



LOCAL CONTENT REGULATIONS: NAVIGATING ZAMBIA'S NEW MINING REALITY

Chipasha Mulenga*

Chalala-Zambia.

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*Corresponding author:

Chipasha Mulenga

Chalala-Zambia.

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ABSTRACT

The continued evolution of mining legislation has led to the call for a more intrinsic connection between the mining sector and the overall economy. Specifically, the inclusion of locals in the mining value chain has become a growing trend for mineral-rich countries. This has led to the promulgation of local content regulations, which oblige mining companies to support local empowerment. While certain provisions under the local content regulations may seem aspirational, compliance by mining companies can strengthen their social license to operate. In 2025, the government promulgated the Local Content Regulations (SI 68 of 2025), which became effective on 1 January 2026. The Regulations, among other things, require mining companies to reserve a portion of their annual procurement budget for a local company and to give preference to goods or services that are produced or sourced locally. The challenge, however, is the practical implementation of the Regulations, which seemingly exceeds the current capacity of the local industry, thus potentially deterring compliance by mining companies. The future of local content regulations in the mining sector will depend on finding a balance between safeguarding national interests and attracting foreign investment.

The article, therefore, explores the challenges that could hinder the effective enforcement of the local content requirements. In a bid to offer a broader discourse on mineral resource governance and economic sovereignty, the article draws lessons from other African countries. The purpose is to provide a comprehensive solution to avert challenges that could arise from the implementation of the Regulations and to recommend pathways for legal and regulatory reform.

KEYWORDS: Geological; Local Content; Mining; Policy; Regulations.

1. INTRODUCTION

Mining remains the backbone of Zambia's economy, contributing 10% of the Gross Domestic Product (GDP), 70% of foreign exchange earnings, and 30% of government revenue.^[1] In 2025, GDP was estimated to grow by 5.8%, with average growth of 6.5% projected for 2026 and 2027.^[2] Despite this, the country has historically struggled to translate mineral resources into broad-based economic development, partly due to limited local participation in the sector. Other contributing factors included weak local linkages, the absence of effective local content policies, and a lack of sector codes designed to compel mining companies to procure locally.^[3] Ultimately, the Ministry of Commerce, Trade and Industry observed.

The disconnect between economic growth and reduction in the poverty rate has mainly been attributed to the absence of business linkages between the growth sectors and local firms, particularly the inability to utilise local resources and domestic labour.^[4]

In response, the Government has promulgated the Local Content Regulations (SI 68 of 2025) as a strategic tool to promote local participation and institutionalising local content in the mining sector value chain. The Local Content Regulations (LCR) establish mandatory thresholds for local participation in the procurement of goods or services by mining and mining-related companies. It is a strategic tool for boosting industrialisation by lowering the input costs of materials and services supplied by local companies whose capabilities remain underdeveloped.^[5]

It is argued that local content confers revenue on host governments, which contributes to economic development. It also enhances social development, employment creation, industrial growth, and political mileage. Foreign investors benefit from incentives for procuring and recruiting locally; when having suppliers nearby reduces lead times and fosters a closer relationship to shape the development of products, services, and processes. Also, recruiting from the domestic market is better, as the cost of such labour is

usually lower than that of foreign workers, along with their associated benefits packages.^[6]

These innumerable benefits could also explain the growing trend in some African countries for local content regulations in the mining sector. Countries such as the Democratic Republic of Congo (DRC), Ghana, Guinea, Mozambique, Namibia, Nigeria, South Africa, and Tanzania have either adopted or amended their mining legislation to incorporate local content.^[7] This notwithstanding, critics argue that local content regulations lead to corruption, reduce international competitiveness, distort the efficient allocation of resources, reduce productivity due to employment created or curtailed, and create a barrier to innovation as access to technologically advanced inputs is inhibited.^[8] Regardless of whether one argues for or against local content regulations, without a policy tool for ensuring that the benefits of mineral resources are cascaded to local communities, countries can remain in a 'mineral resource curse' cycle. Such a tool, once deployed, must provide a coherent and unified legal framework that meets the aspirations of increased local capacity, employment, and technology transfer.^[9]

The article, therefore, explores the challenges that could hinder the effective enforcement of the local content requirements. In a bid to offer a broader discourse on mineral resource governance and economic sovereignty, the article draws lessons from other African countries. The purpose is to provide a comprehensive solution to avert challenges that could arise from the implementation of the Regulations and to recommend pathways for legal and regulatory reform.

