



LOCAL CONTENT POLICY

1.0 PREAMBLE

Lawfields Attorneys (the “Firm”) is a mid-sized boutique law firm established in Tanzania and headquartered in Dar es Salaam. The Firm specialises in providing legal advisory services to local and foreign companies, individuals and other entities in selected areas of corporate & commercial law. Some of the Firm’s Practice Areas include, company law, banking and finance, real estate, tax law, employment and labour relations, IT & telecoms, intellectual property, policy formulation and translations, litigation and dispute settlements, regulatory compliance, etc. The Firm also provides business support services to both local and foreign entities in the country.

Tanzania has recently developed local content policy/legislation for various business sectors such as, mining, oil & gas, telecoms, shipping agency, insurance, etc. The Firm has positioned itself to develop a Local Content Policy for its operations. It is our hope that all our clients and other entities that constitute an important segment of our stakeholders are doing or will do the same in due course. It is envisaged that a National Local Content Policy covering all business sectors will be developed in due course.

2.0 POLICY RATIONALE

2.1 The rationale of this Policy is stated in terms of the following:

- (a) To create value in-country through deliberate utilization of Tanzanian human and material resources and related services.
- (b) To achieve an acceptable degree of local participation, control and financing by citizens of Tanzania, in any Joint Venture arrangement that promotes and enables the optimal use of in country human resources, materials and services.
- (c) To comply with the relevant provisions of any of the country’s Local Content and Local Participation Policy Framework/legislation.

- (d) To ensure that quality is not compromised but enhanced in accordance with industry best practices and international standards.

3.0 POLICY OBJECTIVES

3.1 The primary objective of this Policy is to promote, support and sustain the country's social economic growth through the utilization and optimization of the indigenous resources. The specific objectives of this Policy framework are:

- (a) To outline Local Content issues arising out of the Firm's operations.
- (b) To provide broad guidelines or ideals meant to guide or assist various stakeholders in taking prudent decisions in the implementation of Local Content concept within the Firm.
- (c) To promote efficient implementation of the Local Content policy in such a manner that will protect the interest of the Firm.
- (d) To generally promote the indigenization of knowledge, expertise and technology.
- (e) To stimulate the participation of Tanzanians in the value and supply chain of the Firm's operations.
- (f) To establish a local content implementation/monitoring plan that will set targets proportional to current capabilities and realistic potential for increase, against baseline of local content for each project or procurement of goods and services.
- (g) In order to promote local participation in Foreign Direct Investments (FDIs), consortium arrangements with foreign Firms will be pursued by the Firm, where practicable, to enable the Firm obtain at least 15-25% equity share in the case of legal service deliveries in any major projects.
- (h) To maintain at least 90% local employment for Tanzanian citizens in the Firm.
- (i) To empower the Firm's vendors to develop capabilities to produce goods and services domestically to compete with international businesses.

- (j) To achieve and maintain a degree of influence or control by the Firm over its development initiatives.
- (k) To provide a rigorous and transparent monitoring and reporting system to ensure delivery of the Policy objectives.

4.0 POLICY STATEMENT

The Firm, its contractors, suppliers and stakeholders involved in any projects, operations, activities or transactions in Tanzania shall consider Local Content as an important element in their project development and management.

5.0 SCOPE OF APPLICATION

This Policy covers the Firm, its subsidiaries, Joint Venture/Consortium partners, contractors, subcontractors and other entities involved with the Firm in any projects, operations, activities or transactions in Tanzania.

6.0 OPERATING RULES

6.1 Identification of opportunities for Local Content:

- (a) At the inception of any project, the Firm, its subsidiaries, Joint Venture/Consortium partners, contractors and or suppliers shall assess the sustainability and continuous upstream growth of their projects to allow feasibility of Local Content and development spend taking into consideration local and regional demands.
- (b) A schedule requiring the Firm, its subsidiaries, Joint Venture/Consortium partners, contractors and or suppliers to deliver a minimum level of Local Content (in percentage terms) and measures to develop the capabilities and competitiveness of producers of Tanzanian goods, works and services shall be included in all contract documents for new projects.
- (c) In tendering for any contract and before carrying out any project with its Joint Venture/Consortium partners or subcontractors, the Firm shall require them to develop and share a Local Content Plan demonstrating compliance with the provisions of this policy and the National Local Content Policy.

