
IGF GUIDANCE FOR GOVERNMENTS: LOCAL CONTENT POLICIES

Resource-rich economies—especially those in developing countries that may be over-dependent on only a few resources or operations—face a daunting challenge: how to translate hundreds of millions or even billions of dollars of mining investment into broad and sustainable economic development. The struggle is to avoid enclave development where all goods and services are imported, all employees are foreign, all extracted material is sold unprocessed and there is little resulting benefit to the host economy beyond taxes and royalties.

It is a struggle as widespread as it is difficult. An estimated 90 per cent of resource-rich countries employ some sort of local content policy, and a large number of them are in the process of reviewing or revising mining and investment codes with a view to better exploiting mining's powerful potential. In countries where there are few other strong sectors, success is critically important.

Making such policies work is difficult, not least because there is no simple template for success. Each country has different resource endowments, different skill sets in their local suppliers and labour force, different infrastructure assets and challenges, and different investment environments. The success of such policies is intricately entwined with the success of other policies and regulations—such as education, science and innovation policies; support for entrepreneurs; and trade and investment policies—most of which are scattered across separate ministries.

HOW WILL WE MEET THESE CHALLENGES?

The challenges of such policies, and their critical importance for sustainable development in many countries, led IGF member nations to name local content policies as their highest priority for guidance at the 2016 Annual General Meeting. IGF has been mandated to produce similar guidance in the past, on artisanal and small-scale mining and on tax base erosion and profit sharing.

The guidance on local content policies will be an accessible resource, housed both in print and in a user-friendly online platform that allows easy updating and deep links to the wealth of case studies and other resources that exist on this topic. It will be launched at Investing in Africa Mining Indaba in February 2018. The guidance will identify policies to encourage:

- Local procurement of goods and services
- Direct employment of locals or disadvantaged persons
- Downstream linkages (i.e., processing of extracted products)
- Building domestic capacity in the mining sector
- Horizontal linkages (spillover benefits from mining into non-mining sectors)

It will include dozens of case studies and will cover a number of cross-cutting themes including legal issues, policy coherence and the impacts of new technology.

The product of many contributing experts, and of the support of a high-level external expert advisory group, the guidance will be used as part of the IGF's stable of materials for delivering demand-driven in-country training for government officials in member countries.

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