2. OVERVIEW OF THE ZAMBIAN MINING SECTOR

Copper continues to dominate the sector, which has seen a 12% growth to 820,676 tonnes in 2024. This growth is attributed to, among others, government policy changes and increased output from major mines such as Lumwana (owned by Barrick Gold), Konkola Copper Mines, and Mopani Copper Mines. Other multinational companies such as First Quantum Minerals (FQM), Kansanshi Mining, NFC Africa Mining, and CNMC Luanshya Copper Mines continue to account for most of Zambia's copper output.^[10] Furthermore, the diversification of the sector has seen notable growth in the production of cobalt, nickel, gold, and other minerals that are critical for the global energy transition. Minerals such as lithium, manganese, and graphite are essential components in fast-growing clean energy technologies—wind turbines, solar panels, and electric vehicles. Their prices on the world market have also been steadily rising. It is estimated that the consumption of these minerals could increase sixfold by 2050, with their market value reaching US\$400 billion.^[11]

To harness the maximise in the sector, the Government has created an enabling environment aimed at the orderly exploitation and development of mineral resources. It has enacted legislation and developed specific policies that aim

to create a balance between attracting investment into the sector and the benefits that these confer on the country.^[12] Coupled with increased local participation in the sector and a stronger focus on sustainability, the sector has become more resilient and inclusive.^[13]

2.1. Legislation

The principal legislation on mining is the Minerals Regulation Commission Act 2024, which has been enacted to 'regulate and monitor the development and management of mineral resources in the Republic; establish the Minerals Regulation Commission and provide for its functions; establish the Mining Appeals Tribunal.'^[14] The Act, among others, obliges the Commission to issue an applicant with a mining licence where there is an undertaking to employ and to train citizens and to promote local content.^[15]

The Geological and Minerals Development Act, 2025 aims to 'provide for the geological survey, mapping, and exploration in the Republic; provide for the establishment of the Artisanal and Small-Scale Mining Fund.'^[16] It mandates the Director of Large-Scale Mining and Mineral Investment Promotion to develop and implement policies and programmes that promote local content in the mining industry.^[17] The Act requires a holder of a mining right or a mineral processing licence to give preference to— (a) materials and products made in the Republic; and (b) contractors, suppliers, and service agencies located in the Republic that are citizen-empowered or citizen-owned companies.^[18] A holder shall extend this preference to the employment of citizens with relevant qualifications or skills and to conducting training programmes for the transfer of technical and managerial skills to citizens.^[19] A contravention attracts a criminal sanction denoted in penalty units—1,000,000 and a further 150,000 for each day that the offense continues.^[20]

The Minister is given the discretion to determine the threshold of local content eligible for preference.^[21] Despite this explicit provision, there is no indication that such should consider direct employment creation. This omission forestalls the guarantee of employment, especially for women. An argument is also raised that, in the absence of any guidelines, it is unlikely that mining firms will set gender-specific procurement targets for the minimum percentage of procurement spend with women-owned businesses, broken down by business unit and supplier category, and have them publicly disclosed annually.^[22]

2.2. Policy

The priorities of the government are to ramp up copper production to 3,000,000 metric tonnes by 2031, formalise the Artisanal and Small-Scale Mining (ASM) subsector, conduct countrywide geological mapping and surveys, and ensure institutional and legal reforms to foster compliance. The government is also transitioning to green energy. To achieve this, the Government has developed the National

Mineral Resources Development Policy 2022, the National Three (3) Million Metric Tonnes Copper Production Strategy 2024–2028, and the National Critical Minerals Strategy 2024–2028, which complement the legislation.

