



Renforcer les effets structurants du secteur des ressources minérales dans les pays de la Communauté économique d'Afrique centrale



Brazzaville, République du Congo
Atelier national - 26-27 septembre 2016
Atelier régional - 28-30 septembre 2016



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**Strengthening development linkages from
the mineral resource sector in the
Economic Community of Central African States**

National and regional workshops

**Brazzaville, Congo
26-30 September 2016**

Concept note



I. General overview and justification

Over its 50-year history, UNCTAD has supported the integration of commodity-dependent developing countries (CDDCs) into the global economy through its work programme on commodities. In this context, UNCTAD is currently implementing a project to strengthen development linkages from the mineral resource sector to other sectors of the economy in the Economic Community for Central African Member States (ECCAS). The project is financed by the 9th tranche of the United Nations Development Account, and will be implemented between 2015 and 2017 in three pilot countries: the Republic of Chad, the Republic of Congo and the Republic of Equatorial Guinea.

The eleven ECCAS member states are endowed with large reserves of fuel and mineral resources. The exploitation of these mineral resources could generate substantial government revenues, promote job creation and ultimately contribute to sustainable economic growth and development. However, most ECCAS countries export their minerals as raw materials with little value added or few development linkages to the rest of the economy.

Conceptually, value from the natural resource sector can be captured through two main channels. In a direct channel the natural resource sector is a major source of employment, domestic productive capacity building, and tax revenues. In an indirect channel, the natural resource sector could stimulate broad-based economic development and help economic gains from the sector trickle down to local businesses and communities through local content policies. The indirect channel is where many economists, such as Mike Morris, Raphael Kaplinsky, and David Kaplan (2012), see the possibility of creating development linkages between the natural resources sector and the rest of the economy.

The concepts of local content and development linkages are intertwined. While the local content refers to value addition in the host economy, the concept of development linkages suggested by Kaplinsky (2011) goes beyond mere value creation in the host economy. It requires transnational corporations (TNCs) and other public, private stakeholders, and civil societies to nurture local businesses via solid partnerships, moving up regional and global value chains, and transforming them from suppliers of inputs into viable economic entities able to compete with international companies of their size. Successful examples of such partnerships include the Industrial Linkage Programmes (ILP) and the Vendor Development Programme in Malaysia (UNCTAD, 2011) which helped develop local small- and medium-size enterprises into competitive manufacturers and suppliers of parts and components and related services to mining TNCs.

The studies on African CDDCs, such as Fourie (2012) and Sala-i-Martin and Subramamian (2012), find limited development linkages between their natural resources sector and other sectors of the economy in countries like Angola, Equatorial Guinea, Mozambique and Nigeria.

ECCAS countries face similar challenges and have few development linkages established from the mineral resource sector to the rest of the economy. Strengthening development linkages will be crucial to allow ECCAS countries to better take advantage of the opportunities and diffuse the benefits of resource rents to the broader economy, develop all stages of production and help local communities achieve sustainable development goals.

II. National and regional background

At the national level, the Republic of Congo established a Local Content Committee which is an important step forward in the direction of enhancing local content policies and strengthening development linkages from resource sector to the rest of the economy. This Committee has achieved some progress through the local content bills passed at the National Assembly.

At the regional level, the ECCAS Treaty recognizes the importance of using natural resources as an engine for broad-based economic development, and the need to coordinate policies aimed at mastering mineral value-addition techniques and promoting development linkages (Article 55b and 56 b). However, these positive steps need to be closely monitored and various laws or requirements have to be enforced diligently.

At the continental level, the Summit of African Heads of State held in Addis Ababa in February 2009 adopted the African Mining Vision (AMV), which promotes “transparent, equitable and optimal exploitation of Africa’s mineral resources to underpin broad-based sustainable growth and socio-

economic development”. The Summit requested the “African Union (AU) Ministers in charge of Mineral Resources Development to develop a concrete action plan for its realization through, inter alia, the AUC and the UNECA”.

III. Objectives and expected outcomes of the national workshop

The workshop will be organized with the Government of the Republic of Congo (Congo) and in close collaboration with the project's focal point, the Ministry of Planning, Statistics and Regional Integration.

