

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**STRENGTHENING DEVELOPMENT LINKAGES FROM THE
MINERAL RESOURCE SECTOR IN ECCAS COUNTRIES**

Regional Workshop
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28 to 30 September 2016

Challenges and Opportunities in Implementing Local Content in a Regional Context

by

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Challenges and Opportunities in Implementing Local Content in a Regional Context

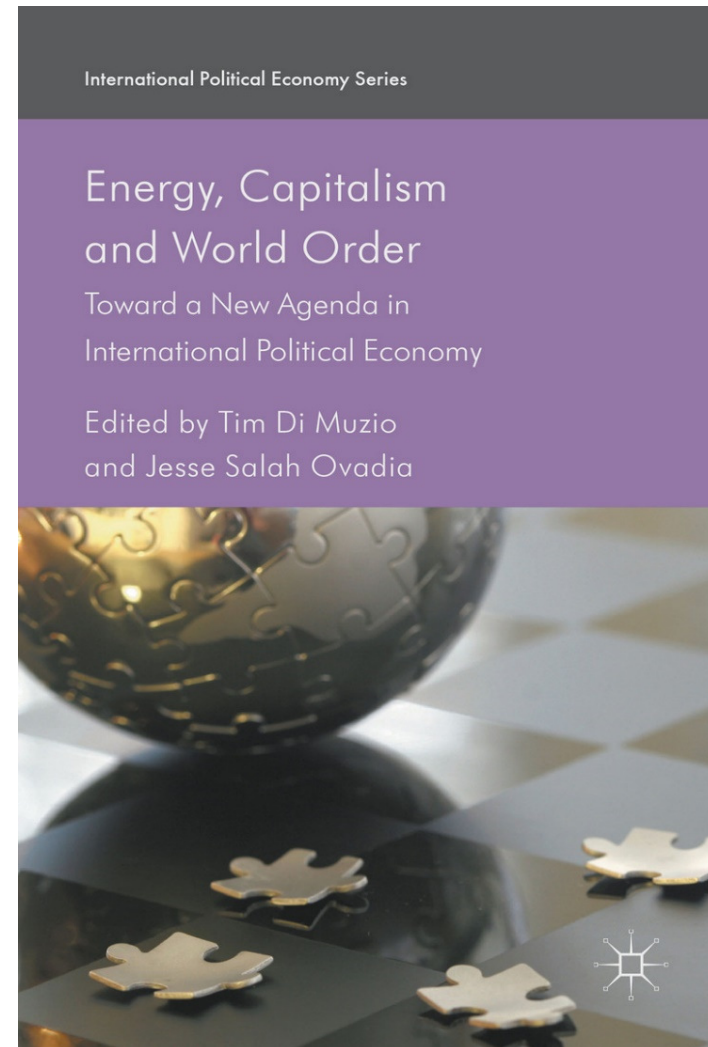
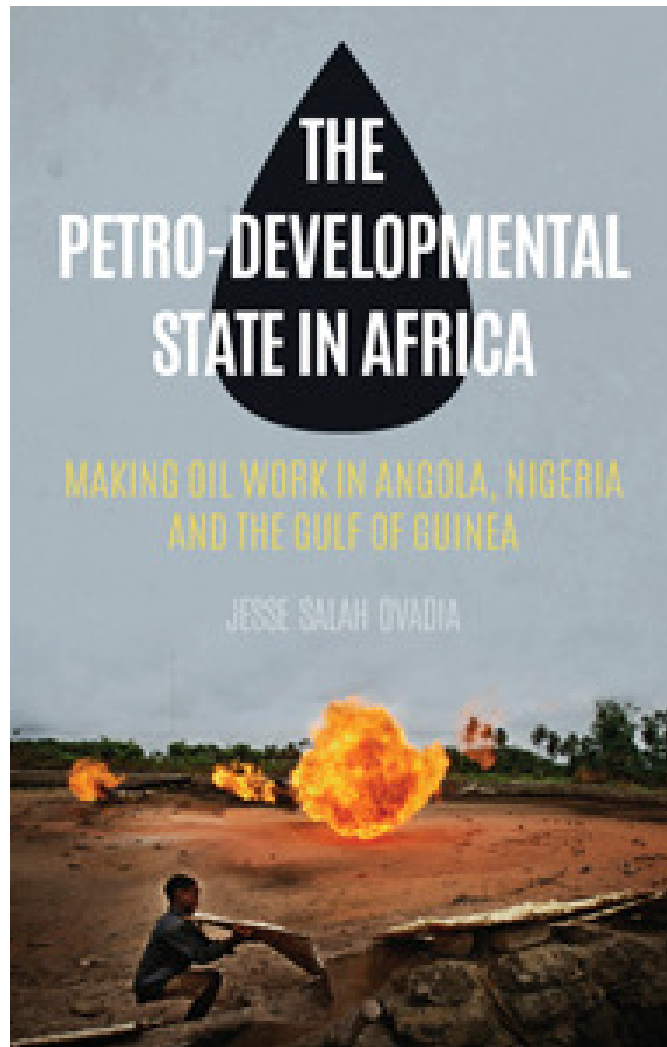
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Presentation to UNCTAD Regional Workshop
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Overview

