



Local content in West Africa : challenges and advances

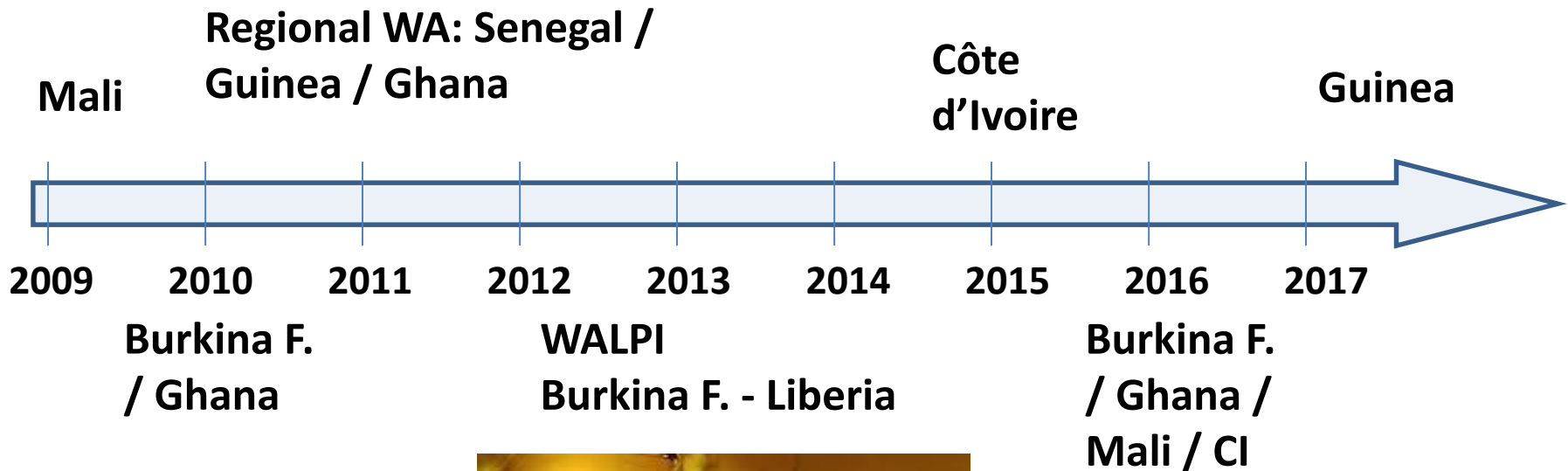
IGF Annual General Meeting
Geneva, October 2017