a) Mineral Resources Development Policy

The National Mineral Resources Development Policy (NMRDP) 2022 is the anchoring policy on mining in Zambia. It is aimed at enhancing geological mapping and mineral resource exploration, ensuring the efficient issuance of licenses, developing and growing the ASM sub-sector, monitoring operations and compliance in mining, achieving socially responsible and environmentally sound mining, facilitating Zambians' ownership and participation in the mineral value chain, promoting value addition, and formulating a tax regime. It also promotes collaboration in CSR, strengthens collaborative R&D, promotes skills development among local people, and mainstreams gender, HIV/AIDS, disability, and other vulnerable groups in the mining sector. The aspirations of the policy include promoting local content to reposition the mining sector and make it more vibrant, thereby contributing to economic development.^[23]

b) Three (3) Million Metric Tonnes Copper Production Strategy

The National Three (3) Million Metric Tonnes Strategy 2024–2028 has been developed to ramp up copper production from an average of 800,000 to 3,000,000 metric tonnes per annum by 2030. This will be achieved by providing an enabling environment, monitoring the performance of greenfield projects, facilitating the exploitation of copper from all the decommissioned mineralized tailings and slag dumps, developing the ASM sub-sector, improving regulation in the mineral value chain, conducting aerial geophysical surveys, scaling up the promotion of investment, and undertaking capacity building, R&D, and mine development technologies.^[24]

c) Critical Minerals Strategy

The National Critical Minerals Strategy 2024–2028 provides a guide for investments in exploration, mining development, mining, processing, and the supply of goods and services in critical minerals.^[25] The strategy is anchored on the advancement of geological mapping and mineral resource development, enabling strategic partnerships between the government and the private sector, beneficiation and value addition, and the promotion of R&D by putting in place centres of excellence.^[26]

3. LOCAL CONTENT

The term 'local' is bereft of a singular meaning and may well depend on location, participation, and value addition. Regarding location, 'local' can refer to the geographical area or physical location of suppliers. In the absence of clear rules, mining companies may favour suppliers from the communities around their mines as a way to support local economic development by providing business

opportunities, maintaining their social licence to operate, and sourcing from nearby, which makes good business sense.^[27] Local may also refer to *value addition*, in that there is promotion of the domestic manufacturing industry and support for the growth of local suppliers to those firms.^[28] This would imply that a good that is manufactured within a country from inputs sourced locally would be considered "local" as it would have a certain level of value addition. In other cases, the value-added criteria are not specifically defined, but mining companies are required to buy their inputs from domestic firms.^[29]

Further, 'local' could also imply *participation* by nationals or citizens in the supply of goods and services. It can take many forms, including a minimum percentage of the capital or shares of the supplier held by nationals or citizens of a country.^[30] In Zambia, the criterion focuses on both equity owned by citizens and a proportion of local management. According to the Citizen Economic Empowerment Act 2006, a citizen-owned company means "a company where at least fifty point one per cent of its equity is owned by Zambian citizens and in which the Zambian citizens have significant control of the management of the company."^[31]

The term 'local content' refers to legislation, directives, and guidelines by which governments stimulate their local economies by involving locals in the extractive industry through compelling companies to give preference to locally sourced materials, labour, and services by procuring proportions of their goods and services from local suppliers within certain mandatory minimum thresholds.^[32] It also refers to either the local procurement of goods and services or the extent of investor involvement with the host economy.^[33]

Local Content Regulations (LCRs) therefore refer to a specified proportion of a good or service to be produced or sourced within a specific jurisdiction. For quite a long time, there was no specific legislation on local content; however, some statutes, directly or indirectly, promoted local content requirements in the production and provision of goods and services— Citizens Economic Empowerment Act, 2006; Minerals Regulation Commission Act, 2024^[34]; Petroleum Exploration and Development Act, 2008^[35]; Private Public Partnership Act, 2023^[36]; and the Public Procurement Act, 2020.^[37] The absence of specific legislation exacerbated the economy's failure to adequately promote the use of local resources in production processes. In 2018, the government developed the National Local Content Strategy to foster business linkages in growth sectors, increase the use of locally sourced goods and services, increase local ownership and control of firms through employment quotas, and facilitate the transfer of knowledge and information from foreign investors to local people.^[38]

The National Local Content Strategy culminated in the promulgation of the Geological and Minerals Development

(Local Content) (Preference for Goods and Services in the Mining Sector) Regulations 2025. The Regulations, which came into operation on 1 January 2026, apply to the procurement of a core or non-core mining good or service by a mining company.^[39] A mining company is required, within 6 months of the commencement of the Regulations, to reserve a minimum threshold of 20% of its annual procurement budget for a local company involved in the supply or provision of a core mining good or core mining service. It shall also (a) give preference to goods or services that are produced or sourced locally; and (b) progressively increase the reserved minimum procurement from 20–25% in 2027, 25–35% in 2028, and 35–40% by 2030.^[40]