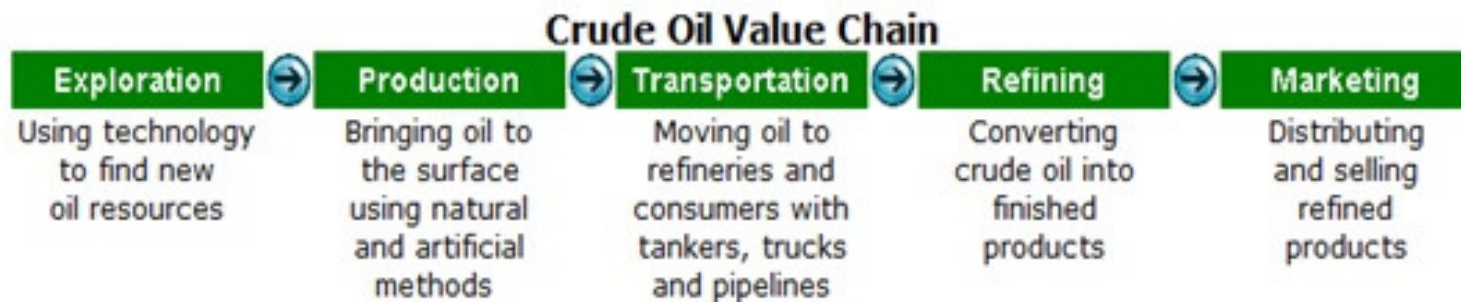
1. Introduction
2. Local Content, Industrial Growth and Structural Transformation
3. The Resource Curse and Positive Oil Exceptionalism
4. Challenges for Local Content in Practice
5. Success Stories and Potentials for Success
6. Conclusion: The Value of Regional Cooperation

1. Introduction

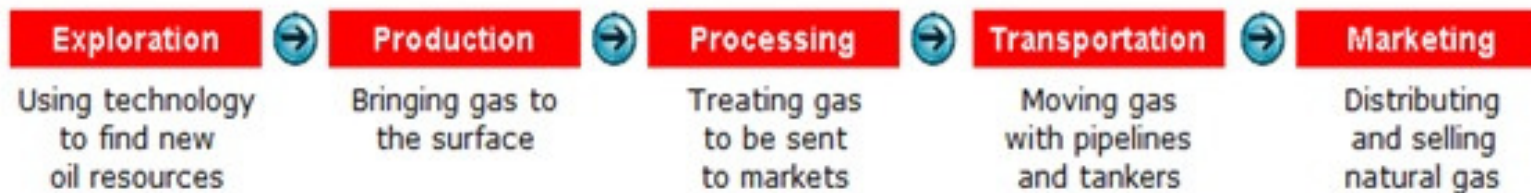


2. Local Content, Industrial Growth and Structural Transformation

From Wellhead to Gasoline Pump



Natural Gas Value Chain



'Catch-up' interventionist strategies

1. Protecting infant industries through tariff protection
2. State-directed research and development
3. Strategic use of state-owned enterprises
4. Joint venture provisions
5. Royalty and taxation policy
6. Technology transfer policy
7. Investment promotion

3. The 'Resource Curse'

Aspects:

- Corruption
- Lack of (formal) democracy
- Conflict/civil war
- Dutch disease

Argument:

- The resource curse as the outcome of economic policy decisions and structural realities, not an inevitable or insurmountable truth

Oil Exceptionalism

The “Resource Curse”
(Negative Oil Exceptionalism)



The “Petro-Developmental State”
(Positive Oil Exceptionalism)

Protectionism

State-led
Development



The Petro-Developmental
State

Import Substitution

4. Challenges for Local Content in Practice

- Corruption
- Local Fronting
- Foreign Labour
- Access to Capital
- Skills, Training
and Human Capacity
- Managing Expectations