Outline

- ▶ Context
- ▶ Challenges
- ▶ Advances

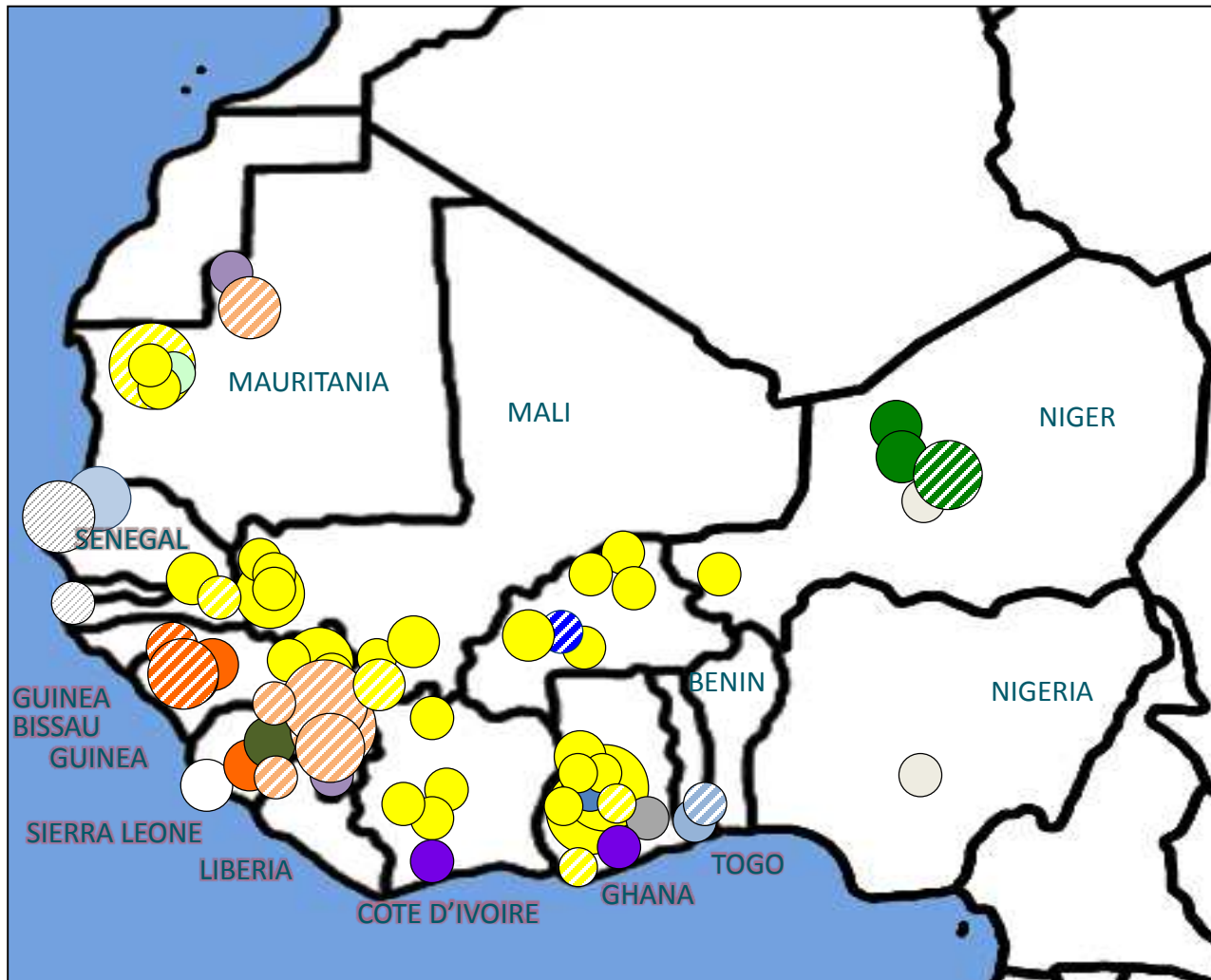
Supporting LC policy in West Africa



World Bank &
Kaiser EDP



Significant mining activity

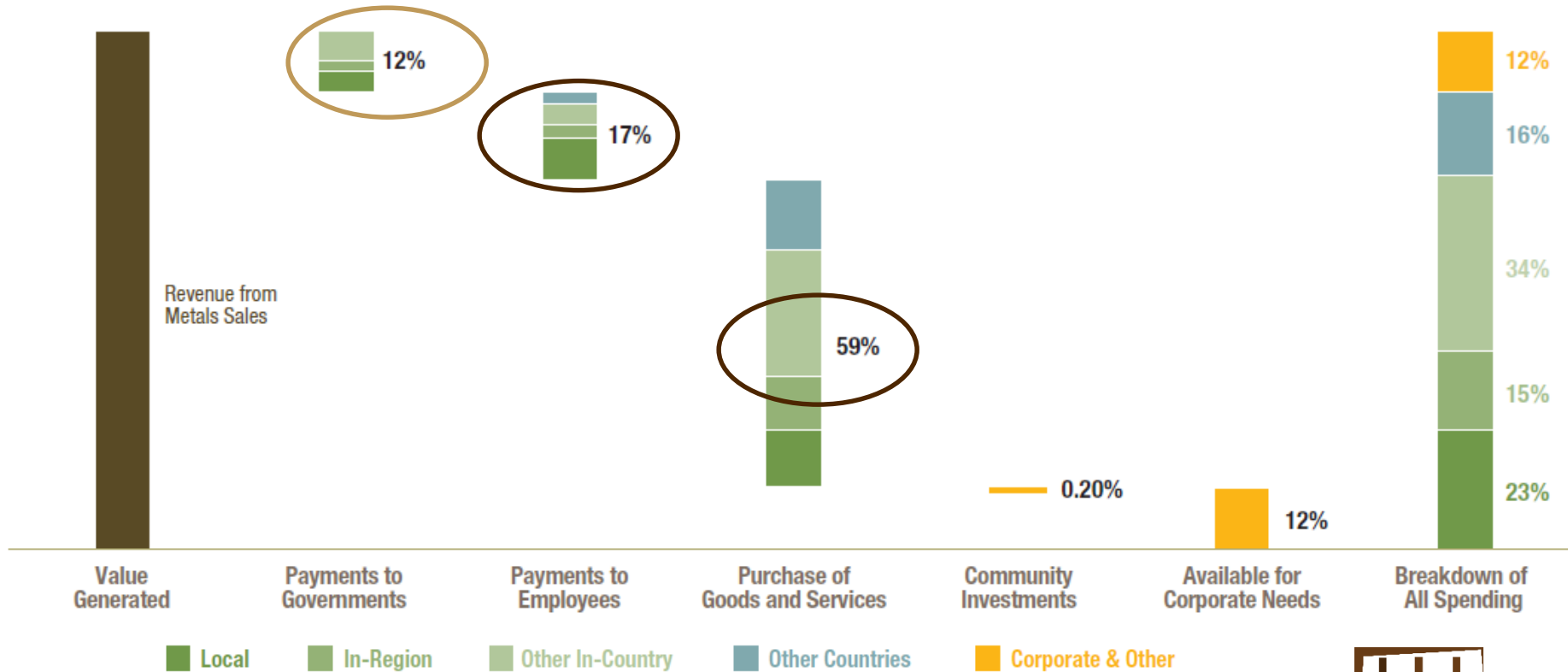


- Gold
- Bauxite /alumina
- Iron ore
- Mineral sands
- Zinc
- Manganese
- Uranium
- Phosphates
- Diamonds
- Copper
- Coal

