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**Extractive industries and sustainable job creation**

By

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The views expressed are those of the author and do not necessarily reflect  
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# Extractive industries and sustainable job creation

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## Outline

- Sustainable job creation;
- Agreements influencing Sustainable Job Creation
- UNCTAD, OILGASMINE and Sustainable Job Creation
- Channels for job creation in the extractive industries - Direct, indirect, induced;
- Job multiplier effect;
- Constraints to job creation;
- Recommendations to drive job creation.

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## Sustainable job creation

- "sustainable job creation" defined as the job creation process that promotes economic growth, social inclusion and environmental protection.

# Sustainable Development Goals

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- SDG 8 - Promote inclusive and sustainable economic growth, employment and decent work for all;

Linked to other goals

- SDG 5 - Achieve gender equality and empower all women and girls;
- SDG 9 - Build resilient infrastructure, promote sustainable industrialization and foster innovation;
- SDG 10 - Reduce inequality within and among countries;
- SDG 12 - Ensure sustainable consumption and production patterns;
- SDG 14 - Conserve and sustainably use the oceans, seas and marine resources;
- SDG 15 - Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.

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## Other global development agreements/sustainable job creation

- Paris agreement - combat climate change and adapt to its effects,
- Addis Ababa Action Agenda - financing the implementation of the SDGs
- Nairobi Maafikiano - UNCTAD

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## UNCTAD and OILGASMINE

- OILGASMINE - UNCTAD conference on extractive industries since 1996
- Organized in 16 different African countries
- Sudan OILGASMINE conference - 2015; Outcomes:
  - Strengthen local, national and international institutions in policy making to promote SJC
  - Promote training, capacity building, technology transfer to build local content
  - Mainstream gender in policy making and close the gender gap in EI

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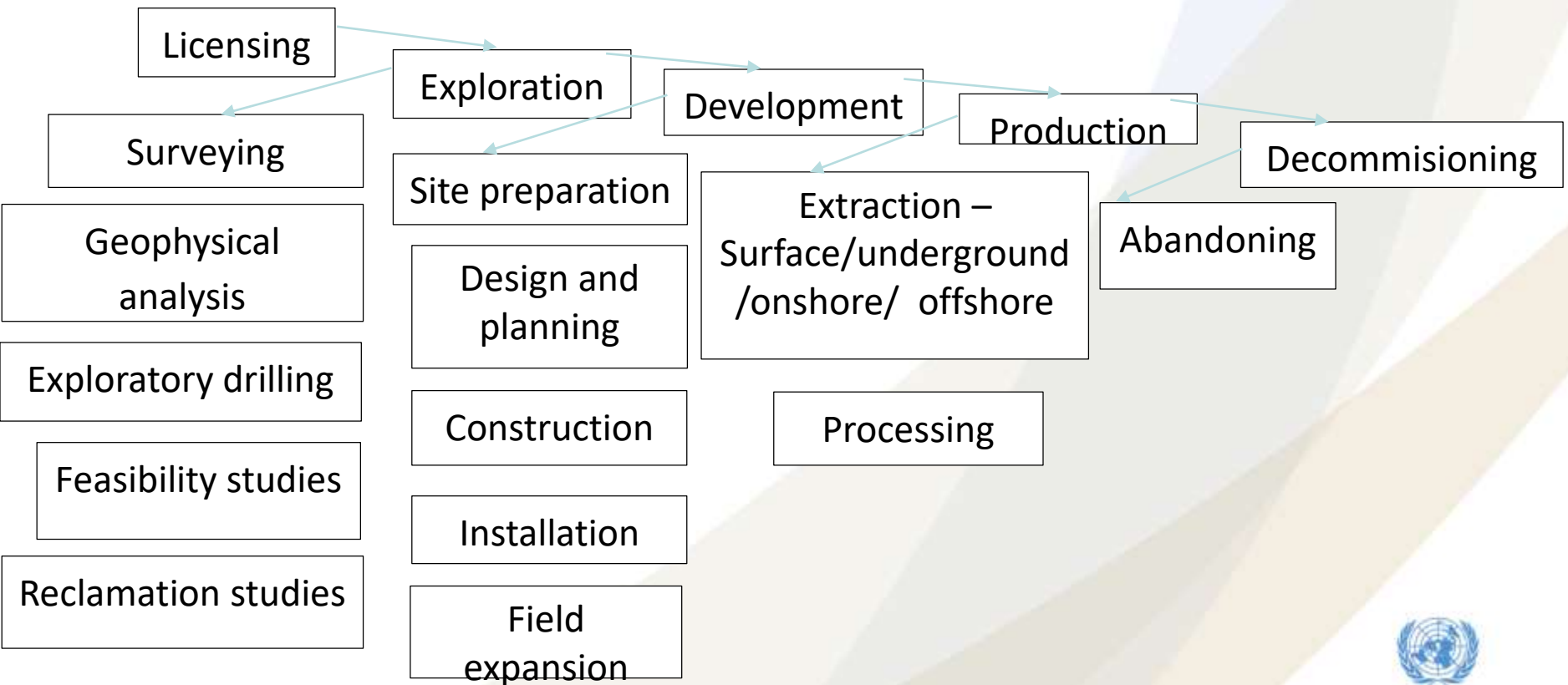
## UNCTAD and Sustainable Job Creation

- Follow up on Sudan OILGASMINE – ongoing work on sustainable job creation
- Two studies completed on contribution job creation in Mining sector, Ghana and Sudan –
- Deeper understanding on quantitative contribution and gender component of artisanal scale mining to total jobs



# Channels for job creation – Direct

- Direct Jobs related to the activities in the extractive industries.