- (d) A Local Content Plan shall contain the provisions intended to ensure that:
- (e) First consideration shall be given to services provided from within Tanzania and to goods manufactured in Tanzania; and
- (f) Tanzanians shall be given first consideration for training and employment in the work program for which the plan was submitted.
- (g) Any Local Content Plan shared by the Firm's Joint Venture/Consortium partners, or subcontractors shall contain detailed plan on how they intend to ensure the use of local raw materials, services and locally manufactured goods, where such raw materials, goods and services are timely available and meet the specifications of the intended project.
- (h) Any Local Content Plan shared by the Firm's Joint Venture/Consortium partners, or subcontractors shall contain a detailed and satisfactory plan setting out how they will give first consideration to Tanzanian local goods, works and services. The Plan should give specific examples showing how Tanzanians will be given first consideration and indicate the criteria for the assessment and evaluation of tenders for goods, works and services required by the project.

6.2 Development and support of local vendors, contractors and service providers:

- (a) The Firm shall provide support for the successful implementation of this Policy through the following:
 - ♣ To collaborate with other relevant institutions for the passage of relevant policies and regulations in support of this Policy and the National Local Content Policy,
 - ♣ Provide education and other training facilities to its own staff and to various sectors in Tanzania and sub-region.
 - ♣ Enforce this Policy and any subsequent Regulations on Local Content as issued by the Government.
 - ♣ Provide a market for local goods and services.
- (b) In order to promote local participation in Foreign Direct Investments (FDIs), the Firm will pursue consortium arrangement with foreign Firms, where practicable, to enable the Firm to obtain at least 15-25% equity share in the case of legal service deliveries in major projects.

- (c) The Firm shall participate in workshops, conferences, seminars, symposia and other appropriate public fora organized for the benefit of legal service providers, contractors, the public and other stakeholders to enhance the implementation of the provisions of the National Local Content Policy.
- (d) In order to ensure increased financial benefits to Tanzanians, all service providers, contractors, sub-contractors of the Firm shall as far as practicable be advised to use goods and services produced or provided in Tanzania for their operations in preference to foreign goods and services. Such service providers, contractors and subcontractors shall give priority to the purchase from citizens of Tanzania, local products and services that are competitive in terms of price, quality and timely availability.
- (e) The Firm, its subsidiaries, contractors and sub-contractors shall consider Local Content when evaluating any tender where the tenders (both foreign and local) are within 1% of each other at commercial stage and the tender containing the highest level of Local Content shall be selected provided the Local Content in the selected tender is at least 5% higher than its closest competitor.
- (f) The award of contract shall not be solely based on the principle of the lowest tenderer where a Tanzanian indigenous company has capacity to execute such job and the company shall not be disqualified exclusively on the basis that it is not the lowest evaluated financial tenderer provided the value does not exceed the lowest tender price by 10%.
- (g) The detailed application of a margin of preference to achieve a measure of local content shall conform to the specific terms of application contained in the tender document and any guidelines that may be approved by the Firm.
- (h) This Policy therefore aims at achieving the following goals within time and quality:
- ♣ exploit the country's resource endowment in an environmentally sustainable manner;
 - ♣ attract increased local value-added investment;
 - ♣ create job opportunities in the legal profession within the country;
 - ♣ facilitate technology transfer;
 - ♣ domesticate knowledge, expertise and technology.
- (i) International or multinational companies or Firms that win tenders for provision of services in consortium with the Firm shall be advised to ensure that at least a minimum of 25% of the equipment deployed for execution of the project are owned by Tanzanians.

- (j) All insurable risks related to the Firm's business shall be covered by an insurance company, or through an insurance broker registered in Tanzania.
- (k) No insurance risk in Tanzania affecting property or operation of the Firm shall be placed offshore.
- (l) Where it becomes necessary for any of the Firm's client to engage the services of a foreign legal firm with expertise not available in Tanzania, the Firm's lawyers shall be attached to the foreign firm to enable them acquire expertise from the foreign firm.
- (m) All financial/consulting needs of the Firm shall give preference to Tanzanian practitioners or institutions.

6.3 Management of Local Content Realization:

- (a) Compliance with Local Content Policy and promotion of Local Content Development in the Firm shall be a major criterion for award of participation in contracts.
- (b) Standards and certifications applicable to the provision of goods and services shall be in accordance with guidelines of the Tanzania Bureau of Standards, except where it is otherwise stated.
- (c) The Firm shall maintain a process for acquiring goods, works and services which shall give full and fair opportunity to local contractors and companies.
- (d) Tanzanians shall be given the first consideration for employment and training in any project executed by the Firm.
- (e) The Firm shall ensure that its contractors/subcontractors maintain a reasonable number of local personnel from the areas it has significant operation where practicable.
- (f) The plan submitted by any service provider or the Firm's consortium partner for any project shall contain an employment and training plan/program which shall include:
 - ♣ An outline of:
 - i. Hiring and training schedule with the breakdown of the skills needed;