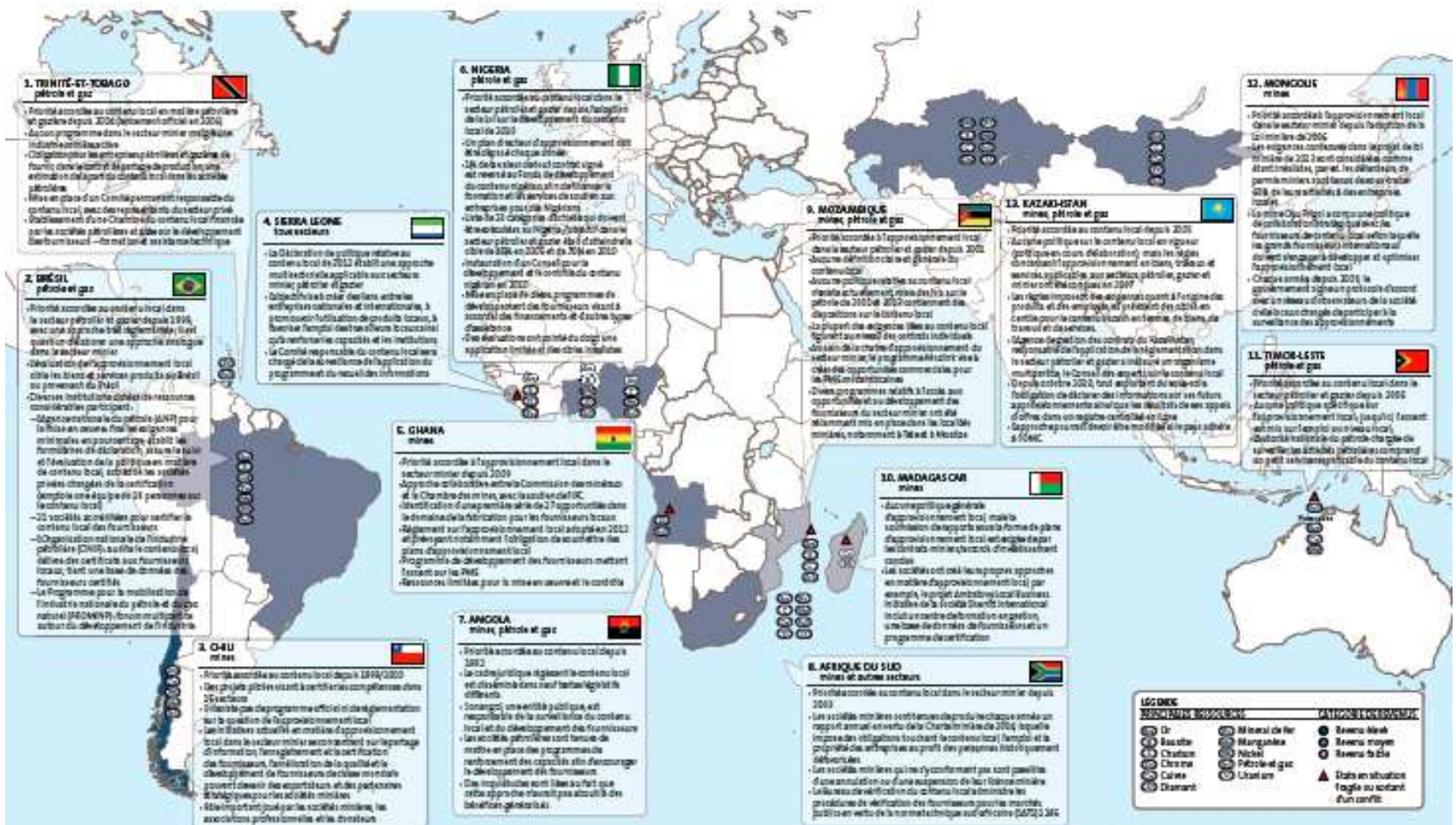
Mining company value-added

Kinross

2014 Benefit Footprint¹



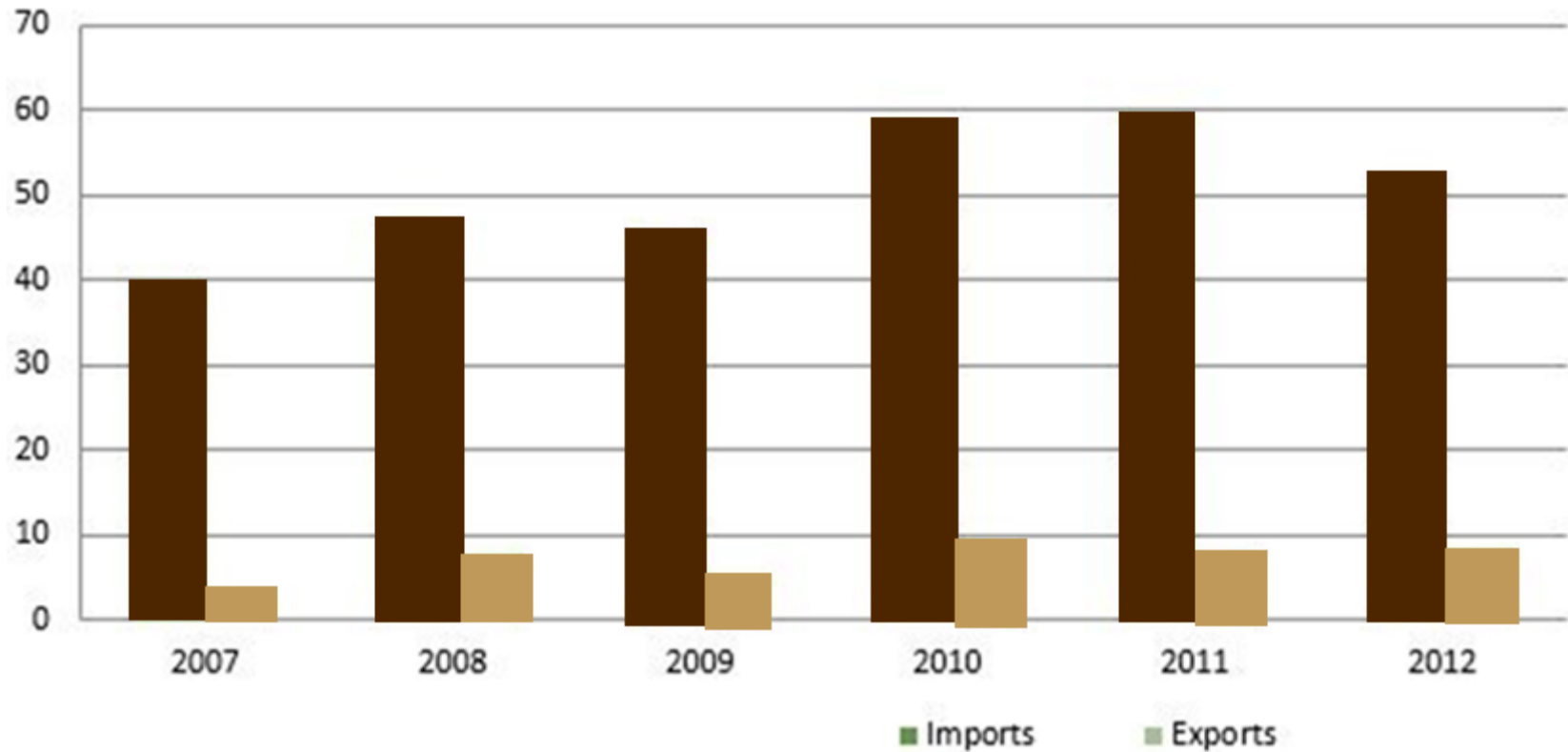
LC policies: international examples



Challenging LC context

- **Economic structure**
 - **Skills / HR**
 - **Capital / Financing**
 - **Infrastructure**
 - **Business environment**

