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Opening Statement

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The views expressed are those of the author and do not necessarily reflect
the views of UNCTAD.

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Mr. Mark Lewis, Director, Evidences and Lessons from Latin America (ELLA) Programme

What is the Evidence and Lessons from Latin America programme (ELLA) Programme?

The Evidence and Lessons from Latin America programme is a South South research and knowledge exchange programme. It began in 2010 and it is funded by the UK Department for International Development. The objective is for Latin America and the other regions of the global South to share knowledge about development issues. We focus on many subjects, economic subjects, social and environmental issues. In the second phase of ELLA, since 2014, research centres from Latin America have been paired with research centres from Africa to undertake research on specific issues through regional research in their own regions and then by comparing between the two regions in order to get a consensus view on the importance of particular issues. Based on that research, we have been running research knowledge exchange programmes where people can learn from each other, through peer-to-peer online learning communities, dissemination events, study tours, and awards. We grant awards so people can put their learning into use.

What research did ELLA do on Oil and Gas Local Content?

Over the last three years, Grupo Faro from Ecuador and ACODE from Uganda, two think tanks, have been conducting research on local content policies in the Latin America and Africa regions. The aim of this research was to try to identify the key variables, the key policy variables, that lead to successful local content outcomes in terms of generating local employment, in developing the skills of the local labour force, and in encouraging national industry participation. Grupo Faro looked at seven countries across Latin America, ACODE at seven countries in Africa. The results of that process were then compared to identify the the key variables for success. It is quite a complex exercise because many variables will influence the outcomes of local content policy. But overall, what we found was that three or four main variables were very important. Firstly, you need to put in place a quite detailed and specific local content policy and legal framework, if you are going to make things work properly. Secondly, there needs to be quite an important role for the national oil company in taking forward the objectives of the local content policy for pushing this forward. And thirdly, put in place institutions that are actually going to monitor whether that local content policy is being adhered to and being implemented effectively. Of course, that is within a context where other variables come to play such as having a good enabling business environment for the private sector. These are also other background variables which are key to success in local content policy.

How did ELLA begin a partnership with UNCTAD?

Based on research that have been done by Grupo Faro and ACODE, the ELLA programme set up a range of activities to promote knowledge exchange about that research between peers in Latin America and Africa. We ran online communities, we set up a study tour, and as I

mentioned we had awards in place to help people learn from the research findings. When we were setting up the study tour, two participants from Chad, who had been members of the online community, were selected to participate in the study tour to Ecuador. Those two had also been members of the UNCTAD project on enhancing linkages in the mineral sector in the Central African Economic Community. UNCTAD got in touch with us to find out if some other participants from that same project could also join in the study tour to Ecuador. They proposed two people from Congo Brazzaville and they joined the study tour. I am very pleased to say that the cooperation with UNCTAD went very well. The four participants were very full members of the study tour. It all turned out very well.

What was the outcome?

The study tour was a very interesting one, I think. In many ways, Ecuador has an interesting story. The oil industry there is about 40 years old and for the first three decades or so, there was a focus on local content in terms of local employment in particular, and some backward and forward linkages in the oil and gas chain. But in some ways, it is the story of the last 10 years which has become more interesting as Ecuador has sought to try reduce its dependence on the oil sector through a whole series of measures to promote economic diversification. It is now looking not just through local content policy but also through horizontal linkages and directed use of resources to broaden the base of the local skills and local economy. They have tried to induce economic diversification. Participants in the study tour were able to speak to government officials, to the oil companies themselves to understand a bit about this history and how it has developed over the last three or four decades. I think there are many lessons from the study tour that participants could have taken away. But perhaps the main one for me would be that countries which are at a very early stage in terms of the development of their oil industry need to be planning now, at this stage, for how to avoid an overdependence on the oil sector. Oil will not be around forever and it is important that these countries think now about how they are going to avoid an overdependence on the oil sector. So in 20, 30, 40 years-time they will not find themselves in a difficult situation. Since we had the study tour, we have been following up with people who have participated in the study itself and also in the online community. It is very interesting to see how they have taken away the lessons from ELLA from the visit to Ecuador and then being incorporated. Both in countries in East Africa, which are perhaps in earlier stages in the development of their oil sector and also in West and Central African economies where oil is more established. We are very pleased with this and the outcome that we have achieved. I think it has been excellent to be able to cooperate with UNCTAD in this process and thank you very much. We look forward to further collaboration opportunities.