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Tanzania Tightens Mining Local Content Rules: What Operators, Contractors, and Investors Need to Know

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Executive Summary

Tanzania has significantly recalibrated its mining local content regime. Recent regulatory amendments materially expand mandatory use of indigenous Tanzanian companies, tighten joint venture (JV) requirements, and increase regulatory scrutiny over procurement, banking, and contracting structures.

The changes move local content compliance away from a policy aspiration and firmly into a license critical, enforcement-driven framework. For mining operators, contractors, and foreign suppliers, the implications are immediate: structural compliance, not box-ticking, is now the benchmark.

This article summarizes the key changes and their commercial and legal implications.

1. Shift From Participation to Exclusivity

What changed

The amended framework strengthens the reservation of specified goods and services exclusively for Indigenous Tanzanian companies (ITC), defined as companies 100% owned by Tanzanian citizens.

This is a substantive shift:

- Certain categories of goods and services are no longer subject to “preference” or “local participation” tests.
- Preference tests and local participation tests are explanatory terms which don’t appear in the Mining (Local Content) regulations as amended. The preference test refers to considering indigenous ownership of the company being awarded tenders, not just pricesⁱ. The local participation test refers to cumulative local content obligations relating to Tanzanian equity participation, employment and giving managerial positions to Tanzanians, use of Tanzanian service providers and implementing a local content plan.
- The categories of services which are now legally ring-fenced for Indigenous companies include the following:ⁱⁱ

1)	Supply of General Lubricants
2)	Supply of Chain Link Fencing, Wire Netting, Barbed Wire
3)	Supply of Cement and Building Materials
4)	Supply of Metal/PVC Core Trays
5)	Supply of Overalls, Work Clothes and PPEs
6)	Haulage, Logistics and Transportation Services
7)	Warehousing, Clearing and Forwarding
8)	Catering Services, Camp Management, Cleaning and Laundry
9)	Legal Services
10)	Supply of Activated Carbon
11)	Supply of Cable Bolt and Accessories, Split Set, Rebars, Mining Mesh (Underground Support Materials)
12)	Supply of Explosives and Accessories
13)	Owner mining prohibited in favour of Contract Mining – Surface Operations (including drilling, blasting and haulage)
14)	Vehicle Hire Services
15)	Power Rental and Captive Power Supply
16)	Crushing, Civil, Building and Construction of Access/Haul Roads and Other Infrastructure

17)	Geophysical Ground-based Survey; Mapping, Pitting and Trenching
18)	Land Valuation and Resettlement
19)	Supply of Lining Material (Liners)

Why it matters

- Procurement strategies must be reassessed end-to-end to ensure co.
- Spend on non-compliant suppliers may be challenged or disallowed.
- Historical contracts may be scrutinised during inspections.

Key takeaway: Procurement decisions are now regulatory decisions.

2. Joint Ventures Are No Longer a Formality

What changed

Foreign suppliers and contractors required to operate through joint ventures must now demonstrate genuine Tanzanian ownership and participation, not merely formal compliance. The key requirements are as followsⁱⁱⁱ:

- Minimum equity participation for the ITC in the JV of 20% is retained from the 2018 Regulations.
- Foreign suppliers must enter a JV with an ITC that is 100% Tanzanian owned and operates in the same line of business as the supplied goods and services.
- JV agreements must be submitted for approval by the Tanzania Mining Commission before commencing operations, rather than only submitting the local content plan.

Regulators are explicitly empowered to look beyond form to ‘*economic substance*’, including:

- Control and governance rights
- Profit allocation
- Decision-making authority
- Side arrangements and management agreements

Why it matters

- “Paper joint ventures” increase regulatory risk.

- Joint venture agreements must be defensible under substance-over-form scrutiny.
- Approval by the Mining Commission is required before operations commence.

Key takeaway: joint venture structuring has become a high-risk legal and financial exposure area.

3. Local Content Plans Now Drive Compliance Outcomes

What changed

Prior to the 2025 amendments, the requirement was for subplans to the Local Content Plan (LCP) for Employment and Training, Research and Development, Technology Transfer, Legal Services and a Financial Service Subplan.

The 2025 amendment added a mandatory Procurement Sub-Plan and replaced the Financial Services Subplan with a Banking Subplan, thereby strengthening oversight in these areas.

Why it matters

- Inconsistencies between LCPs and real-world operations were highlighted as concerns. Inspectors now have explicit power to review the joint venture agreement, procurement records, bank records and operations evidence.
- Legacy or outdated plans significantly increase inspection and sanction risk.

Key takeaway: If the LCP does not reflect reality, it is a liability.

4. Financial Flows Are Now a Compliance Issue

What changed

The amended framework reinforces requirements around:

- Use of Tanzanian financial institutions, defined as banks licensed under the Banking and Financial Institutions Act.
- Structuring of payments, insurance, and guarantees.
- Disclosure of contracting and payment arrangements.
- Approvals of sole-sourced contracts of any type exceeding US\$10,000 equivalent.

Why it matters

- Non-compliant payment flows may undermine Local Content compliance even where procurement appears compliant.
- CFOs are now central stakeholders in Local Content risk management.

Key takeaway: Role of the finance function in Local Content compliance has been enhanced.