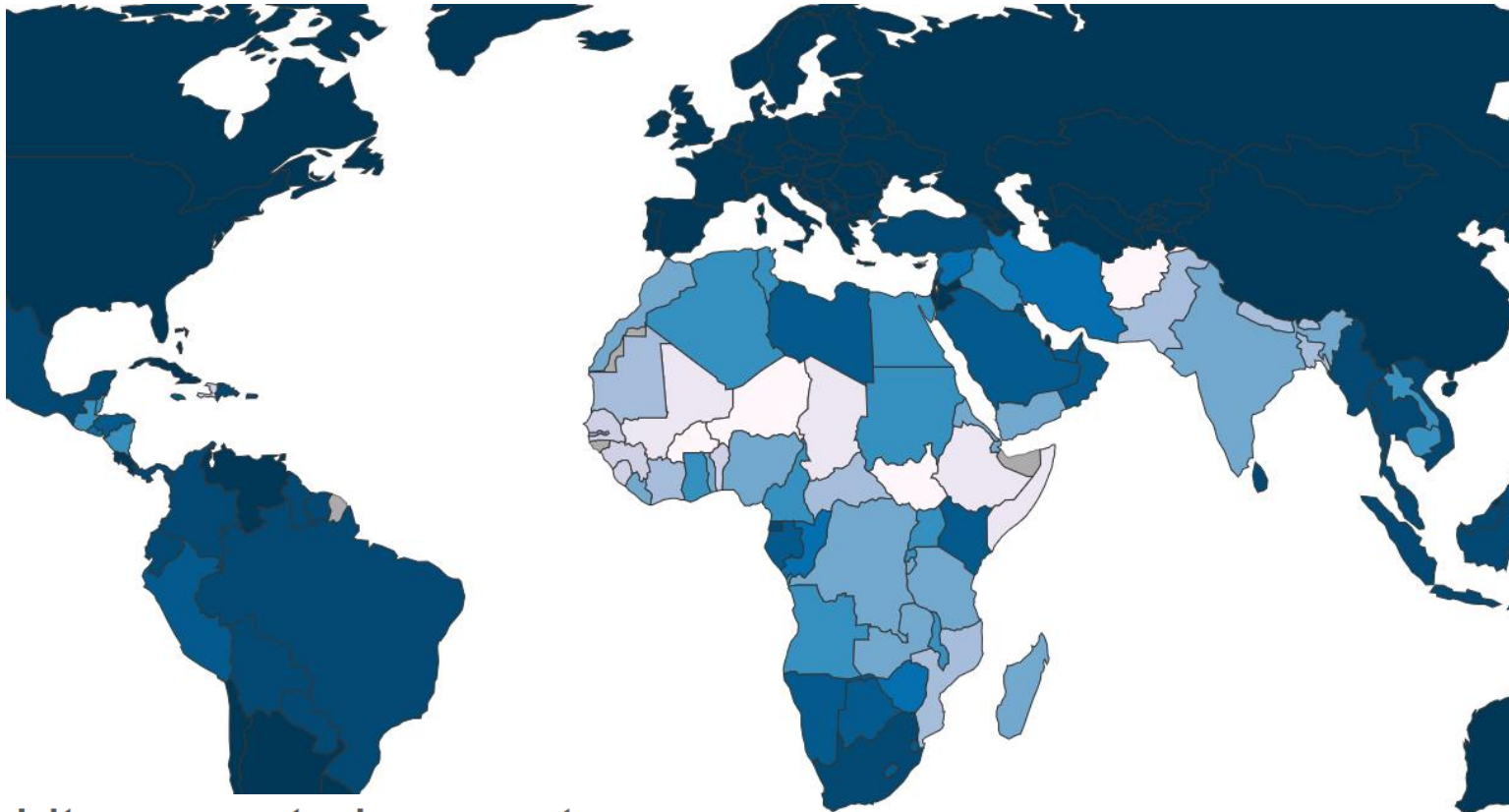
Challenges: economic structure



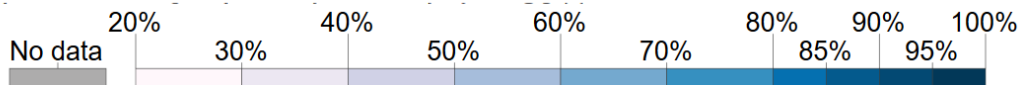
Trade balance of manufactured goods between West African countries* and the rest of the world (in USD billion)

*N.I.: Sierra Leone, Liberia and Guinea Bissau
Data from World Trade Organization