The main objectives of the national workshop are to take stock of what is being done at the national level and identify challenges and opportunities. Based on the challenges identified, the meeting will make recommendations on the way to strengthen existing development linkages. The specific objectives of the workshop are to introduce the project to concerned stakeholders; to introduce the concept of local content and development linkages; to analyze the mineral resource sector in Congo and identify existing framework on local content; to propose the project methodology for the implementation of project activities in Congo; and to finalize and approve the national roadmap to achieve the expected outcomes.

The national workshop will be structured as follows, after a brief introduction of the international oil market, the technical sessions of the national workshop will focus on local content policies in Congo. On the first day, the presentations will focus on the general overview of the oil and mining sectors in Congo, the basics of local content and strategies applied in Congo. On the second day, the preliminary results and recommendations of UNCTAD's project will be presented, and participants will discuss concrete activities at the national level to be implemented during the project.

IV. Objectives and expected outcomes of the regional workshop

Following the first regional workshop held in N'Djamena, the regional workshop in Congo will further elaborate on the recommendations made in the previous workshop and analyze how to implement these recommendations in a way that yields additional positive outcomes to beneficiary countries. The specific objectives of the workshop are to present the preliminary results of the project in Congo and Chad; to identify and analyze existing initiatives in the region; to promote regional knowledge-sharing on local content policies in the ECCAS region; to propose a regional methodology for the implementation of project's regional activities and to conceptualize a regional roadmap to achieve the expected outcomes.

Topics for discussion will include promoting integration of regional value chains, reducing skills gaps, improving business climate, tackling infrastructure challenges, enhancing governance, and addressing environmental and social concerns. At the end of the workshop, participants are expected to sketch the guidelines or a regional roadmap to achieve the expected outcomes detailed in Annex 1. In doing so, special attention will be paid to identifying partnerships to maximize the impact of the project.

The regional workshop will be structured as follows: on the first day, the presentations will focus on the general overview of the regional and international context, the strengthening of development linkages through local content and skill development; on the second day, the discussions will continue on the strengthening of development linkages through an enabling institutional framework, fiscal management, political support & civil society participation, and economic diversification; on the third and final day, the workshop will provide opportunities to share perspectives from private sector, to discuss contract negotiation and to discuss the a regional roadmap to move the project implementation forward.

V. Date and venue

The national workshop will take place in Brazzaville from 26 to 27 September 2016 at the Ministry of Foreign Affairs. The regional workshop will be held in the same venue from 28 to 30 September 2016.

VI. Participants

The workshop will bring together the focal points of the project in the beneficiary countries, international and regional experts in mineral resources as well as members of the national working group in Congo. The launching session will be open to all stakeholders.

VII. Visa and other logistical arrangements

For visa purposes, participants should contact the nearest embassy of the Republic of Congo to arrange for their visas to Brazzaville. Participants are responsible for booking their hotel and arranging transport in the country. The following hotels are recommended by UNDP Congo:

- La Perle Hôtel
Av. de l'Amitié, n°175, Centre-ville
Phone: +242 05 350 13 13 /+242 06 665 10 10
Etoile Hôtel
- Av. de l'Amitié, n°162, Centre-Ville
Phone: +242 06 944 90 00
- Mikhael's Hotel
Avenue Nelson Mandela, n°67
Phone: +242 05 366 6600

VIII. Contacts

All communications on the meeting should be directed to: commodities@unctad.org

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- Ms. Laina Maia, Special Unit on Commodities, UNCTAD; Tel: +41229174720

IX. References

Fourie, Thea. (2012) Avoiding Angola's "resource curse": Some lessons for Mozambique. *Global Insight*.

Morris, Mike; Kaplinsky, Raphael and Kaplan, David (2012). "One thing leads to another"—Commodities, linkages and industrial development. *Resources Policy*, 37(4) pp. 408–416.

Sala-i-Martin, Xavier and Subramanian, Arvind (2012) Addressing the natural resource curse: an illustration from Nigeria. *Working Paper 9804*. National Bureau of Economic Research.

UNCTAD (2011) Best practices in investment for development: Case studies in FDI. How to create and benefit from FDI-SME linkages - Lessons from Malaysia and Singapore. *Investment Advisory Series*. Series B, n. 4.

