is the newly passed Petroleum Act of 2015 and Petroleum (Local Content) Regulations, 2017, on the 18th of September, 2015 and the 18th of May, 2017 respectively, were made and came into effect. Oil and natural gas mining are also covered by the Act. According to the Act and Regulations, license holders, vendors, subcontractors, and licensees must give priority to Tanzanian citizens when recruiting, they also demand that Tanzanian firms be given priority in the procurement of goods and services (URT, United Republic of Tanzania, 2017).

Local content is enforced by a number of laws and also the government's Production Sharing Agreements (PSAs) with foreign international oil companies. Tanzania's draft local content regulations appear to be the least stringent in Sub-Saharan Africa (Ovadia, 2016). Tanzania's Ministry of Energy and Minerals (MEM) released a draft local content policy (LCP) in 2014, which acted as a background document for and guided the implementation of the Petroleum Act of 2015. The minister of energy is in charge of the petroleum sector's development and issues licenses for

offshore exploration and development (URT, United Republic of Tanzania, 2015).

Tanzania's petroleum activities are also governed by the Tanzania Extractive Industry (Transparency and Accountability) Act 2015, the Petroleum (General) Regulations 2011, the Energy and Water Utilities Regulatory Authority Act 2006, the Petroleum (Natural Gas Pricing) Regulations 2016, the Oil and Gas Revenues Management Act 2015, the Energy and Water Utilities Regulatory Authority Act 2006, the Environmental Management Act 2004, the Income Tax Act RE 2008, the Tanzania Investment Act 1997 and the National Natural Gas Policy 2013.

The Petroleum Upstream Regulatory Authority (PURA), which regulates upstream petroleum operations. The PURA is crucial for the enforcement of local content policy and requirements in upstream petroleum activities, which must be carried out by license holders through the negotiation, approval, and monitoring of agreements and contracts (URT, United Republic of Tanzania, 2015). Its responsibilities include advising the Minister of Energy and Minerals on production sharing agreements (PSAs) and other arrangements with foreign oil and gas firms, as well as implementing local content in the petroleum industry (URT, United Republic of Tanzania, 2015). Exploration, construction, and production licenses are processed, granted, renewed, suspended, and cancelled by PURA.

The Energy and Water Utilities Regulatory Authority (EWURA) which was established by The Petroleum Act, regulates midstream and downstream petroleum activities. Its responsibilities include granting, renewing, suspending, and cancelling construction approvals and operational licenses, as well as collecting fees and levies for the petroleum industry and approving tariff and prices (URT, United Republic of Tanzania, 2015). They are also responsible for regulating local content by promoting the use of local Tanzanian-made and -produced goods and services in the oil and gas

industry (URT, United Republic of Tanzania, 2015).

The Tanzania Petroleum Development Corporation (TPDC) advises the government on issues related to the petroleum industry. TPDC is also in charge of overseeing the petroleum industry's commercial aspects in upstream, midstream, and downstream activities. It also has the authority to engage in petroleum reconnaissance and project production (URT, United Republic of Tanzania, 2015). Companies working in the Tanzanian oil and gas sector, whether as contractors, subcontractors, licensees, or in some other role, must convey their local content practices, procedures, and responsibilities to any person who is engaged by them (URT, United Republic of Tanzania, 2017). Similarly, working in the Tanzanian oil and gas sector must prioritize products and services produced or available locally in Tanzania.

Government policy regulating this sector of the petroleum industry seeks to track and guide the industry and ensure that national interests are not undermined in favour of oil company interests, but that a proper balance is maintained between an oil company and national interests. The policy's key goal is to ensure that the country's petroleum resources are explored, produced, and used for the common good (URT, United Republic of Tanzania, 2014). The policy lays out particular goals, such as: ensuring accountability in the sector and making all information accessible to the public; ensuring effective and efficient management of the country's petroleum; maximizing national gains and sustainable development of each citizen; and establishing a framework to ensure stable and affordable petroleum supply (URT, United Republic of Tanzania, 2014).