5. Success Stories and Potentials for Success



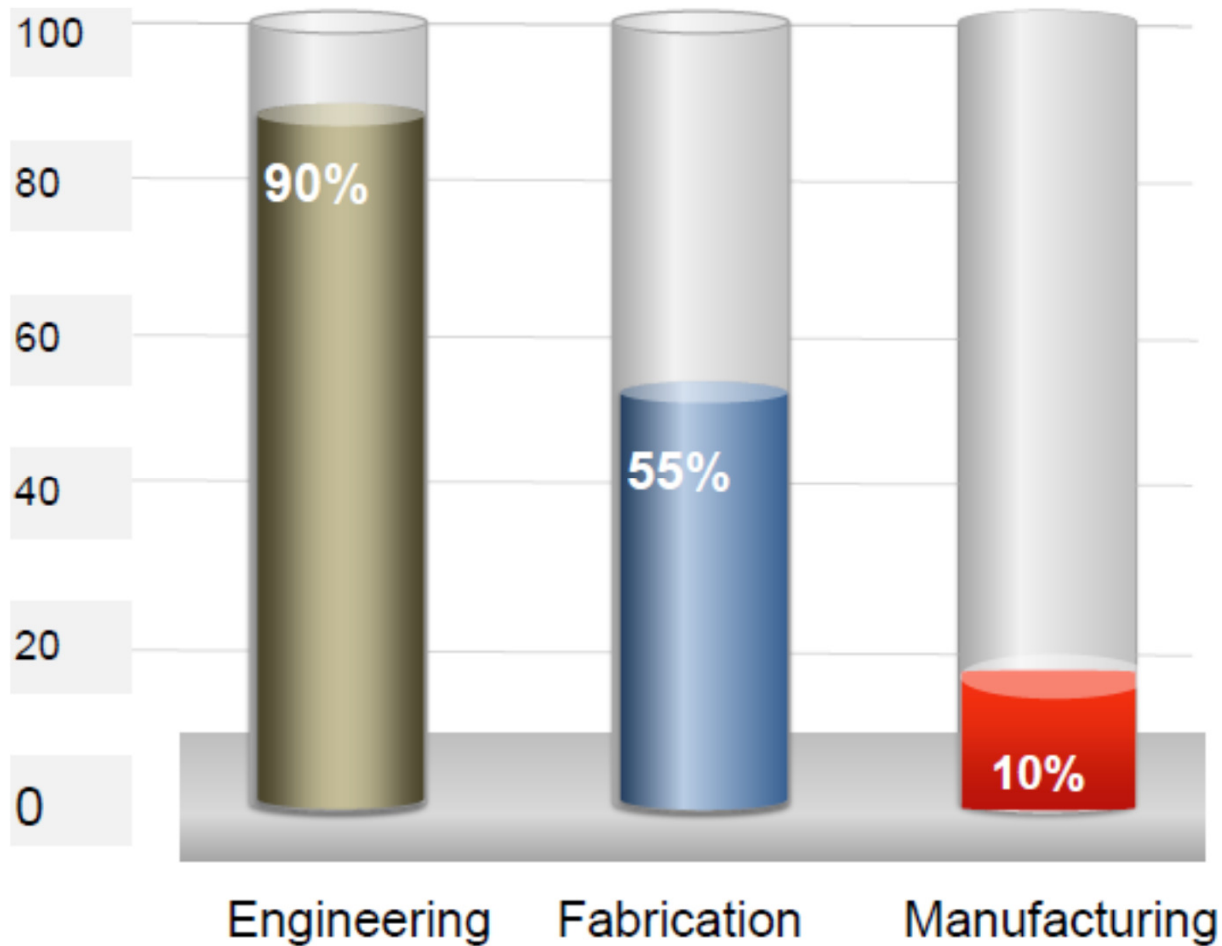
Nigerian Content
Development and
Monitoring Board



Programa de Mobilização
da Indústria Nacional de
Petróleo e Gás Natural



Current Levels of Nigerian Content



Overall
Nigerian
Content
~40%

Source: NCDMB 2013

Nigeria:

- 300,000 direct & indirect jobs
- \$191 billion retained in the Nigerian economy

NCDMB

- Establishing 3-4 pipe mills, 2-3 dockyards, a subsea equipment manufacturing complex, and an FPSO topside integration facility in Nigeria.
- The projects combined will generate over 100,000 new jobs for Nigerians

Angola:

SIIND:

- Construction of 73 factories in the new Viana Special Economic Zone
- US\$78 million investment in 53 factories in the SEZ of Luanda/Bengo