Challenges: skills / HR

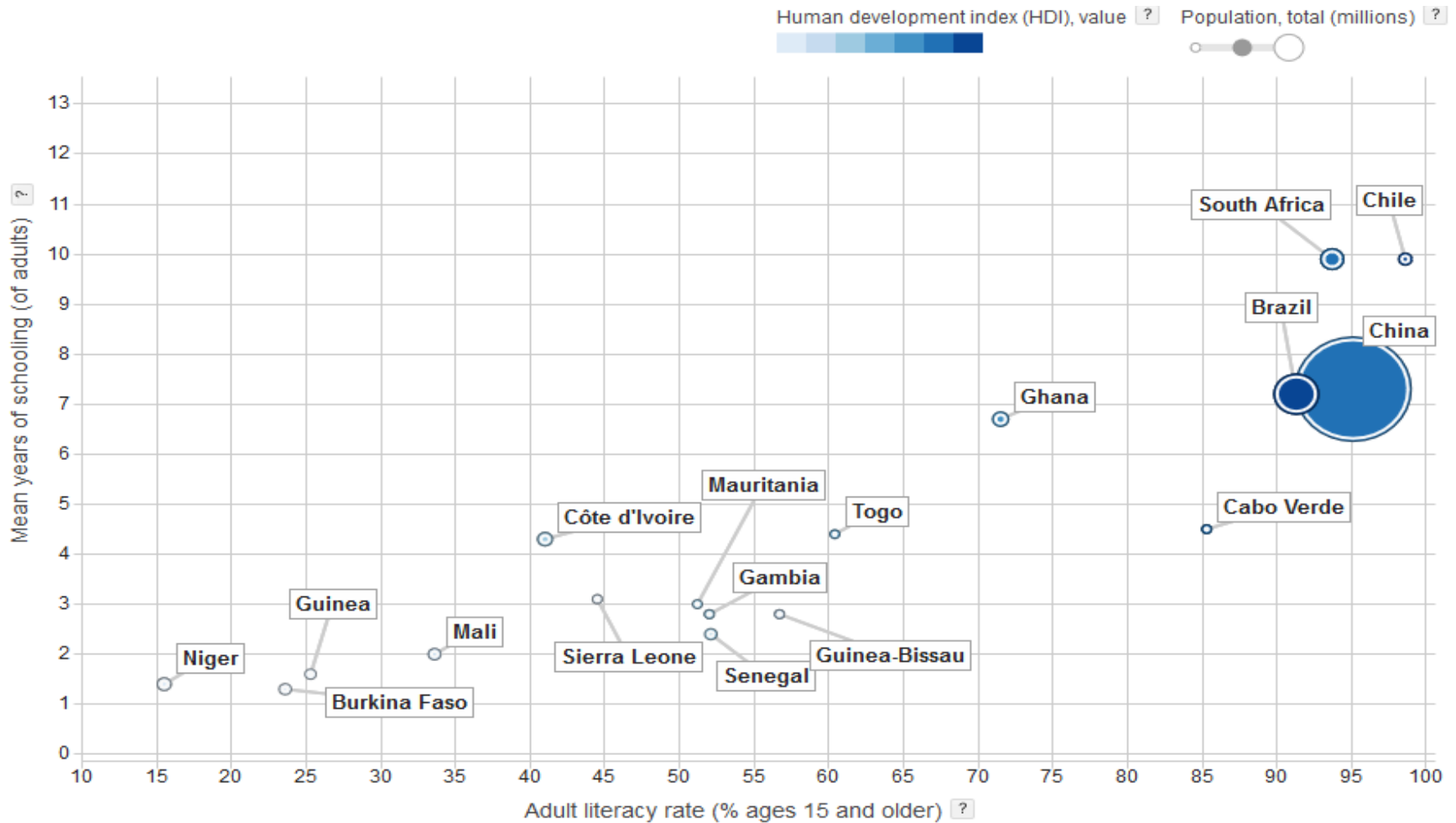


Literacy rate by country



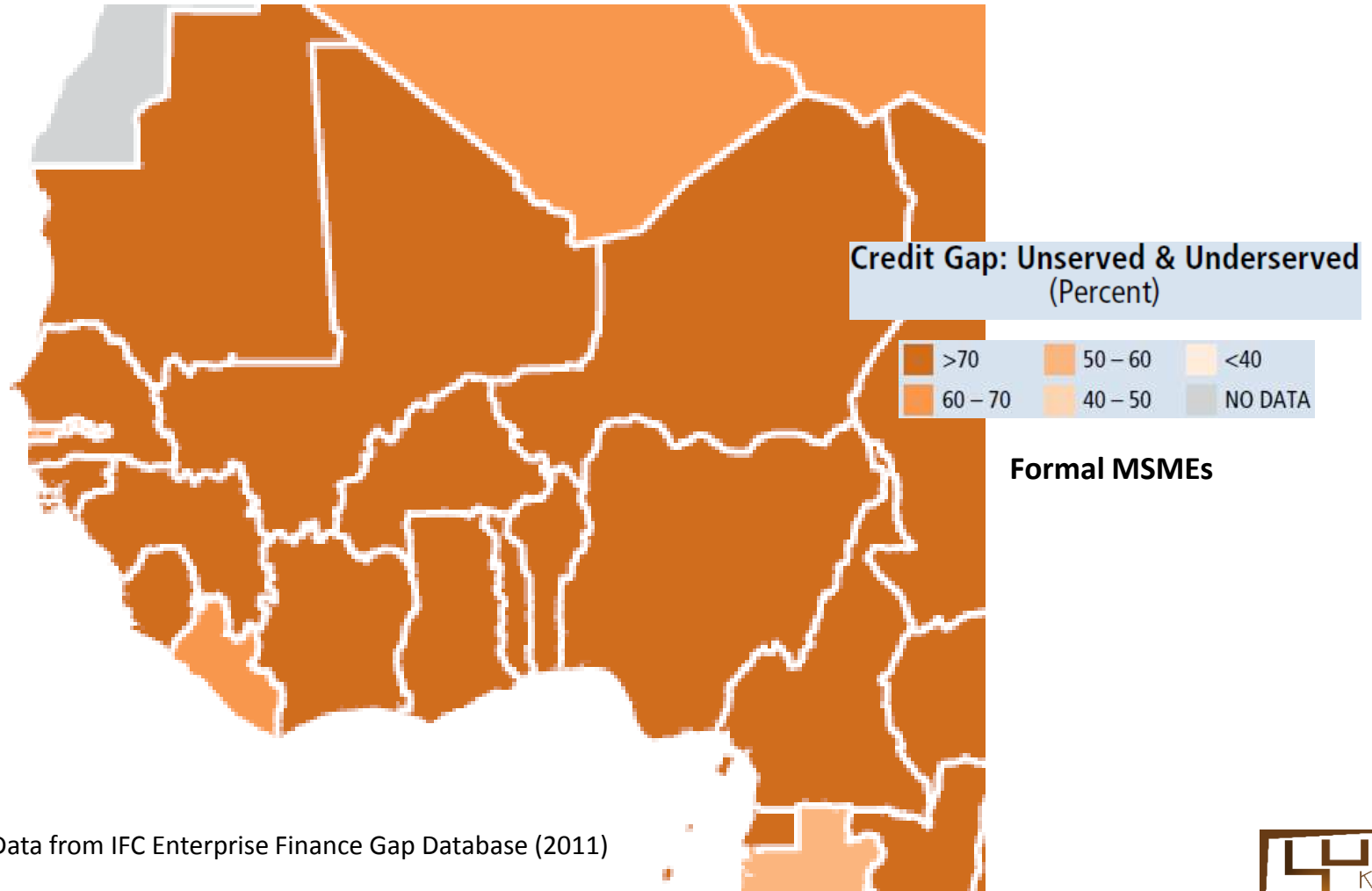
Data from UNESCO Institute of Statistics, 2016