Efforts to provide a Local Content Policy in the developing oil and gas industry of countries like Tanzania are gaining momentum to ensure that revenues trickle down, especially to escape the so-called natural resource curse, Tanzania published its draft LCP in April of 2014. There are five main

priority areas identified in the policy: Tanzanian participation and Tanzanian-owned entities; capacity development and knowledge transfer; procurement and use of locally manufactured products and services; fabrication and manufacturing in the nation, as well as socioeconomic responsibilities (URT, United Republic of Tanzania, 2014b).

The Institutional Theory

A theoretical framework is needed to ensure a link to current theories and to improve critical examination of the phenomena under study and investigation. This will then contribute to a more comprehensive interpretation of the phenomenon being studied. This study chose a local content framework, underpinned by institutional theory to critically assess institutional framework and capacities in enhancing the local content gas value chain in Tanzania.

The theory explains the importance of quality government and other related institutions in managing natural resources (Torvik, 2009). The key explanation for diverging economic performance among resource-rich countries, according to institutions theory, is a difference in institutional quality. The quality of institutions decides whether or not countries escape the resource curse; a combination of grabber-friendly institutions and abundant natural resources contributes to low growth, while producer-friendly institutions, on the other hand, assist countries in fully exploiting their natural resources (Mehlum, Moene, & Torvik, 2006). The way capital money is invested, a government system, institutional quality, resource type, and early vs. late industrialization have all been used to explain achievements and failures (Torvik, 2009).

Natural resource-rich countries constitute both growth losers and growth winners (Mehlum, Moene, & Torvik, 2006), the differences in the quality of institutions are the primary cause of these widely different experiences. When institutions are

grabber-friendly, more natural resources lower aggregate income, while more resources increase income when institutions are producer-friendly (Mehlum, Moene, & Torvik, 2006). Institutional innovations may assist in avoiding the curse of natural resources and thus achieving natural resource blessing (Frankel, 2012). However, many resource-rich countries have centralized authority and poor institution governments, and even among countries with grabber-friendly institutions, there is a significant difference in how natural resource wealth is handled. The contribution of local content policy and regulations is driven by the institutionalization of a developmental link between investment incentives and local content policies in the oil and gas sector with the ultimate aim of promoting sustainable domestic growth and development in developing countries.

EMPIRICAL REVIEW

Ihua et al. (2011) attempted to investigate the efficacy of the LC policy within the Nigerian oil and gas industry through the lens of entrepreneurship growth. The study's findings show that the policy has very insignificant levels of entrepreneurial implications and that indigenous local firms are still unable to compete favourably with their foreign counterparts based on financial capacity, technology, and human resources in terms of expertise. As a result, international companies continue to manage a number of contracts and services that could otherwise be managed by local firms. According to the study, the local content policy has resulted in little or no change in the living standards of citizens in oil-producing host communities. Ihua et al. (2011) recommended a concise definition for the term local content, as well as specific directives and implementation guidelines, as well as distinct roles and responsibilities for all oil and gas industry stakeholders.

According to the finds from the study done by Ayentimi, Burgess, and Brow (2016), linkage development, a mechanism in which the extractive

sector is connected with other sectors of the national economy, is one of the most successful ways to ensure that least developed countries blessed with natural resources benefit from those resources. Ayentimi, Burgess, and Brow (2016) argue that linking investment incentives with local content policy and regulations at a pivotal position, especially in natural resource-rich economies, could strengthen and deepen industrial development in Sub-Saharan Africa. They identified five critical success factors for ensuring the effectiveness of the two specific local content policy instruments, including providing realistic or realizable policy targets results; local content policy must consider the needs of the domestic economy; advancing regional innovation systems and knowledge sharing through cluster initiatives; provide specific and clear policy guidelines, and local content policy regulation must look beyond the expectancy approach.

Strong local content policies and regulations impose mandatory targets, but they must be accomplished by the implementation of a plan by strong, competent, capable and independent institutions. Fundamental assumptions behind 'local content' and 'linkages,' according to Geenen (2019), must be critically examined; these local content policies are implemented in complex political arenas, where power holders use them as political instruments to enhance profit accumulation and control rents; these findings are based on empirical data from Ghana and the DRC, and show clientelist practices and co-optation. There is a lot that can be achieved by encouraging public participation in the creation, implementation, and enforcement of these vital policies, as well as fostering an enabling governance environment for local content to function and contribute to Africa's natural resource development.