Annex 1. Stakeholder Analysis

Stakeholders	Expected outcomes
National government: Policymakers, including from relevant ministries, regulatory agencies, parliament and local government bodies. .	Available frameworks and guidelines to design appropriate local content policies and regulations to facilitate and support the participation of local operators in the mineral value chain.
National government: Officials from relevant ministries and public agencies	Improved relevance of guidelines and frameworks to specific context.
Private sector: Domestic SMEs	Improved relevance of guidelines and frameworks to the specific needs of domestic SMEs.
Private sector: National and Foreign investors, industry associations and chamber of commerce.	Improved guidelines and frameworks for a better account of investors' perspectives.
Civil Society: Local communities Labour unions NGOs	Improved guidelines and frameworks that allow for the emergence of a social contract that takes into account civil society perspectives.
Academia: Universities and training institutions	Better access to information on the national mineral value chain, and on programmes available for skills development in mineral policy and mining related business.
International organisations and Donor agencies	Better understanding of national potential, needs and objectives linked to local value retention in the mineral value chain.

Annex 2. Agenda of the national workshop

The workshop will serve as a national platform for dialogue and knowledge sharing of public and private stakeholders in the areas described below.

Programme Chair: Ministry of Planning, Statistics and Regional Integration

8:30 - 9:00 Registration

1) Introduction of the project

This session will provide the background, justification and core elements of the project titled "Strengthening development linkages from the mineral resource sector in the Economic Community of Central African States" and its proposed activities and expected outcomes at the national level. Presentations will be conducted by UNCTAD and the representatives of the Congolese focal point on the following topics:

- i. General context in Congo
- ii. Main objectives of the project and available resources
- iii. Expected outcomes and how to achieve them through the role of multilateral platforms

2) The international and national context

In this session, discussions will be centered on the national context of mineral commodity-price dynamics. However, since the Republic of Congo is a price taker in the international market, a brief introduction of the international commodity-prices will be necessary. Special attention will be given to the mineral resource sector in Congo and opportunities to foster development linkages. The presentations will be organized as follows:

- i. International commodity-price dynamics
- ii. The oil and mining sector in Congo including an analysis of the mineral resource sector and its impacts on the national economy
- iii. Potential opportunities and challenges for enhanced development linkages

3) Local content and development linkages: concept, expected outcomes and lessons learned

Although local content has been pointed out as a policy option to foster development linkages, there is no common definition of the term. This session will discuss the dimensions of local content and how it can be implemented as a policy option to foster development linkages:

- i. Different approaches of local content policies
- ii. Value chains in the mining and oil sectors: Understanding the dynamics of development linkages
- iii. Expected outcome and strategies to achieve the above-mentioned outcomes

4) Designing local content strategies in Congo

The Republic of Congo is currently designing a legal framework to enhance local development linkages from the mineral resource sector. This session aims to discuss the national strategies in place:

- i. Local content strategies in the mining sector and in the oil and gas)
- ii. Challenges faced by the Republic of Congo in the implementation of the local content strategies
- iii. Concrete steps taken to overcome these challenges

5) Enhancing development linkages from the mineral sector

During this session, the preliminary results of UNCTAD's project will be discussed. Participants are expected to complement the gaps identified by UNCTAD, with a view to define priority areas of activities:

- i. Preliminary findings of UNCTAD's project (analysis of existent local content policies in Congo)
- ii. Mechanisms to enhance local participation (especially civil society participation)
- iii. Monitoring and evaluation

6) Negotiation of contracts

Speakers in this section will explore the national legal and regulatory framework related to the mineral resource sector. Discussions will include compliance with international and regional treaties, negotiation of contracts structured around the following elements:

- i. Legal and regulatory framework
- ii. Loopholes in the legal and regulatory framework
- iii. Initiatives to address the loopholes in the legal and regulatory framework

7) Establishing a comprehensive approach to optimize development linkages

The goal of this session is to identify mechanisms of coordination among diverse stakeholders in order to design inclusive development conducive policies.