Challenges: skills / HR



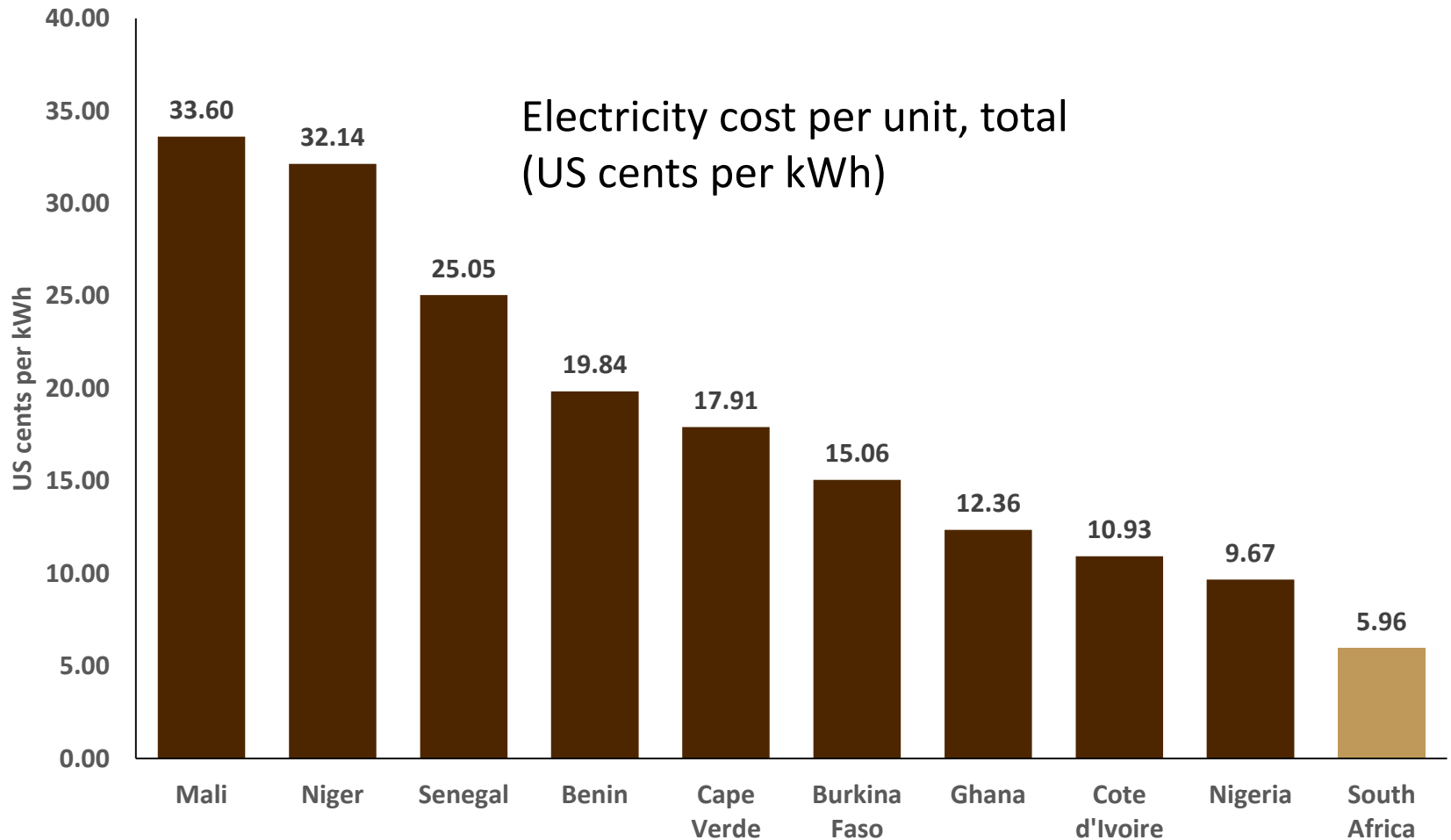
Data from Human Development Report 2015, UNDP

Challenges: financing



Data from IFC Enterprise Finance Gap Database (2011)

