

8 June 2021



New SWICA Regulations Published

- Minister entrusted with powers to designate SWICA areas and cancel concessions
- Capital thresholds stipulated
- Performance security/bond required
- Local content requirement highlighted
- Periodic reviews of concessions introduced
- Fees and charges stipulated
- SWICA Regulations of 2020 revoked

In a bid to catalyze investments and enhance local content in wildlife conservation in Tanzania, the Minister for Natural Resources and Tourism has issued new Special Wildlife Investment Concession Areas Regulations (SWICA Regulations) via Government Notice No. 397 of 2021.

The new Regulations empower the Minister to designate areas of land within game reserves and game controlled areas to be special wildlife investment concession areas upon recommendation of the Board. Further, the Regulations mandate the Minister with the power to cancel concessions at any time before expiration. For the Minister to exercise cancellation powers, there must be evidence proving that a concessionaire has not taken into consideration any matters required by the Minister; has committed an offence under any written law; has failed to pay necessary fees and charges to the Government; and has transferred or sublet the concession without consent of the Minister. However, the Regulations require that a right to be heard must be availed to the concessionaire prior to cancellation.

It is worth noting that the new Regulations have set capital thresholds for both local and foreign companies. For local companies, the minimum investment is USD 20M, unless the local company is 100% owned by Tanzanians whereby the minimum capital is USD 10M. For foreign companies the minimum capital should not be less than USD 50M.

Furthermore, the Regulations introduce the requirement to provide security for due performance of the contract. For 100% Tanzanian companies the required performance bond is 5% of the minimum investment capital, and 10% for all other companies.

Moreover, the new Regulations oblige the concessionaire to observe local content requirements in their operations which include: ensuring participation of Tanzanians through labour, business, technology, supply of goods and services, and research capabilities; ensuring returns into the Tanzanian economy from the earnings accrued or derived from concessions; and ensuring that earnings from dealings are retained in banks and financial institutions registered in Tanzania.

For further information on legal updates please contact:

E: info@fbattorneys.co.tz

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FB Attorneys

8th Floor, Amani Place, Ohio Street
P. O. Box 19813
Dar es Salaam, Tanzania
T: +255 22 2135994/5
E: info@fbattorneys.co.tz
W: www.fbattorneys.co.tz

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Regarding review of concessions, the new Regulations provide that a formal concession contract may be reviewed by the Tanzania Wildlife Management Authority (TAWA) in view of safeguarding the sustainable wellbeing of natural resources. In conducting such reviews, the Authority has mandate to renegotiate any arrangements that are seen to be prejudicial to the people of Tanzania.

The new Regulations prescribe fees and charges as follows: annual rental fee (50% of the calculated annual rental fee for a local company which is 100% owned by Tanzanians); royalty (not less than 4% of the total investment turnover before break even and thereafter royalty of not less than 8% after break even up to completion of tenure of the concessions which shall be payable on monthly basis); application fees (to be determined by the Board); and concession user right transfer application fee (5000 USD).

To read the New SWICA Regulations [click here](#).

To read the Revoked SWICA Regulations [click here](#).

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