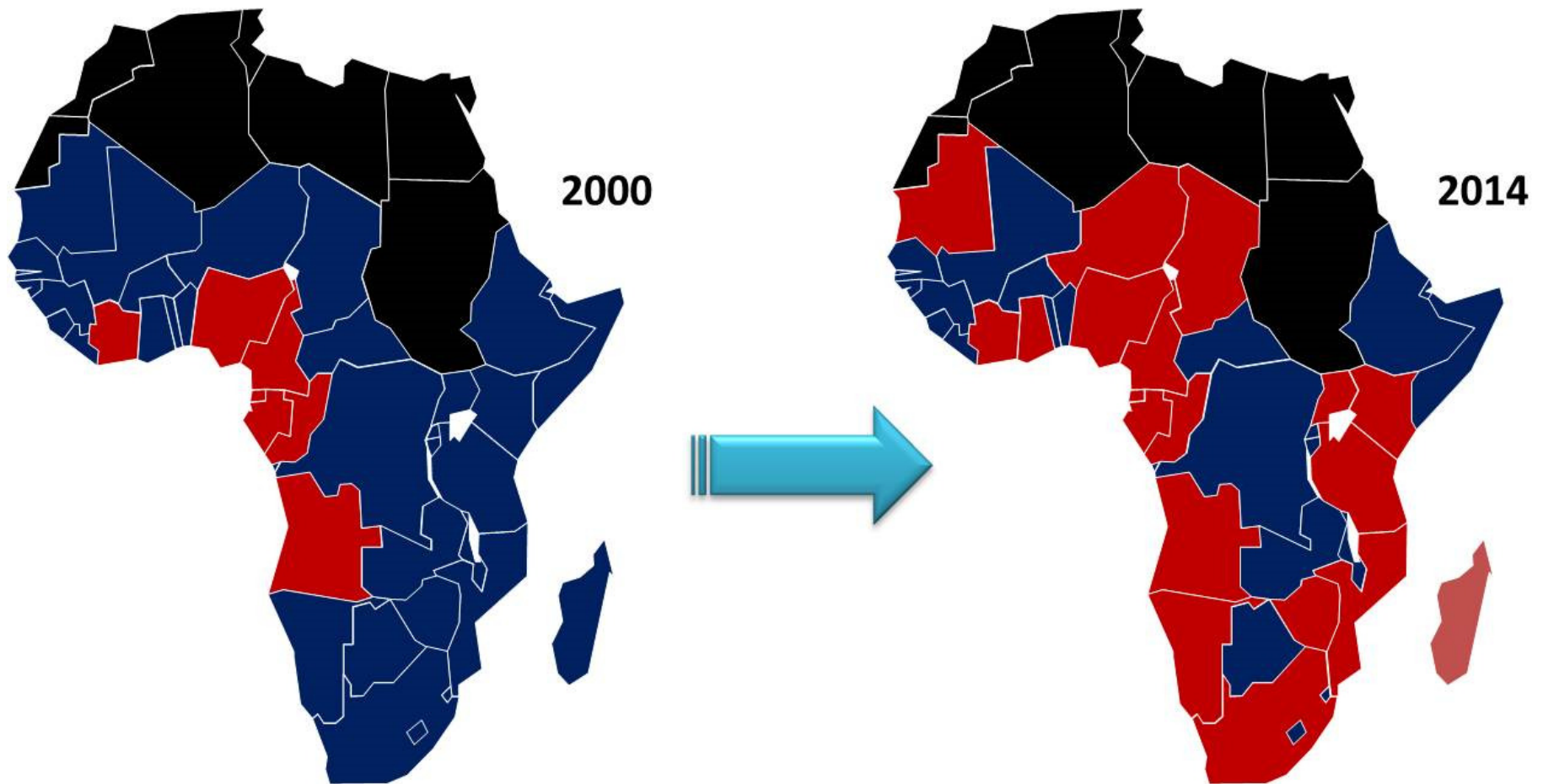
CAE

- 302 contracts worth US\$211,613,244, leading to 4,205 jobs

Brazil: National Programme for the Mobilization of the Oil and Gas Industry (PROMINP)

- Financing for Brazilian companies
- Technological, infrastructure, capabilities, and financing initiatives to deepen local capacity
- Promotion of research and development as well as technology transfer
- Training programmes for over 100,000 Brazilians to attain professional qualifications
- Establishing centers and networks of excellence in universities
- Sector specific interventions and support (example of marine vessel fabrication)

6. Conclusion: The Value of Regional Cooperation



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Selected Publications

Local Content Policies and Petro-Development in Sub-Saharan Africa: A Comparative Analysis. *Resources Policy*, 2016, 49.

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