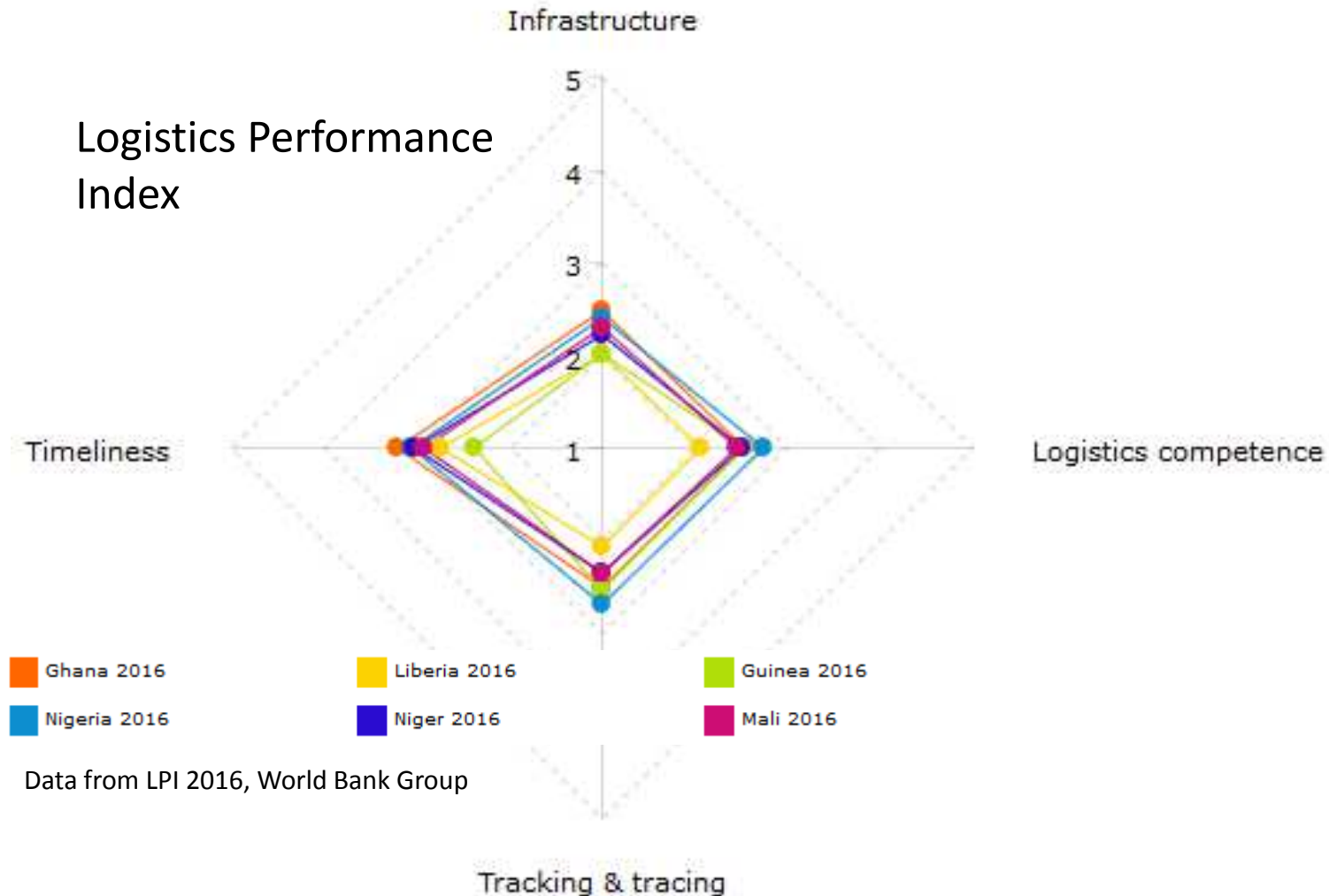
Challenges: infrastructure



Data from Africa Infrastructure Country Diagnostic, AfDB

Challenges: infrastructure

Logistics Performance Index



Data from LPI 2016, World Bank Group



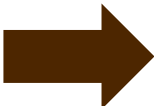
Challenges: business environment

Doing Business 2017 - SSA
Distance to Frontier scores



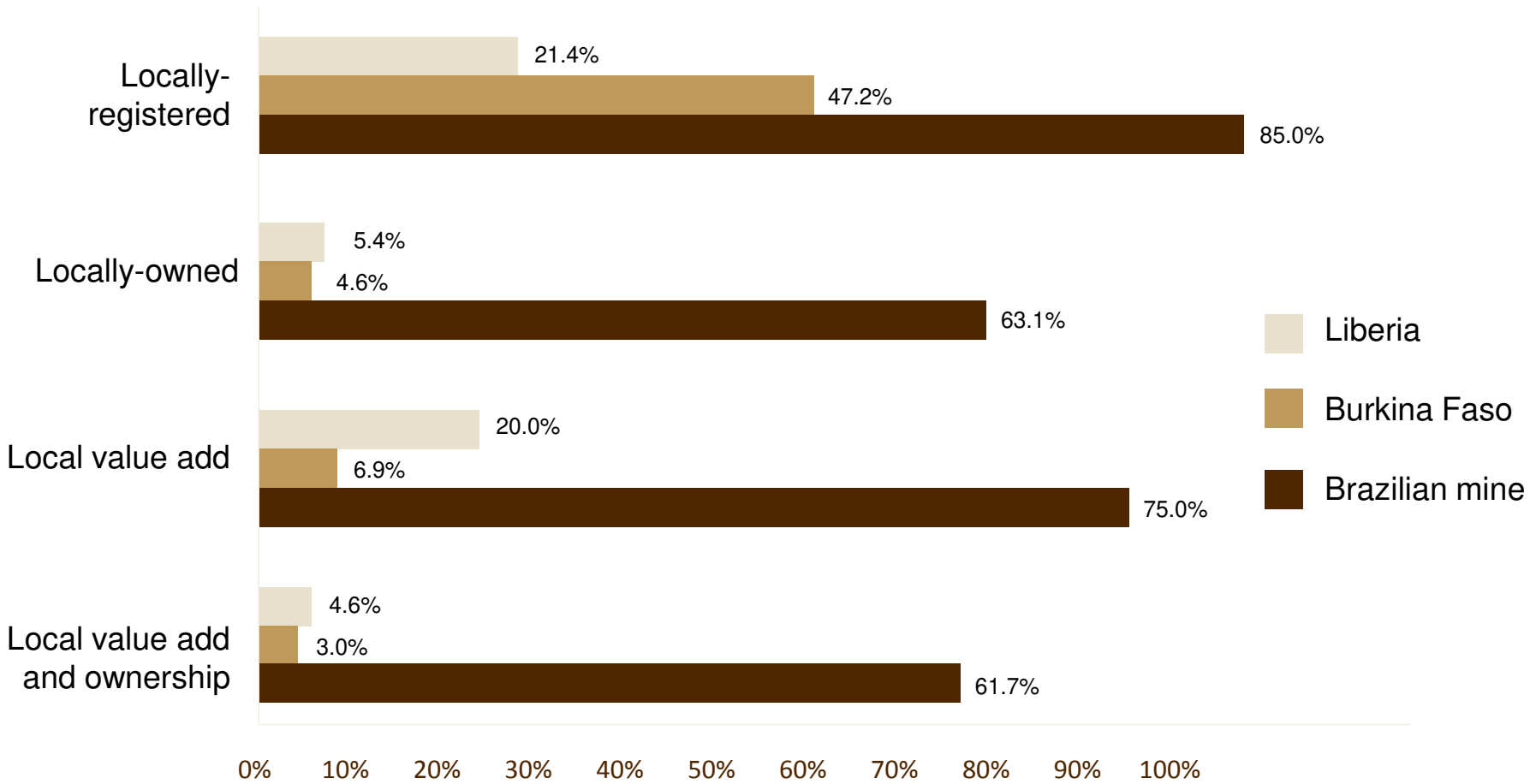
Doing Business 2017, World Bank Group

Defining local

1. Distinction in terms of **geography**  “Local-local”/“Localised”
National
Wider region
2. **Participation** by citizens  Ownership, management, employment
3. Extent of **value-add** taking place locally  Manufacturing or delivering service locally

USING SPEND ON LOCALLY-REGISTERED FIRMS DOES NOT CAPTURE THE TRUE SOCIO-ECONOMIC BENEFITS

Defining local



Some key principles for LC policy in WA

- **Involve subcontractors**
 - **Information sharing**
 - **Multi-stakeholder**
 - **Medium and long term**
 - **No universal approach**

Practical guide (World Bank, 2015)



Modules of the Guide (1 – 4)