- ii. Anticipated skill shortages in the Tanzanian labour force,
 - iii. Project specific training requirements;
 - iv. Projected expenditure as against the actual expenditure incurred during the period for implementing the employment and training plan/program.
- ♣ A timeframe for employment opportunities for each phase of project development and operations, to enable members of the Tanzanian workforce to prepare themselves for such opportunities.
- (g) Where in a project which the Firm participates as a co-contractor Tanzanians are not employed because of their lack of training, the Firm shall ensure that every reasonable effort is made within a reasonable time to supply such training locally or elsewhere and such effort shall be contained in the consortium's employment and training plan.
 - (h) All Joint Venture arrangements between the Firm and FDIs shall provide for the retention of the following management positions for Tanzanians: Deputy CEOs and General Legal Counsel, while the CEO, Head of Finance and Technical Director positions may be reserved for the foreign company to take care of investor interests.
 - (i) In any Joint Venture arrangement pertaining to long term operations, between the Firm and its non-Tanzanian consortium/Joint Venture partners, the Firm shall ensure that the consortium/Joint Venture partners have a succession plan for any position other than the above management positions not held by the Firm and the plan shall provide for the Firm to understudy each incumbent expatriate.
 - (j) Senior management positions occupied by foreigners in a Joint Venture with the Firm shall be filled by Tanzanians after a period agreed between the Firm and the relevant party.
 - (k) The Firm, its subsidiaries, contractors and sub-contractors shall employ only Tanzanians in their unskilled and middle level skilled personnel, or any other corresponding grades designated by the contractor or company.
 - (l) The Firm's personnel holding positions similar to or involving the same amount of work as done by expatriate counterparts in a Joint Venture arrangement shall not be paid discriminatory salaries, wages, and benefits by reason only that they are Tanzanians.

6.4 Monitoring and Improvement

- (a) The Firm, its subsidiaries, consortium/Joint Venture partners, contractors and subcontractors shall implement this policy with the view to ensuring a measurable and continuous growth of Local Content in all its projects, operations and procurement activities.
- (b) The Firm, its subsidiaries, shall review and assess the Local Content Plans submitted by consortium/Joint Venture partners, contractors or subcontractors prior to teaming up for any project.
- (c) All consortium/Joint Venture partners, contractors or subcontractors working on projects with the Firm shall be advised to indicate in their monthly progress reports:
 - ♣ employment achievement in terms of the number of Tanzanian and foreign workers and their status; and
 - ♣ procurement achievement in terms of quantity, tonnage of locally sourced materials and materials of foreign origin.
- (d) Upon commencement of this policy all consortium/Joint Venture partners, operators, contractors and subcontractors working with the Firm shall discuss with the Firm before making any application for expatriate quota to the Ministry of Labour or any other agency in Tanzania. The discussion shall be detailed and shall include the following:
 - ♣ Job titles;
 - ♣ Job description and responsibilities of the expatriates;
 - ♣ Qualification and experience commensurate with the job;
 - ♣ The duration of the proposed employment in Tanzania; and
 - ♣ Any other information that may be required.
- (e) Prior to any purchase order, the selected vendor shall submit to the Firm;
 - ♣ The name of the vendor;
 - ♣ Where applicable, a list of proposed sub-suppliers/vendors;
 - ♣ Contract or purchase order commencement and completion dates;
 - ♣ Statement of award rationale (evaluation) showing:

- i. Percentage difference in price between selected vendor and other tenderers;
 - ii. Estimates of Tanzanian Local Content associated with the purchase of each vendor calculated in accordance with a schedule to be provided by the Firm;
 - iii. Other information relevant to the evaluation of the vendor including where applicable a summary of the technical, commercial and Tanzanian content aspect of the purchase evaluation.
- (f) The Firm's purchase officer shall ensure compliance with the provisions of this policy and monitor, evaluate and report on the implementation.
- (g) The Firm shall review all procurement processes to ensure that, where applicable, provision on Local Content would be made in all of its procurements/purchase plans.
- (h) The Firm shall set local content targets proportional to current capabilities and realistic potential for increase, against baseline of local content for each project or procurement of goods and services.
- (i) Appropriate sanctions shall be applied against the Firm's Joint Venture/Consortium partners, contractors or subcontractors and operators who fail to meet targets set forth in their annual local content plans or annual recruitment and training programs.

Adopted by the Firm's Partners on January 20, 2021.

Signed and Approved on behalf of the Partners by:



Honest Joseph Lugalla
MANAGING PARTNER