If a single local company is not able to meet the specified minimum procurement threshold, the mining company shall subdivide the contract into lots to allow participation by other local companies in order to meet the reserved procurement threshold value. Where local companies are unable to meet the threshold, the mining company shall allocate the remaining portion of the procurement to a company other than a local company.^[41] A mining company, in evaluating a bid, shall apply a margin of preference of 15% for a core mining good or service supplied by a local company. The procurement of a non-core mining good or service that is critical to the operation of the mining industry by a mining company shall be exclusively reserved for a local company.^[42]

The procurement of a non-core mining good or service that is critical to the operation of the mining industry shall be exclusively reserved for a local company.^[43] A mining company shall, at the beginning of each calendar year, (a) update the record of local companies to determine the level of their participation in the supplier development programme; (b) include in the annual procurement plan planned procurement involving the local companies; (c) submit the annual procurement plan to the Director; and (d) cause it to be published in a daily newspaper of general circulation in the Republic or on the mining company's website.^[44]

A failure to comply with the Regulations attracts a penalty of a fine of not less than 1,000,000 penalty units and a further fine of 150,000 penalty units for each day that the offence continues. Where an offence is committed by a mining company with the knowledge, consent, or connivance of its director, manager, shareholder, or partner, those persons also become liable for payment of a penalty.^[45]

4. COMPLIANCE

The Local Content Regulations require the submission of a report on a quarterly basis. The quarterly report must contain information on (i) supplier training; (ii) technology transfer; (iii) access to financing; (iv) mentorship; (v) amount spent; and (vi) the number of suppliers trained. Mining companies must submit the

report within 14 days of the end of the quarter. Mining for Zambia observes that:

The targets have been set. The reporting has begun. What happens next will depend not just on whether mines meet the numbers, but on whether the numbers, in time, translate into the kind of durable, skills-rich, value-adding local economy that Zambia has long been working toward—one supplier, one factory, one skilled mechanic at a time.^[46]

Reports for Quarter 1 were due on 15 April 2026; however, the MMMD granted an extension to 15 May 2026 for all mining companies. It is possible that there is apprehension among mining companies regarding compliance. The central issue is to consider what “good” compliance would be in the short term. This is important to consider, given the implementation challenges, whose solution requires a practical middle ground that will work for both the mining company and the government. On the part of the government, “good” compliance is meeting the minimum requirements set out in the LCR: supplier training, technology transfer, access to financing, mentorship, the amount spent, and the number of suppliers trained.

Notwithstanding this, there are a few issues that could provide a middle ground for mining companies and the government, especially where: (a) the mining company has yet to reach its full production capacity; therefore, it relies on external funding for asset restoration and scaling up production. Compliance would, therefore, be progressive, considering that the SDP, as one of the requirements under the LCRs, needs funding; (b) the cost of doing business is high, given the absence of a domestic industrial and manufacturing base that allows local suppliers easy access to invoiced products at a cost-effective price. This has resulted in local suppliers providing inferior products (that wear out easily) to remain cost-effective; and (c) given the diverse needs of a mining company, there is an absence of local capacity to meet the minimum threshold of 20%.

It is important that, in the early stages, the government adopt a practical approach to implementing the regulations. This would require setting a realistic minimum standard for compliance rather than insisting on strict numerical targets. Mining companies must be allowed to demonstrate that the resultant failure occurred despite meaningful attempts made to engage local suppliers. This allows compliance to be assessed not only by results but also by the efforts made to achieve them. Also, the early stages must focus more on monitoring progress and encouraging improvement rather than imposing immediate penalties, which can be introduced later (after 1 year) as local capacity develops. This approach allows for adjustment while still maintaining the overall goals of the regulations.

5. SUPPLIER DEVELOPMENT PROGRAM

Supplier development programs (SDPs) are meant to develop the capacity of local suppliers through skills development, mentorship, training, access to finance, and access to mining procurement markets. These programmes help mining companies identify and address skills gaps among suppliers, including by facilitating their access to finance. In Zambia, SDPs are to be driven by mining companies that are required, among other things, to submit local procurement plans and implementation plans detailing how they will train and support local suppliers in meeting the requirements.^[47] This notwithstanding, the Regulations assume that all mining companies have the same production and financial capacity to meet the enormous costs of training.