5. Expanded Reporting, Notification, and Audit Exposure

What Changed

Regulators have strengthened oversight in multiple ways under the 2025 amended Mining (Local Content) Regulations:

More Detailed Periodic Reporting Requirements

Quarterly and annual Local Content reports must now include:

- Lists of all sole-sourced contracts exceeding Tanzanian Shillings (TZS) equivalent of US\$ 10,000.
- Procurement activities aligned with mandatory Procurement Sub-Plans.
- Banking transactions and financial arrangements through Tanzanian financial institutions.
- Employment and skills development outcomes versus planned targets.

Reports must reconcile operational reality with the submitted Local Content Plan (LCP).

Enhanced Powers to Review Records

Inspectors may request:

- Full contract documentation, including sole-sourced and high-value contracts.
- Proof of joint venture partner ownership, equity participation, and active participation in operations.
- Verification of supplier citizenship and compliance with reserved goods/services rules.

Joint venture agreements and side letters must be consistent with regulatory intent.

Increased Focus on Inspections

- Routine audits and spot inspections may occur.
- Documentary inspections now include contracts, procurement files, payroll, and banking records.

Why It Matters

- Late, inconsistent, or unsupported reports increase enforcement risk, potentially leading to fines, contract suspension, or reputational damage.
- Legacy or outdated LCPs invite regulatory scrutiny.
- Need for verifiable evidence to prove compliance.

Key Takeaways

- Companies must always demonstrate compliance.

6. Enforcement Risk Has Become More Predictable and Real

What Changed

The 2025 amendments to the Mining (Local Content) Regulations explicitly clarify several key elements:

Approval Thresholds

- Sole sourced contracts over USD 10,000 equivalent must be notified to and in certain circumstances approved by the Tanzania Mining Commission.
- Joint venture agreements must be submitted for regulatory approval before operational commencement, with clear proof of Tanzanian partner ownership and active participation.

Notification Obligations

- Mandatory notification is required of sole-sourced contracts above the set threshold.
- Periodic reporting must include detailed procurement, banking, joint venture, and operational data aligned with the LCP.

- Notifications and reporting must be accurate, complete, and verifiable, with supporting documentation readily available.

Consequences of Non-Compliance

- Fines under the local content regulations include:
 - Percentage-of-proceeds penalties (5% of mining revenue for certain breaches).
 - Fixed monetary penalties which may range from TZS 50 million to TZS 10 billion, depending on the nature of the offense.
- Other enforcement measures include contract suspension, joint venture approval withdrawal, or contract termination.

Regulatory enforcement is now rule-based and predictable.

Why It Matters

- Regulatory discretion is reduced, meaning compliance failures are easier to detect and harder to justify.
- Audit readiness is non-negotiable.
- Proactive compliance is cheaper than post enforcement remediation.

Key Areas Requiring Immediate Attention

Procurement frameworks and supplier verification

- Ensure all suppliers of reserved goods/services are 100% Tanzanian-owned.
- Maintain documented verification of shareholding, BRELA registration, and tax compliance.

Joint venture structures and approval status

- Verify that all foreign contractors operate through genuinely active joint ventures with Tanzanian partners.
- Ensure regulatory approvals are documented, updated, and aligned with operational reality.

Alignment between LCPs and actual operations

- Quarterly reporting must mirror real-world operations, including employment, procurement, technology transfer, and financial arrangements.
- Spot-checks by regulators will compare LCP targets versus actual performance.

Contracting and payment flows

- Payments for mining operations must go through approved Tanzanian banks.
- High-value or sole-sourced contracts must be notified in advance; exceptions require **documented approval**.

Reporting accuracy and audit readiness

- All reporting must be internally reviewed and verified.
- Supporting documents (contracts, bank records, payroll, joint venture agreements) must be accessible within 48 hours for inspections.
- Non-alignment between LCPs and operations is a primary audit trigger.

Key Takeaways

- Shift from operational compliance to strategic governance: Board-level oversight, CFO engagement, and legal review are essential.
- Continuous monitoring and documentation are now critical; gaps are easily detectable.
- Proactive compliance is cost-efficient; reactive remediation is costly in both financial and reputational terms.

7. Conclusion

Tanzania's revised local content framework represents a decisive move toward deeper economic localization, tighter regulatory control, and higher compliance expectations.

Companies that respond by aligning governance, legal structures, procurement, and finance will be better positioned to operate sustainably in Tanzania's mining sector.

Endoxa Law advises mining operators, contractors, and investors on:

- Local Content compliance diagnostics.
- Joint venture structuring and regulatory approvals.
- Procurement and supplier compliance.
- Board-level risk management.

Please contact us on info@endoxagroup.co.tz if you require any legal services.

8. Reliance

This publication is issued by Endoxa Law for general information purposes and to update clients and colleagues on developments in Tanzanian law and regulatory practice. It is not intended to be, and should not be relied upon as legal advice.

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ⁱⁱ See Regulations 14 and 15 of the Mining (Local Content) Regulations, 2018 (GN 3 of 2018) as amended.

ⁱⁱ See list published by the Tanzanian Mining Commission on 15th November 2025 in accordance with Regulation 13A of the Mining (Local Content) Regulations, 2018 as amended by the Mining (Local Content Amendment) Regulations, 2025, GN 563 of 2025.

ⁱⁱⁱ See Regulations 8 (6) and 8 (7) of the Mining (Local Content) Regulations, 2018 as amended