- i. Inter-ministerial collaboration
- ii. Collaboration among civil society, public and private sector
- iii. Interagency collaboration

8) Definition of the Congolese roadmap

Based on the discussions of the previous sessions, this interactive session aims to draft an inclusive roadmap to guide the project's national activities. The ultimate goal of these activities is to strengthen the development linkages from the mineral resource sector in Congo. Participants are expected to define priority areas and steps needed to strengthen national resource-led development:

- i. Proposal for national activities
- ii. Proposal of the Congolese national task force
- iii. Final remarks of the workshop

Annex 3. Agenda of the regional workshop

The regional workshop will serve as a platform inside the region for dialogue and knowledge sharing of public and private stakeholders in the areas described below.

1) Introduction of the project

This session will introduce the project called "Strengthening development linkages from the mineral resource sector in the Economic Community of Central African States" and its expected activities and outcomes. Presentations will be conducted by UNCTAD and the representatives of the project focal points:

- i. General context in the ECCAS region
- ii. Main objectives of the project and available resources
- iii. Expected outcomes and how to achieve them through the multilateral platforms

2) The international and regional context

Discussion will be centered around the international and regional context of mineral commodity-price dynamics. Special attention will be given to regional dynamics, opportunities and challenges of value chain integration in Africa. The presentations will be organized as follows:

- i. International commodity-price dynamics
- ii. The oil and mining sector in Central Africa
- iii. Regional value chains in the mineral resources sector: opportunities and challenges

3) Strengthening development linkages through local content

Developing countries are increasingly adopting local content policies as an instrument to foster development linkages from the mineral resource sector. However, local content policies are "no miracle drug." The analysis of local context and identification of major local constraints play a pivotal role in the design and implementation of successful policies. The discussions of this session will be organized around the topics listed below:

- i. Challenges and opportunities in implementing local content policies in a regional context;
- ii. Local content requirements: setting realistic goals
- iii. Creating an enabling environment: strengthening development linkages through an inclusive approach

4) Concrete steps to strengthen development linkages:

Four sessions will be organized on policy options to strengthen development linkages and address structural issues. Rather than setting unrealistic goals through mandatory policies, evidence has shown that creating an enabling environment through policies designed and implemented in a multi-dimensional process seems to be the best approach. Creating an enabling environment would include policies in the area of education and professional training; policies to improve business climate targeting a business-friendly framework, support to SMEs, access to finance; reinforcing fiscal linkages; building strong governmental institutions, and supporting transparent environmental, social and governance policies:

- i. Education (reducing skills gaps)
- ii. Improving the business climate
- iii. Fiscal linkages;
- iv. Environmental, social and governance policies

5) Promoting economic diversification

The success of local content policies can be only measured by how diversified the economy has become after the implementation of these policies. This session will therefore discuss the following critical elements necessary to achieve or promote economic diversification:

- i. The role of governmental institutions
- ii. Energy and Transport
- iii. Industrial capacity and integration in the global and regional value chains

6) The industry perspective

Taking into consideration the needs of the private sector in the design of local content policies has proved to be a critical factor. Cooperating with the industry can lead to tailored policies with successful outcomes based on the following elements:

- i. Local procurement
- ii. Corporate education programmes
- iii. Corporate Social Responsibility: Social license to operate

7) Regional legal and regulatory framework

In this session, speakers will explore the regional legal and regulatory framework related to the mineral resource sector. Discussions will include compliance to international and regional treaties and the session will be structured around the following titles:

- i. Regional treaties and conventions
- ii. Loopholes in the regional treaties and conventions: Initiatives to address the loopholes in the regional treaties and conventions

8) Designing a regional roadmap

Based on the discussions of the previous sessions, the interactive session aims to draft a regional roadmap to guide the design of regional policies to foster development linkages from the mineral resource sector. Participants are expected to define priority areas and steps needed to strengthen resource-led development in Central Africa by clearly identifying the responsibilities of each stakeholder including:

- i. The role of multilateral organizations
- ii. Brainstorming for regional activities;
- iii. Proposal for regional activities

9) Wrap-up session

Based on the discussions of the previous sessions, the session will conclude the regional workshop with:

- i. Final remarks from the participants
- ii. UNCTAD closing speech
- iii. Closing speech from the Ministry of Planning