

Kenya, Dar tighten rules to cushion local industries

Industry.
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Kenya and Tanzania are reviewing their local content rules, in a fresh push to compel foreign multinationals to prioritise local individuals and businesses in employment contracts and tenders for the supply of goods and services. The move aims to support the growth of local industries and the overall growth of regional economies. The Local Content Requirements are part of a broader set of "localisation" policies that favour domestic industries over foreign competition, requiring companies and the government to use domestically-produced goods or services

as inputs. It is the value added to domestic economies through the procurement of local goods and services and utilisation of local labour.

Kenya has drafted the Local Content Bill (2025), proposing severe financial penalties on foreign firms flouting rules on the prioritisation of local jobs, goods and services in their operations.

The Bill seeks to convert the long standing 'Buy Kenya, Build Kenya' policy ambition into enforceable law, and imposes substantial local-content obligations on foreign firms operating across a broad range of sectors, mandates active capacity-building for local enterprises and prescribes heavy sanctions for non-compliance.

Under the proposed rules, foreign companies operating in Kenya are required to source at least 60 percent of their goods and services from local companies, subject to stricter sourcing requirements for agricultural inputs.

Foreign firms are also required to hire Kenyans at all levels, with an ultimate goal of at least 80 percent of their staff to be locals.

In addition, foreign firms requiring agricultural raw materials must source 100 percent from Kenyan farmers, and support local suppliers through technical training to meet standards.

An analysis of the proposed Bill by lawyers shows that it pursues legitimate development objectives – retain-

ing value within the domestic economy by creating employment and facilitating skills and technology transfers, it also raises significant legal, economic and implementation risks that could materially affect foreign direct investment.

In Tanzania, the Government amended the Mining (Local Content) Regulations, Government Notice No. 3 of 2018, last year. The amendments, published on September 12, 2025 introduce provisions that have implications for contractors, subcontractors, licensees and other stakeholders within the mining sector.

Legal experts say Tanzania's 2025 regulations strengthen local participation and transparency in the country's min-

ing sector, with key changes such as joint venture requirements, new plans, enhanced reporting and streamlined procurement, ensuring greater involvement of indigenous Tanzanian companies.

"Contractors, licensees and allied entities must align with these requirements to remain compliant and support local economic development," they say.

Tanzania's 2025 Regulations require non-indigenous Tanzanian companies seeking to supply goods or services to a contractor, subcontractor, licensee, or the Corporation in Tanzania's mining sector to establish a joint venture (JV) with an existing Indigenous Tanzanian company that is wholly owned (100 percent) by Tanzanian citizens and operates in the same line of business the goods or services to be supplied.