Questions raised by stakeholders	Relevant module
<ul style="list-style-type: none"> • Should we invest in supporting local procurement? • If so, what is the best approach? 	1. Selecting the best approach to local procurement
<ul style="list-style-type: none"> • How should we define local procurement given our socio-economic priorities and wider legislative context? • What are our current levels of local procurement based on that definition? 	2. Defining local procurement and estimating the baseline
<ul style="list-style-type: none"> • How do we identify the most attractive and realistic local procurement opportunities in the short, medium, and long-term? 	3. Identifying opportunities
<ul style="list-style-type: none"> • How do we ensure full, fair, and reasonable access to opportunities? • What capacities do suppliers need to develop in order to compete? • How can we support suppliers to develop those capacities and create a more competitive operating environment? 	4. Enabling local suppliers to compete

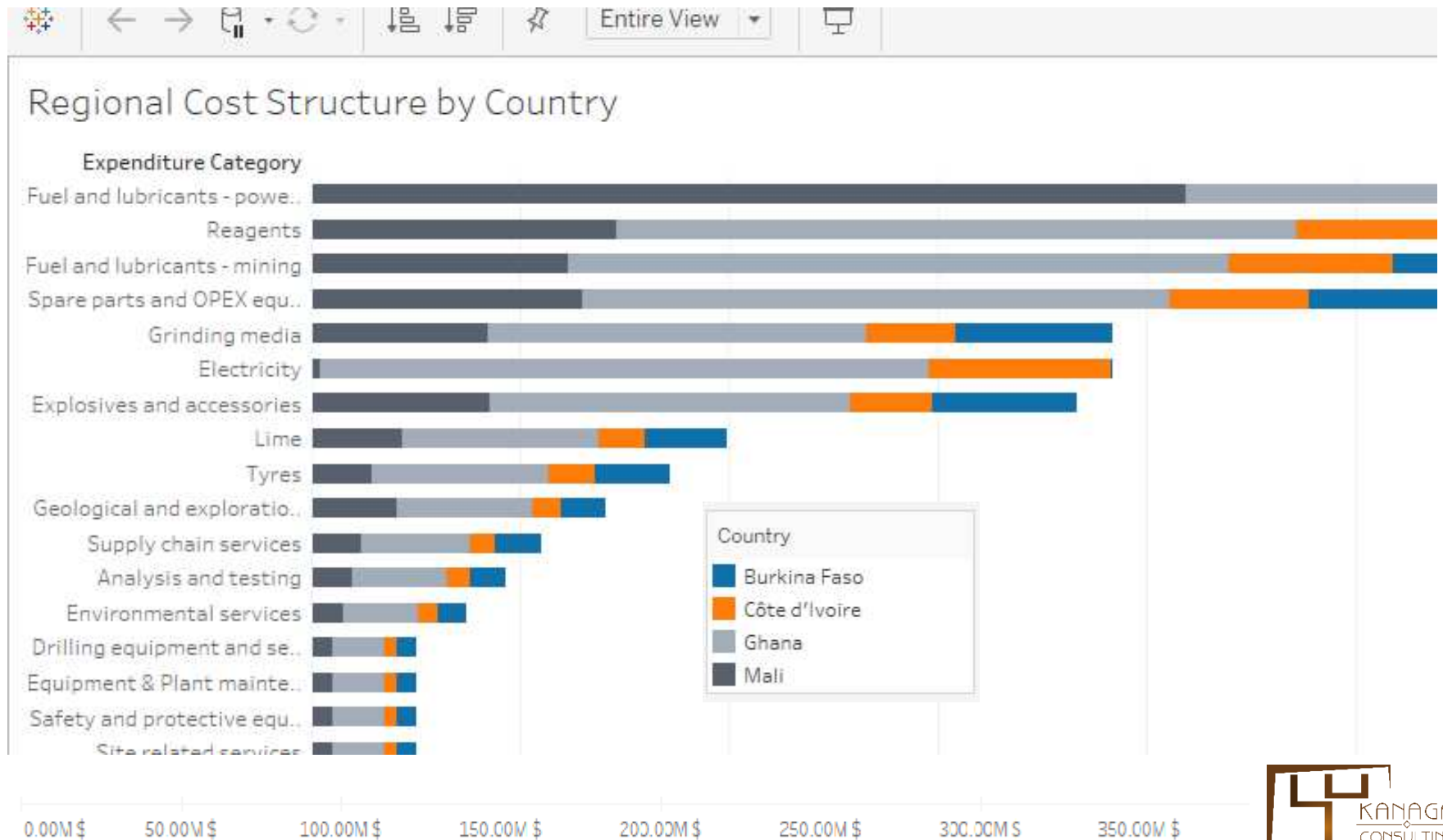
Modules of the Guide (5 – 8)

Questions raised by stakeholders	Relevant module
<ul style="list-style-type: none"> • Do we need local procurement policy, law, or regulation? • If so, what should be in policy vs. law vs. regulation vs. guidelines or practice notes? • If customs exemptions or regulation are currently being used as an incentive for mining FDI, how does this need to be aligned to support local procurement? 	<p>5. Public policy, law, and regulation</p>
<ul style="list-style-type: none"> • Should our mining company have a local procurement plan and if so, what should be in it? • How do we integrate our local procurement plan into our overall company planning, operational systems, and reporting? 	<p>6. Mining company local procurement plans</p>
<ul style="list-style-type: none"> • How can we work across multiple organisations to deliver on the various aspects of our local procurement approach? • How do we ensure our organisations have the capacity to implement the approach effectively? 	<p>7. Coordinating implementation and building institutional capacity</p>
<ul style="list-style-type: none"> • How can we track changes to local procurement levels in the most practical way? • How should we adapt our approach based on our experiences with implementation, and our changing environment? 	<p>8. Measuring, monitoring and evaluating</p>

Modelling of mining procurement data (BGR, 2017)

- Purpose:
 - Reduce investment risk in target markets
 - Orient local content support programs
- Feature: provision of market data (not otherwise available)
- Mechanism
 - Data analysis at BGR's Department for international Cooperation and the German Mineral Resources Agency (DERA)
 - Advisory services by intermediary agencies (Chambers of Commerce or authorities in host countries)

BGR's model: sample output





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