

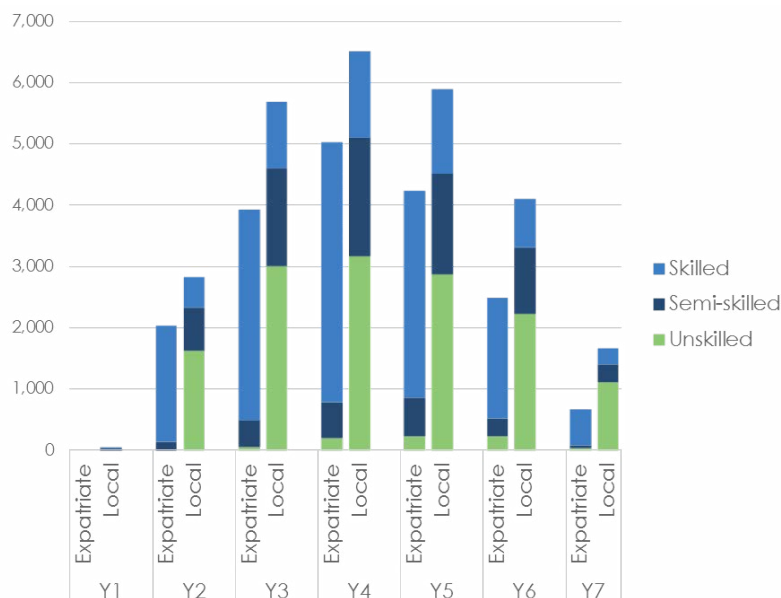
Assessing the Local Content Landscape for Liquefied Natural Gas in Tanzania

With an estimated 54 trillion cubic feet of natural gas reserves—expected to more than double over the next two years—Tanzania has quickly become one of the world's energy hotspots. This abundance of natural gas has attracted prominent global energy companies, which are advancing the effort to build a liquefied natural gas (LNG) facility. Such a facility could help Tanzania become a leading LNG exporter over the next decade, transforming the economy and propelling the country toward its objective of becoming a middle-income country by 2025.

However, to fully benefit from this influx of investment, Tanzania must address serious constraints at both the macro (policy) and micro (firm) levels.

DAI—working with the World Bank, the U.K. Department for International Development, and the European Union—led a series of analyses to help the government understand and identify viable local content development opportunities linked to the oil and LNG investment project.

- **Phase I** of the project focused on mapping the market demand for goods and services generated by the proposed LNG project. Using DAI's local content model (LCOM), we built a custom demand matrix projecting the estimated costs across 60 key industries for the LNG facility over a seven-year period.
- **Phase II** built on the Phase I analysis by carrying out 11 industry gap studies. These



studies took an in-depth look at the industrial capacity in Tanzania, then measured the readiness of these industries against the market demand predicted from Phase I. Gap studies examined industry-specific weaknesses related to cost, quality, procurement readiness, and health, safety, and environment compliance. DAI projected both the value that could be added and the employment that could be generated through local sourcing in these industries.

- **In Phase III**, we designed a supplier development program to address the gaps identified in each industry and improve the local content spend in Tanzania's oil and gas sector.

While this program focuses on preparing Tanzania to capitalize on oil and gas investments, it also looks to bolster the economy in a manner that is sustainable independent of the LNG construction.