



Natural  
Resource  
Governance  
Institute

# Local Content

How do countries get the most economic benefit from extraction projects?

Journalists Training  
[Last updated October 2015]

# Essential Question

How do we best cover local content obligations and opportunities?

# The decision chain



DOMESTIC  
FOUNDATIONS  
FOR  
RESOURCE  
GOVERNANCE

Discovery  
and  
deciding to  
extract

Getting a  
good  
deal

Managing  
revenues

Investing for  
sustainable  
development



INTERNATIONAL  
FOUNDATIONS  
FOR  
RESOURCE  
GOVERNANCE



# Overview

What it is and why it's hard

Local content tools & strategies

Data about local content

# What it is and why it's hard

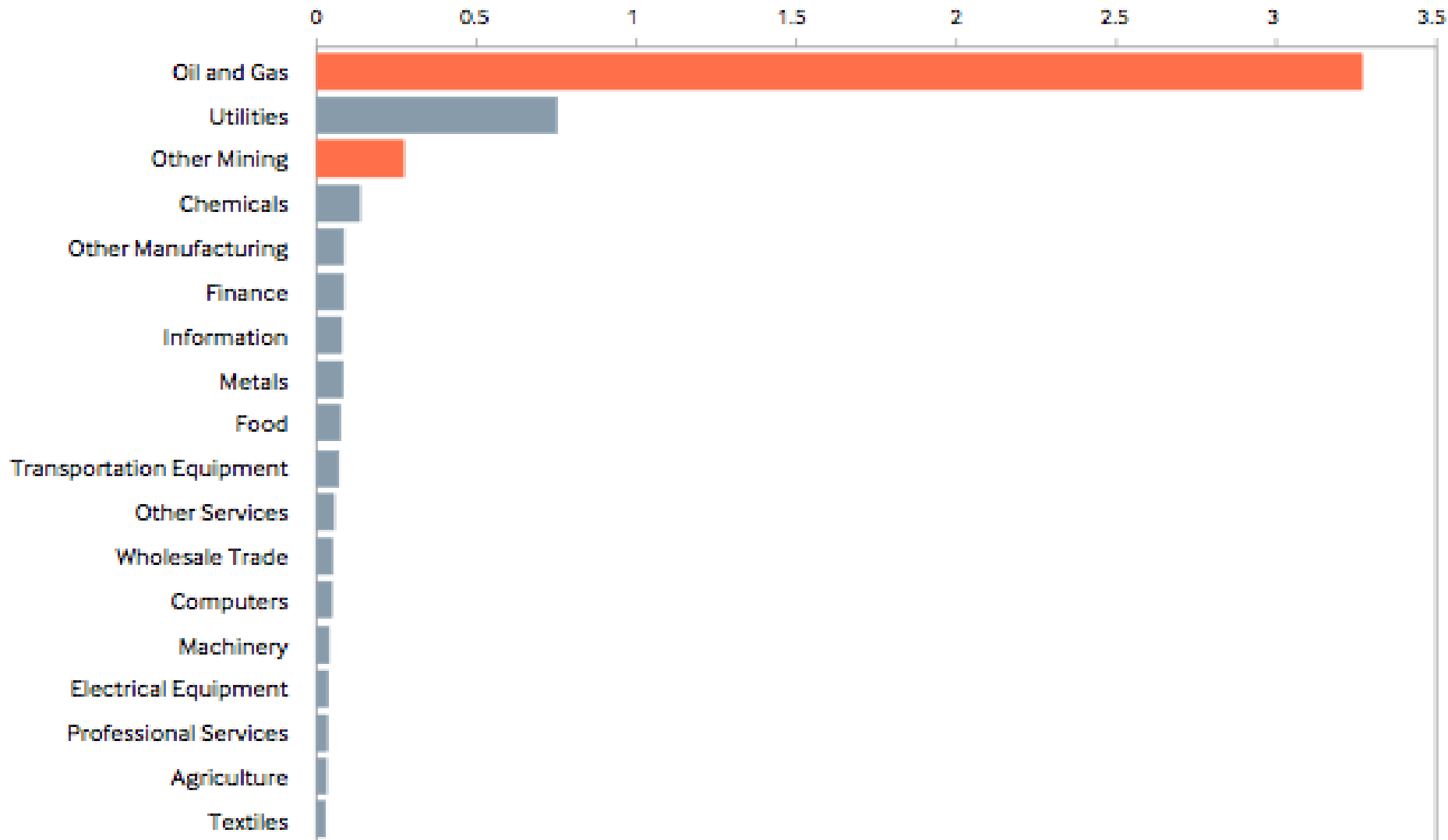
The ripple effects

# Local Content

**Value** brought to the local, regional, or national **economy** by extractive industries

# Industry with few jobs

Capital to Labor Ratio (Dollars)