This situation may get complicated where, through no fault of its own, a mining company does not develop and submit a supplier development programme by 30 June 2026. The “no fault” could arise where vetting of trainees delays, structuring of training is complex, or failure to agree on the cost of training (in situations where a third party is considered by the company to provide training). Unfortunately, the Regulations do not consider extenuating circumstances for failure to comply; hence, penalties are imposed. Such an imposition, though provided for under the Regulations, is likely to raise a claim of indirect expropriation from a foreign mining company.

6. ROLE OF GOVERNMENT

The government has the primary responsibility for creating a favourable environment that enables compliance by providing clear, consistent guidelines and ensuring that administrative processes are efficient and transparent. This implies that the government must have knowledge of the supply chains to appreciate where total value lies in terms of revenue creation and employment. It must also assess the skills, goods, and services available in the local market. To attain this and address any deficiency, the government must establish a strong, proactive collaboration with the industry. Rather than placing the burden of training suppliers on mining companies, it must lead the strategic development of essential skills and maintain an accurate and accessible database of local suppliers, with a strong emphasis on gender equality.

The Regulations, rather than prioritising industrial development and value addition, place emphasis on supply chains. Without a well-developed industry to manufacture some of the basic items required by the mines, LC remains disconnected, thus failing to dovetail with the overall industrial base. While it is expected that the government ensures industrial growth, it has not done so. Suffice it to state that the LCRs do not even mitigate the challenge faced by suppliers who source materials (outside the country) needed by the mines. The absence of such materials locally, due to a thin industrial base, only increases the cost of doing business. The LCRs, though

well-crafted, may remain ineffective if the government plays an inactive role. This may also pose a risk of failure, just like other important local content initiatives launched over the years.^[48]

Also, the implementation of the Regulations must be coupled with the provision of incentives by the government to mining companies. The incentives must encourage domestic manufacturing rather than reward mining companies for importing goods.^[49] Incentives such as tariff exemptions on imports of equipment, fiscal exemptions in support of the development of local industries, or other measures to provide an enabling environment for local businesses to thrive must be provided. This would address constraints that inhibit the overall development of the local economy, such as infrastructure deficits, an adverse business climate, skills and capabilities shortages, and market failures.^[50]

Further, the government must also directly stimulate value addition in the mining sector. While it remains acceptable for mining companies to direct a significant share of their expenditures to the local value chain, the depth of local linkages has been low due to suppliers engaging in low-value-added activities, culminating in uncompetitive and meaningless participation in the local supply chain.^[51] This situation is compounded by a lack of access to capital by local suppliers, which leads to further challenges in fulfilling orders. While a mining company may grant orders to local suppliers, it often delays fulfillment due to capital constraints. On the part of the mining company, it can consider setting up MOUs with financial institutions as a way of increasing capital access (through the invoice discounting system) and reducing the cost of capital for local suppliers. The government must, however, set up a suppliers’ or MSMEs Fund to reduce risks for financial institutions. It could also amend the Regulations to obligate mining firms to expedite payment to suppliers.^[52]

Local content can open the door to corruption and elite capture of an industry. This could happen where politicians create supply companies to profit from the process. There is also a possibility that mining companies may “window dress” their purported compliance. This could occur where there is a superficial or symbolic implementation of regulations without creating meaningful local empowerment. Foreign mining firms may also engage in “fronting,” where they use a local partner merely to meet the requirements without an actual business partnership. To avert these challenges, it would be invaluable to introduce a transparent procurement process that makes information easily available to oversight actors, such as EITI. It is commendable that the Regulations require mining companies to disclose the suppliers’ beneficial owners.^[53] The Local Content Access System (LOCAS), which has been established to enable mining companies to file their quarterly reports, is equally useful in ensuring transparency.