Tordo et al. (2013), Ocheni (2015), Senoo J. E. (2014), and Kazzazi & Nouri (2012) argues that the contribution of local content policy and regulations to promoting sustainable development in oil and gas resource-endowed countries depends on the positive

response to local content policy guidelines by multinational companies. The ability of a country's economy to absorb benefits FDI is primarily determined by its absorptive capability of the local economy. Absorptive capacity is described as the domestic economy's ability to absorb spill overs from MNC operations within the host country, or, in other words, local firms' ability to absorb knowledge and technology spill over effects from foreign firms' operations (Ayentimi, Burgess, & Brow, 2016).

MATERIALS AND METHODS

Kothari (2004) defines a sample as a collection of some parts of the population based on which judgment is made, small enough for convenient data collection and large enough to be a true representative of the population from which it has been selected. The targeted population for this study is government agents and collaborating organizations in the oil and gas industry. This is because the local content regulations directly target players in that sector. Because of the nature of the research interview, and sample size selected exploratory research and qualitative data collection and analysis are found to be most purposeful. The sample size of 60 interviewees sampled using purposive sampling technique were conducted and this includes key stakeholders which are government agents, collaborating organizations, oil and gas companies (staff and management), and other key stakeholders in Oil and Gas sector in Tanzania.

The study adopts a qualitative approach to collect data from both primary and secondary sources. The paper uses the policies of local content policy, local content Act, archive records, and interviews. These offer the evidence needed to properly confront the research questions of this study in the frame of time available apart from their strengths and weaknesses. As stated by Crouch and Pearce (2012), there are two types of data analysis techniques; a quantitative and qualitative technique of data analysis. The paper uses the qualitative technique of data analysis

whereby the collected secondary data was analysed. Interpretation comes from the ideas and phenomenon raised from the analysis.

During the interview, an in-depth interview was conducted to seek to extract valid and reliable data from the interviewee in response to the institution and framework capacities in enhancing local content in the natural gas value chain in Tanzania. The analysis is also in view of subjective information from an extensive variety of sources including enactment articles, approaches, books, monetary diaries, government records, and daily paper articles. The paper was conducted ethically all the time while conducted the data collection process. Research has maintained confidentiality also has provided debriefing, counselling, and additional information before the conducted interview.

The study was conducted ethically all the time while conducted the data collection process. Research has maintained Confidentiality also has provided debriefing, counselling, and additional information before the conducted interview. Also, research has responded appropriately for maintaining the ethics of the collected data

RESULTS AND FINDINGS

Key actors' perceptions about local content policy (policy statements, requirements, metrics; institutional/organizational structure)

The key actors are Local Government Authorities, Central Government, National Oil, and Gas Company (NOC), International oil and gas companies (IOC's), Academic and Research Institutions, Central Bank of Tanzania (BoT), Regulatory Authorities, Private Sector, Communities, and Civil Societies. Below are the different perceptions about local content policy in terms of policy statements, requirements, metrics, and institutions/organizational framework in Tanzania;

Respondents argued that the institution/company responsible to oversee the implementation of local content in the natural gas value chain in Tanzania will not perform effectively because the type and prescriptiveness of local content policy need to be commensurate with the level of maturity and degree of competitiveness of a country's oil & gas industry. But the level of maturity and degree of competitiveness of Oil and gas industry in Tanzania does not match with the current Local Content Policy of Tanzania. Hence there is a need for a strong coordination mechanism between the local content policy and the degree and maturity of competitiveness of Oil and Gas in the country.

Respondents argued that the existing institutional capacity is not enough to enhance local content in Tanzania. Respondents said that, the institutional structure and level of governance are not commensurate with the extent of compliance required by a local content regime. Also, they said that Government authorities and regulators do not have sufficient resources to enhance the local contents in the natural gas value chain in Tanzania.

Interviewers argued that there is a poor preparation of the government to oversee the implementation of local content in Tanzania, local content policy objectives are not aligned with, and contribute to, a country's broader development objectives. While most of the countries like Angola, Ghana and Mozambique seek to align local content objectives with their long-term national development strategies, the implementation link tends to be very weak and, in most cases, ineffective (e.g., Angola has not made significant gains in HDI in over a decade of local content regulations). Tanzania also aims to leverage local content to achieve its long-term objectives (Vision 2025), however, similar to the aforementioned cases, the implementation link remains weak and still requires further strengthening.