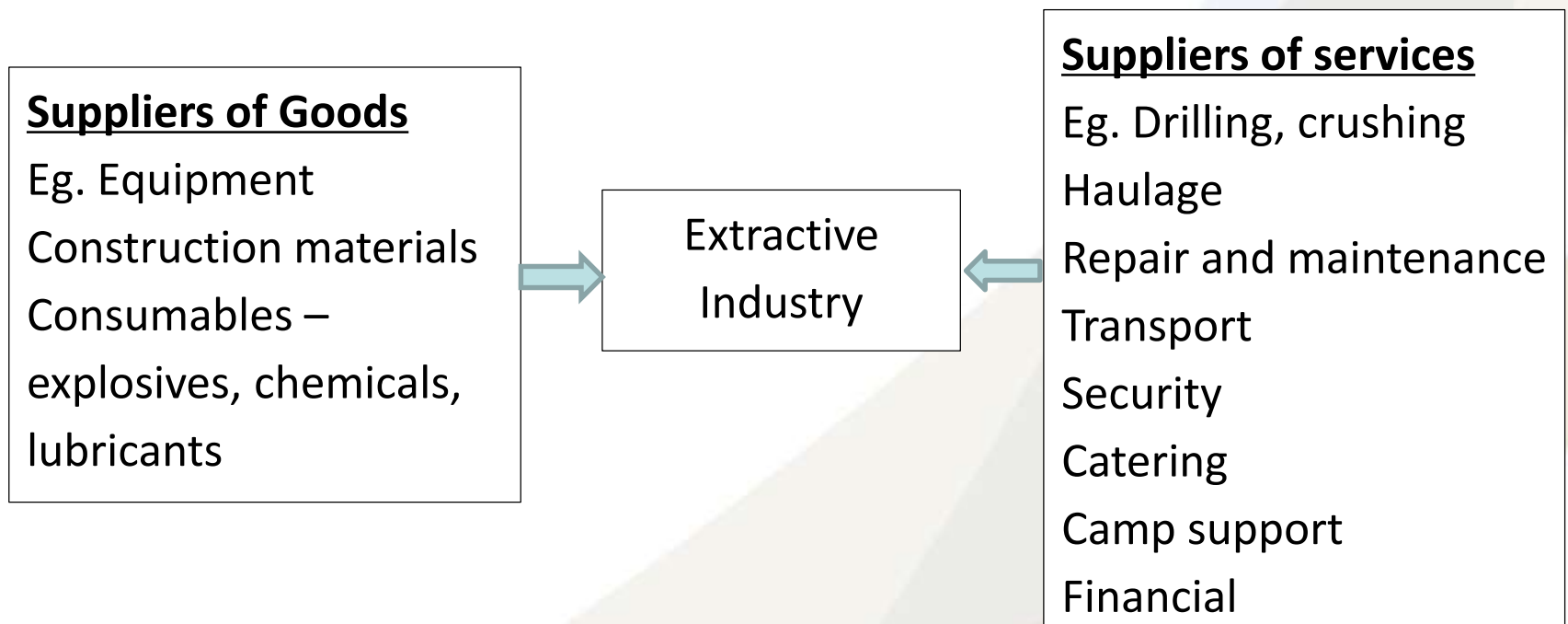
# Direct employment in extractive industry

(World Bank 2013)