7. LESSONS FROM OTHER COUNTRIES

LCRs are not a new phenomenon; their form differs depending on a country's developmental goals and needs. Suffice it to say that there is no tailored solution for designing a local content regime, nor is there a silver bullet for it. The choice of policy targets and implementation tools depends on the needs of a specific country; however, drawing lessons from global best practices can be invaluable.^[54]

7.1. Ghana

Local content in the mining sector can be found in the Minerals and Mining (General) Regulations, 2012 (LI 2173), the Minerals and Mining (Support Services) Regulations, 2012 (LI 2174), and the Minerals and Mining (Licensing) Regulations, 2012 (LI 2176). Suffice it to state that the government has been actively pushing for increased local ownership, requiring revenue sharing with local communities and higher local procurement of goods and services. This notwithstanding, full implementation of the Regulations emanates from political, economic, social, technological, administrative, and legal factors. Specifically, local firms have limited capabilities; therefore, mining companies are reluctant to use inexperienced suppliers. Also, there is corruption and disparities between government trade-offs for local content and mining project viability.^[55] Enforcement issues, including evasion through foreign subcontractors and risks of rent-seeking, further complicate matters. To overcome these challenges, mining companies help local suppliers meet their standards, which has led to increased local procurement. Further, they have taken a pragmatic approach to develop local capacities, appropriate sequencing of local content targets, robust monitoring, and adaptive policymaking.

7.2. Mozambique

The Mining Law of 2014 obliges mining companies to give preference to local goods and services, which may be further specified in the contracts awarded by the government to operating mining companies.^[56] The Mining Regulations of 2015 establish that preference shall be given to local suppliers when all competitive factors are equal, except where local costs exceed foreign alternatives by 10% or more.^[57] Also, the Policy for Corporate Social Responsibility for the Mineral Resources Extractives Industry 2014 ensures that the benefits created by the mining industry contribute to the economic development of the host country. This policy includes requirements for companies to establish 'agreements for local development,' including local procurement. Notwithstanding this, there are no further specifications provided beyond this broad form of inclusion.^[58]

7.3. Namibia

The Minerals Act 1992 obliges any company granted a mineral licence to procure goods and services from within Namibia, provided that these meet competitive standards.^[59] This requirement is reinforced by the Mining Charter, which sets out local procurement targets

requiring 40% of 'discretionary expenditure' to be directed to Namibian-owned enterprises, provided that they are cost- and quality-competitive. During the construction phase of a mining project, these requirements are reduced by 50%. Companies are obliged to report annually on how targets were met or to give reasons why they were not met.^[60] The Minerals Act 1992 and the Mining Charter are complemented by the Local Content Policy, which has been drafted to maximise the benefits of the country's growing oil and gas sector for the local economy by increasing Namibian participation, creating jobs, and developing local expertise. The policy aligns with the Constitution, which enables the government to adopt policies directly or indirectly for the advancement of persons within Namibia who have been socially, economically, or educationally disadvantaged by past discriminatory laws or practices. A closer examination of the Final Draft Local Content Policy (2025) shows that it incorporates both specific and flexible targets to encourage progress, set clear expectations, and is realistic and achievable.^[60]

7.4. Nigeria

There is no well-established mining policy or legislation that focuses on local content, as most of it is concentrated in the oil and gas sector. In recent times, however, there has been a notable shift in the regulatory approach, which has seen the inclusion of explicit plans for mineral processing, value addition, and beneficiation in mining licences. The Minerals and Mining Act 2007 directs the Minister to introduce investment-friendly local content measures for mining projects.^[61] Also, the Mining and Mineral Regulations 2011 place a social obligation on the holder of a mineral title to emphasise the benefits in terms of job creation, education, and skill acquisition for the youths of the host community.^[62] Accordingly, mining companies must prioritise employment and training, source goods and services locally, structure ownership to accommodate indigenous participation where required, undertake local processing or beneficiation, engage host communities through development agreements, meet environmental and safety standards, pay royalties and taxes promptly, and report regularly to regulators.^[63] Compliance is supported through partnerships between international companies and local firms. These partnerships allow for the transfer of skills and knowledge while projects are ongoing.

7.5. South Africa

The Mineral and Petroleum Resources Development Act, 2002, has been enacted to ensure "equitable access to and sustainable development of the nation's mineral and petroleum resources." The Act guides the Minister to (a) develop a code of good practice for the minerals industry; and (b) effect the development of a broad-based socio-economic empowerment Charter that redresses historical, social, and economic inequalities, thus allowing citizens to benefit from the exploitation of mining and mineral resources.^[64] Pursuant to this, the Mining Charter 2018

has been developed, which, among other things, sets local content criteria. Specifically, the Charter requires that 70% of the total mining goods procurement spending be on South African-manufactured goods. It also requires that 80% of the total spent on services be sourced from South African firms.^[65]