Respondents argued that the lack of availability of data, information, and degree of competitiveness of a country's oil and gas industry does not fit with the

local content policy of Tanzania. Key reasons are, the availability of robust data and information plays a critical role to underpin successful local content legislation (Uongozi Institute, 2016). Tanzania has yet to develop the structured information management (systems, institutions, etc.) to generate the baseline required to support realistic local content policy formulation and implementation.

During the interview with oil and gas stakeholders in Tanzania, it was uncovered that not every single key partner concedes to the objectives and methodologies being utilized to accomplish local content. Respondents contended that a superior method for estimation in Local Content Regulation would be the estimation of preeminent regards rather than estimation in rates. For instance, regarding work, respondents supported that being a little industry contrasted with other oil delivering countries like Ghana, Nigeria, and Angola. As it were, the attention ought to be on making the biggest number of occupations for Tanzanians, as opposed to on percentage.

Respondents argued that the roles of government are many (policymaker and granting of concessions/licenses, participant in PSA, market, (co) owner of the gas grid/pipelines, supervisory authority etc.) it is suggested that these roles are fulfilled by separate legal entities, in order to prevent conflicts of interest and to safeguard a transparent and clear process regarding all interests. This is to the benefit of the market and local people.

Respondents argued that there is presently limited industry engagement in Tanzania, however, there are signs of a gradual shift in approach. Nigeria is also starting to assume a more pro-business approach to ensure the viability of the industry in the current low oil price environment. Brazil is a case where strong engagement with the private sector has yielded positive results. Other countries including Oman and Trinidad & Tobago have also experienced positive outcomes from their close collaboration with the industry.

DISCUSSION OF FINDINGS

The link between the outcomes of equity ownership and the country's development objectives is generally weak in local content policy. The objective is the empowerment of the country's citizens, however, various countries including Angola and Nigeria demonstrate that local ownership does not necessarily achieve the objectives of capital retention, local employment promotion, technology transfer, and broad-based development it sets out to achieve. The alternative approach, employed by countries such as Brazil and Oman, promotes the development of domestic value-chains by incentivizing foreign companies to perform activities in-country.

The availability of robust data and information plays a critical role to underpin successful local content legislation. In Brazil, a detailed picture of the local supply capacity and of industry demand allowed for the design and implementation of impactful local content interventions in areas such as financing, capacity-building and infrastructure investment. Despite its proven importance, the availability of data & information is still lacking in all of the other benchmark countries. This has led to the mandating of local content targets that are inconsistent with the country's supply capacity resulting in superficial local content impacts which in most cases have limited added value/ benefit (case of Ghana and Nigeria). Tanzania has yet to develop the structured information management (systems, institutions, etc.) to generate the baseline required to support realistic local content policy formulation and implementation. This finding is consistent with the institutional theory stipulated by Torvik (2009).

The type and prescriptiveness of local content legislation need to be commensurate with the level of maturity and degree of competitiveness of a country's an oil & gas industry. Current Tanzania is neither exporting gas nor potential production of natural gas, Tanzania we are just on the initial stage. The current local content legislation assumes

Tanzania is at a higher level of production and exportation, this is due to the tough conditions which can only be easily implemented in the level of maturity. Countries such as Angola, Brazil, and Nigeria have been able to implement highly prescriptive and onerous local content regulations due to the maturity of their industries. These findings are consistent with the finding of Changarawe (2014) in the efforts to guarantee local participation by the supplier in Tanzania.

The level of engagement between Government and industry will influence the extent to which the local content requirements can achieve both sector growth and broader development outcomes. Across all the African comparator countries, the engagement between the oil & gas industry and host governments is limited. Whether this stems from historical factors or is simply a reflection of the relatively early stage of development of both the private and public sector, African host countries tend to adopt an arms-length approach in dealing with the industry rather than promoting engagement and trust. There is no evidence to sustain that this type of principal-agent approach is conducive to the attainment of a country's development outcomes (e.g., both Angola and Nigeria). This finding is consistent with Weak states' theory which was stipulated by Fearon & Laitin (2003). There must be a sufficient level of engagement between government and industry in Oil and Gas sector.

