

Development Linkages Project

November 2017

Samuel K. Gayi

**Retired Head, Special Unit on
Commodities, UNCTAD**



UNITED NATIONS
UNCTAD

Outline

- **Introduction**
- **Objectives**
- **Activities**
- **Lessons Learned**
- **Conclusion**

UNCTAD - Background

- Permanent intergovernmental body established by the UNs General Assembly in 1964;
- To promote the development-friendly integration of developing countries into the world economy.
- Knowledge-based institution – helping to shape current policy debates & thinking on devt;
- Domestic policies & international action are mutually supportive to bring about **sustainable development**.
- **Integrated treatment** of trade & development.



Objectives

- Strengthening the capacity of the Economic Community for Central African Member States to:
- enhance development linkages from the mineral resources sector; and
- Spread the benefits of this sector to the rest of the economy.
- Pilot Countries: Chad, *Equatorial Guinea* & Republic of Congo
- Joint capacity building activities: UNCTAD – LC/DL and ECA – Contract negotiation;
- AU & ECCAS (partners);
- National Task Forces – Govt, private sector, CSOs



UNITED NATIONS
UNCTAD

Activities (2015-2017)

- Needs assessment of extractive sector - produced a set of guidelines and recommendations for policy implementation of local content in the oil value chain;
- National and regional workshops to launch the project and build a road map for implementation
- Setting up of a national TF in each country to oversee the development of strategic plans, frameworks and guidelines for enhancing development linkages from the sector, including local content policies;
- Study tour of Ecuador for 4 members of national TF to benefit from L America experience, S-S cooperation.



Activities contd.

- Capacity building workshop on value chain governance in the extractive sector to:
 - (i) Strengthen the capacity of public policy officials in the design of policies for maximizing development linkages in the extractive sector;
 - (ii) Enhance partnerships between private sector, national, regional and international training institutes;
 - (iii) Strengthen the capacity of stakeholders to use information on the extractive sector to enhance its linkage to the rest of the economy.



UNITED NATIONS
UNCTAD

Activities, contd

- Regional activities and development of skills in the design and implementation of policies aligned with sustainable development goals.
- Second study tour to an African country on developing local content policies and their implementation;
- Final Regional Workshop; and
- Website/platform to share information on the mineral value chain.



UNITED NATIONS
UNCTAD

Challenges - I

- Limited CSO and youth participation (Congo), and gender participation
- Limited institutional capacity to design and implement LC/DL laws and regulations;
- Limited access to information, non-reliable communication channels
- Political instability (Chad)
- Government endorsement of project (Eq Guinea)

Challenges - II

- Youth unemployment - reality not reflected by statistics;
- Difficulty of access to funding, in particular for the youth, in setting up businesses; lack of training;
- Several assistance, but fragmented, programmes across different ministries;
- Disconnect between programme implementation and programme objectives;
- Non implementation of the main tenets of the Local Content regulation;

Lessons I

- Programmes lack coherence, - not filtering down to existing companies, or resulting in the creation of new companies.
- T&V training to address the skill shortages is critical.
- Efficacy of local content policies questioned, in a context of shallow financial markets;
- Weak targeting of beneficiaries – high cost of credit in particular for SMEs.
- Underscores issue of *implementation*: how do we translate policy initiatives into action to have their desired impact?

Lessons - II

- Fragmentation of responsibility among Ministries not healthy – eg. Hydrocarbons, Justice, and Interior (Congo).
- Proper planning & phasing of progs important
- Dialogue with all stakeholders- interagency collaboration, multistakholder TFs, Academia & Industry;
- Regional collaboration pays of;
- Policy can be implemented without specific legal enactments (Chad – only general rules on recruitment and procurement; uncoordinated and partial);
- New legislation in Congo but issues of implementation.

Lessons, contd - Main prerequisites for success

- Long term Vision - from political leadership; most importantly **commitment to implementing** this;
- Macroeconomic stability - low and stable inflation; and Exchange rate stability;
- Well trained civil service/ technocrats;
- Skilled work force trained to int'nal standards; private/pub sector companies) collaborating with trng insts to dev progs that respond to former's needs;
- Well-developed private sector, or joint venture-ships;
- Good infrastructure - roads, water, electricity, etc;
- Government provision or PPPS; "implementation" x 3!

Conclusion

- **Note of caution:** MTS underscored by rules to ensure predictability - local content provisions & issues relating to technology transfer may have to conform with the necessary provisions in the relevant Agreements of the World Trade Organization (WTO): TRIMs, TRIPS, & GATS. It may also be helpful for the Government to explore how the Trade Facilitation Agreement could be used to promote LC/DL framework.