7.6. Tanzania

The Mining (Local Content) Regulations 2018 promote the maximization of value addition and job creation through the use of local expertise, goods, and services, businesses, and financing in the mining industry value chain, and their retention in Tanzania. They also enhance the development of local capacities, achieve the minimum local employment level, create mining and related supportive industries, and achieve and maintain a degree of control by Tanzanians.^[66] The Regulations establish a Committee whose responsibility is to oversee their implementation and ensure measurable and continuous growth in local content in all mining activities.^[67] An entity carrying out a mining activity is obliged to ensure that local content is embedded in mining activities conducted. An indigenous Tanzanian company (ITC) shall be given first preference in the grant of a mining license.^[68] A non-indigenous Tanzanian company that seeks to supply goods or services is required to establish a joint venture with an existing indigenous Tanzanian company (ITC) that is 100% owned by Tanzanian citizens and operates within the same line of business as the goods or services to be supplied. In this regard, the ITC must hold a minimum 20% equity participation unless the goods and services fall under the list of those that are to be exclusively provided by ITCs.^[69] An application to undertake a mining activity shall be submitted, reviewed, and approved by the Commission.^[70]

Suffice it to say that institutions have been established, guidelines have been developed, and systems have been introduced. The Mining Commission has appointed local content focal persons, and the National Economic Empowerment Council has issued guidelines. This notwithstanding, the audit conducted reveals that, although local employment has increased, foreign employment has also risen by 63% in the period 2020–2024. It has been asserted that “the expectation of the local content policy is not merely participation, but progression”; hence, what has been noted is “stagnation in critical areas” arising from imbalance. This imbalance is even starker, in that only 33% of procurement was locally sourced within a period of 5 years, implying that 67% was externally sourced.^[70]

8. CONCLUSION

The objective of the article was to explore the challenges that could hinder the effective enforcement of local content requirements. In a bid to offer a broader discourse on mineral resource governance and economic sovereignty, the article also drew lessons from other African countries. It has been found that the Regulations focus on supply chains through local procurement of goods and services

rather than adopting a host of measures that would spur industrial development, value addition, and beneficiation. While this is laudable, the Regulations are replete with numerous flaws that militate against their effectiveness—for instance, despite the penalty system, they do not show how to achieve effective compliance from mining companies. The Regulations rely on support from mining companies, yet do not provide mechanisms that enhance their financial capacity, e.g., incentives. Also, they are bereft of provisions on ringfencing against window dressing and fronting, which are likely to occur. Further, domestic firms may struggle to meet heavy industrial demands due to—(a) a deficiency in skills and technical training for specialized mining and industrial tasks; (b) inaccessibility to financing to enable suppliers to meet the demands of the mines; (c) weak monitoring by regulators, thus allowing large foreign-dominated firms to continue relying heavily on imports; and (d) a supply chain disconnect due to the absence of a strong domestic manufacturing industry.

The article acknowledges the role of the government in creating a favourable environment that enables effective compliance. It asserts that the government must also comprehensively assess the skills, goods, and services available in the local market. The problem, however, exists in that the burden of training suppliers has been solely placed on mining companies, which are required to provide a report on a quarterly basis. Though laudable, this potentially disconnects the government from the process, relegating it to a spectator rather than a strategic leader in the development of essential local skills. It also leaves a door open to the possibility of action by a foreign company for a claim of expropriation if compliance was strictly insisted upon by the government.

Comparison with other jurisdictions shows that local content goes beyond sourcing goods and services from local companies to include the employment of local workers, the transfer of skills, investment in supplier development, and the growth of value-added industries rather than simply importing them. For instance, in Ghana, there is appropriate sequencing of local content targets and adaptive policymaking, while in Mozambique, mining companies are expected to establish agreements for local development. This approach is similar to South Africa, which emphasizes the use of South African-manufactured goods and the acquisition of 80% of services from local firms. In Namibia, its policies set specific and flexible targets to encourage progress while setting clear, realistic, and achievable expectations. Nigeria’s policies impose a social obligation on the holder to ensure job creation, education, and skill acquisition for the youths of the host community. Tanzania has adopted a progressive approach rather than mere participation to address an imbalance.

In conclusion, while enforcement is crucial in the implementation of the LCRs, a balance must be struck between compliance and ensuring mineral production,

without which economic progression would be adversely affected.

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