The information assembled demonstrated that there was insufficient partner inclusion in the plan of the arrangement and enactment. IOCs through the E&P discussion, a mutual gathering of upstream IOCs, communicated their discontent at what appeared to be the absence of discourse amongst IOCs and the Government in figuring the strategy and along these lines passing it into law. Individuals from the E&P discussion in the wake of experiencing draft controls were made a request to submit a reaction to the Ministry of Energy, which was consented to. A portion of the worries raised was about the obligatory nearby value, time frame for consistency,

a portion of the required targets and the punishments. As indicated by them, parts of the controls will make it troublesome for the country to pull in the genuinely necessary remote capital, innovation and ability to build up the business. Despite these concerns, the legislation and policies have been passed without feedback on why their concerns were not considered.

CONCLUSION AND RECOMMENDATIONS

The question that this research sought to answer was if the existing institutional and legal framework capacity is enough to enhance local content in Tanzania. The institutional and lawful structure is required to do this through the production of occupations, instruction, aptitudes exchange, and skill improvement, exchange of innovation and know-how, and dynamic innovative work programs. It is likewise expected that there will be bolstered for nearby organizations by belittling local merchandise and ventures intensely and requiring equity participation of indigenous companies in oil and gas operations.

However, the disconnect and misalignment of the instrument and its projected outcomes. Taking a gander at the present setting and circumstance of the Tanzanian business, it will be practically unimaginable and illogical to accomplish the levels of nearby substance wanted in the time allotments indicated. This is because of the way that institutional and legitimate systems are not deliberately situated to empower local people to accept up the various open doors possessing large amounts of the oil and gas industry. They do not have the money-related and specialized know-how and aptitudes to attempt complex activities. Endeavouring to remain in accordance with nearby substance prerequisites might be expensive for IOCs.

International Oil Companies should effectively establish good communication and dialogue with

the Government and responsible authorities (EWURA, PURA, TRA, TPDC e.t.c) and raise honest to goodness concerns were vital for change of illogical and farfetched prerequisites. On the opposite side, they should set up a more noteworthy joint effort with SMEs and local organizations to give mentorship to exchange learning, innovation, and abilities at their own pace.

Government must build some infrastructures to ensure there is a strong partnership between local and international oil and gas companies which will be beneficial for both parties. The successful implementation of a policy relies upon how well different partners cooperate in guaranteeing this. Support or resistance of partners in the definition and usage of a strategy could extraordinarily prevent or encourage execution. A solid relationship will encourage a more successful execution, in any case, the administration and dependable experts ought to convey the different usage and checking and assessment systems to all partners to guarantee that they agree in like manner and rule out reasons.

Strong leadership and commitment are important in enhancing local content in Tanzania. The government of Tanzania, should claim ownership of the local content policy and think about the social, political, and monetary setting of the nation, of the oil and gas industry, and the worries of the organizations expected to actualize nearby substance and make changes to the enactment in like manner.

The government of Tanzania must establish information management (systems, institutions, etc.) and database to generate the baseline. Information management systems (database) in oil and gas will support realistic local content policy formulation and implementation. Nevertheless, the availability of robust data and information plays a critical role to underpin successful local content legislation.

The ultimate success of the Local content policy will be achieved through the coming together of the

public and private sectors to engage in a constructive and mutually beneficial dialogue on how to best achieve Tanzanian development objectives through local content efforts, and ensuring that the legislative context supports the delivery of such efforts. Without such a trusted relationship even the best policies, laws, and regulations and the most well-directed and designed local content initiatives from the private sector industry will inevitably be limited in delivering the flagship local content story Tanzania now seeks to write.

Therefore the government and the responsible institution must develop a public-private dialogue forum as a vehicle to build trusted relationships and close collaboration, and use this to jointly discuss key sector-wide development issues; request that the Government structure a pre-emptive and participatory consultation process to enable sufficient input in the drafting, review, and dissemination of its local content regulations; and lastly collaborate to design and launch specific local content support activities related to targeted supply chain categories, workforce strengthening and/or other anticipated sector gap-filling programs.

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