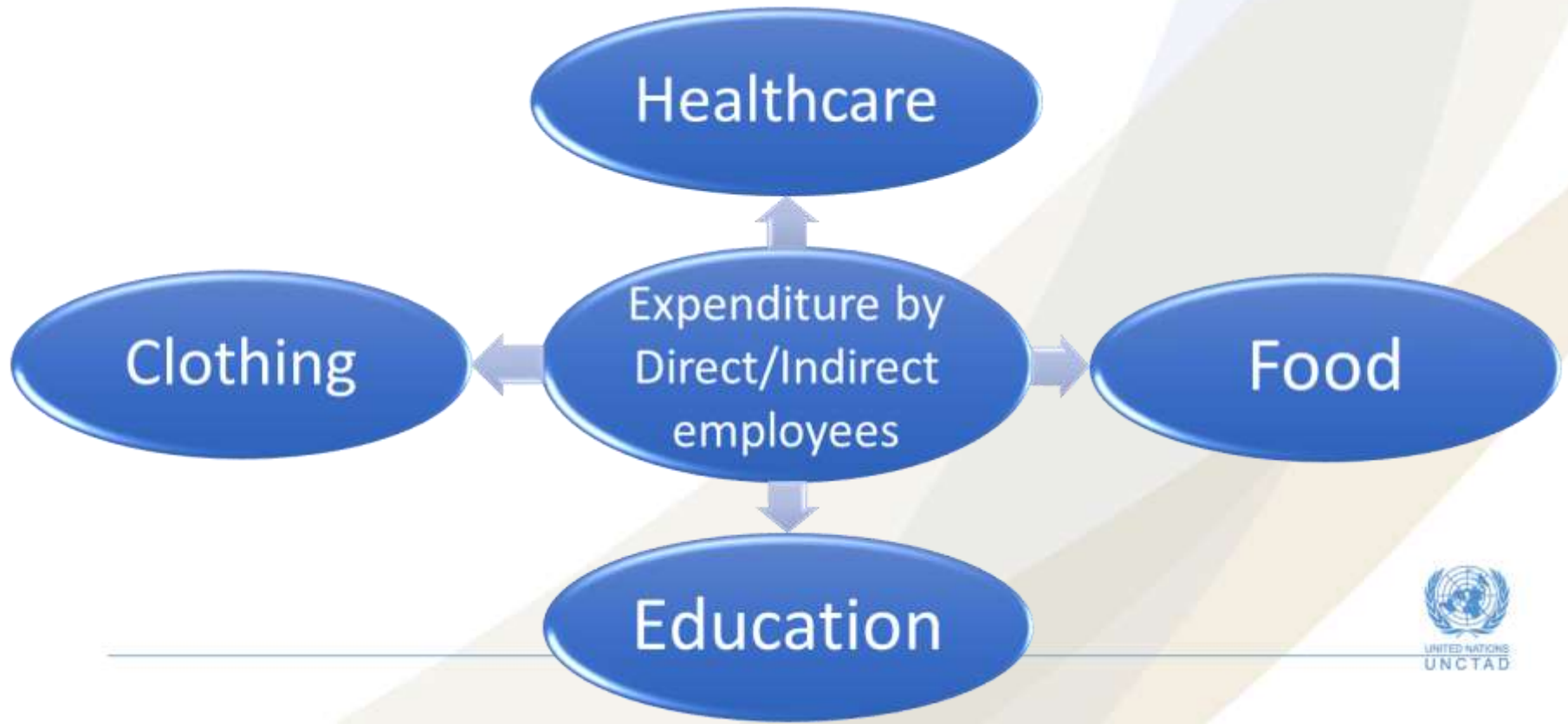
| Country          | Project (sector or resource)     | Investment % of 2010 GDP | Direct employment number                       |
|------------------|----------------------------------|--------------------------|--|
| Papua New Guinea | LNG Project (natural Gas)        | 237.0                    | 9300 during construction; 1000 afterward*      |
| Mongolia         | Oyu Tolgoi (copper, gold)        | 74.2                     | 14800 during construction; 3000-4000 afterward |
| Botswana         | Jwareng Out 8 Project (diamonds) | 20.2                     | 1000   |
| Papua New Guinea | Ramu Mine (nickel)               | 19.0                     | 5000 during construction; 2000 afterward       |
| Mozambique       | Benga Mining (coal)              | 13.6                     | Currently 150; 4500 afterward                  |
| Tanzania         | Mchuchuma (coal)                 | 12.2                     | 5000   |
| Namibia          | Husab Mine (uranium)             | 11.9                     | 5200 during construction; 1200 afterward       |
| Zambia           | Lumwana Mine (copper)            | 9.3                      | 4700 during construction                       |
| Pakistan         | Reko Diq Mining (copper, gold)   | 4.0                      | 2500 during construction; 200 afterward        |
| Peru             | Conga Mine (gold)                | 2.6                      | 6000 during construction; 1700 afterward       |

## Channels for job creation - Indirect

- Indirect jobs created by indirectly stimulating demand for goods and services.



- Induced jobs are created by the consumer spending of income earned either directly or indirectly from extractive industries.



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## Channels for job creation - Linkages

- Upstream linkages – supplies of goods and services to the mine/oilfield;
- Downstream linkages – processors of mine/oilfield output;
- Horizontal linkages – development of new industries using capabilities acquired from the extractive industries;
- Technology linkages – transfer of knowledge and technical know-how within **the extractive industries'** value chain;
- Spatial linkages – Infrastructure investments – power, water, internet and telecommunications.

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## Constraints to job creation

- Shortage of skills
- Access to finance - expansion of operations; establish new businesses and expansion of existing ones (SMEs);
- Access to infrastructure – reliable power supply, roads, rail, water, ports, telecommunications;
- Weak investment climate – weak governance; business entry/registration challenges, tax rate; legal system; policy uncertainty

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## Driving job creation -Recommendations

- Capacity building to address skills gap (eg. Chile Mining Skills Council; Brazil Petrobras)
- Local content policies;
- Support programs to improve access to finance, including affordable credit;
- Infrastructure investment (eg. power supply, rail, road);
- Support supplier development programs - integrate SMEs into local procurement channels (eg. Angola CAE);
- Reduce onerous regulation; attract investment.

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