# Expertise

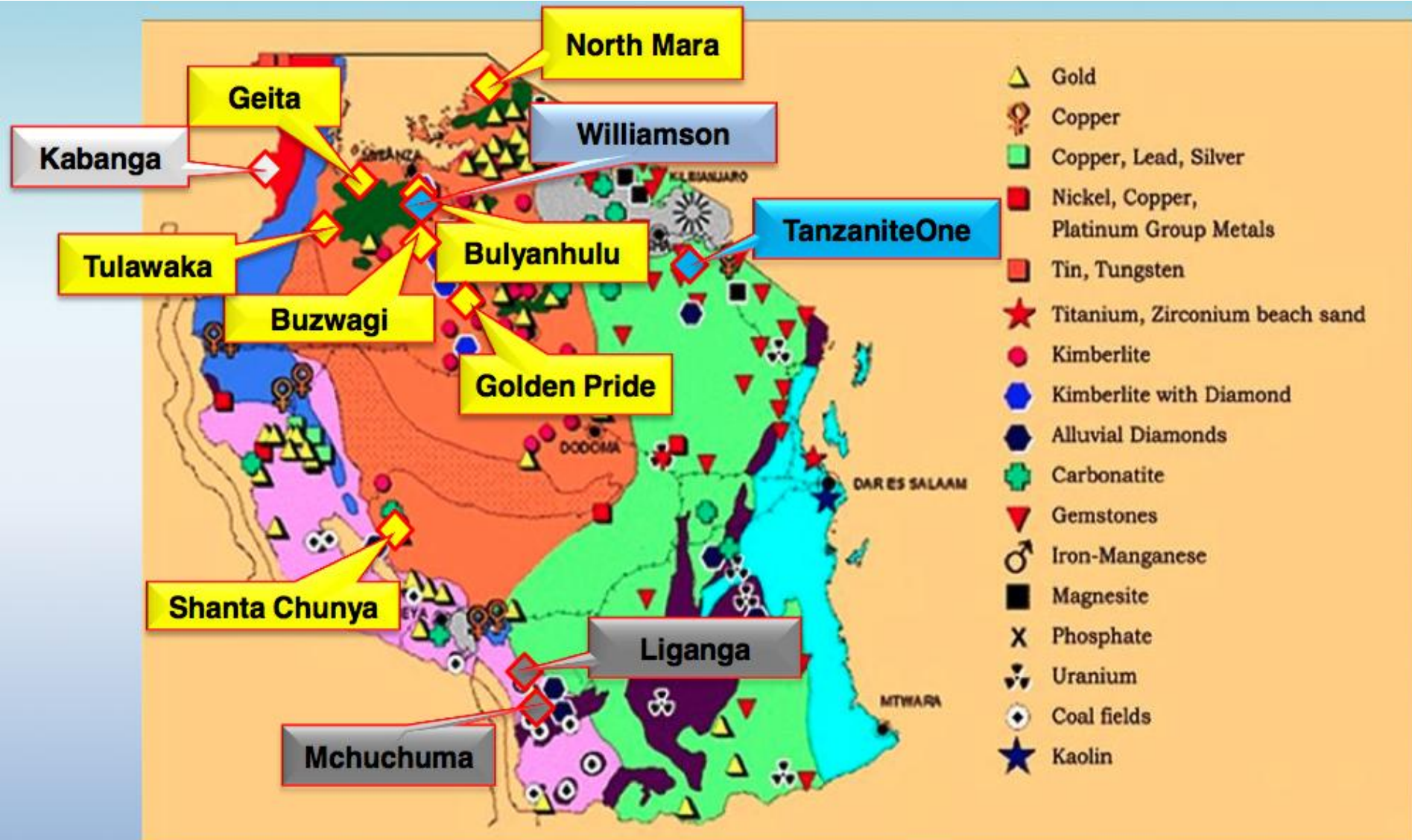




# Supply Quality



# Where is local?



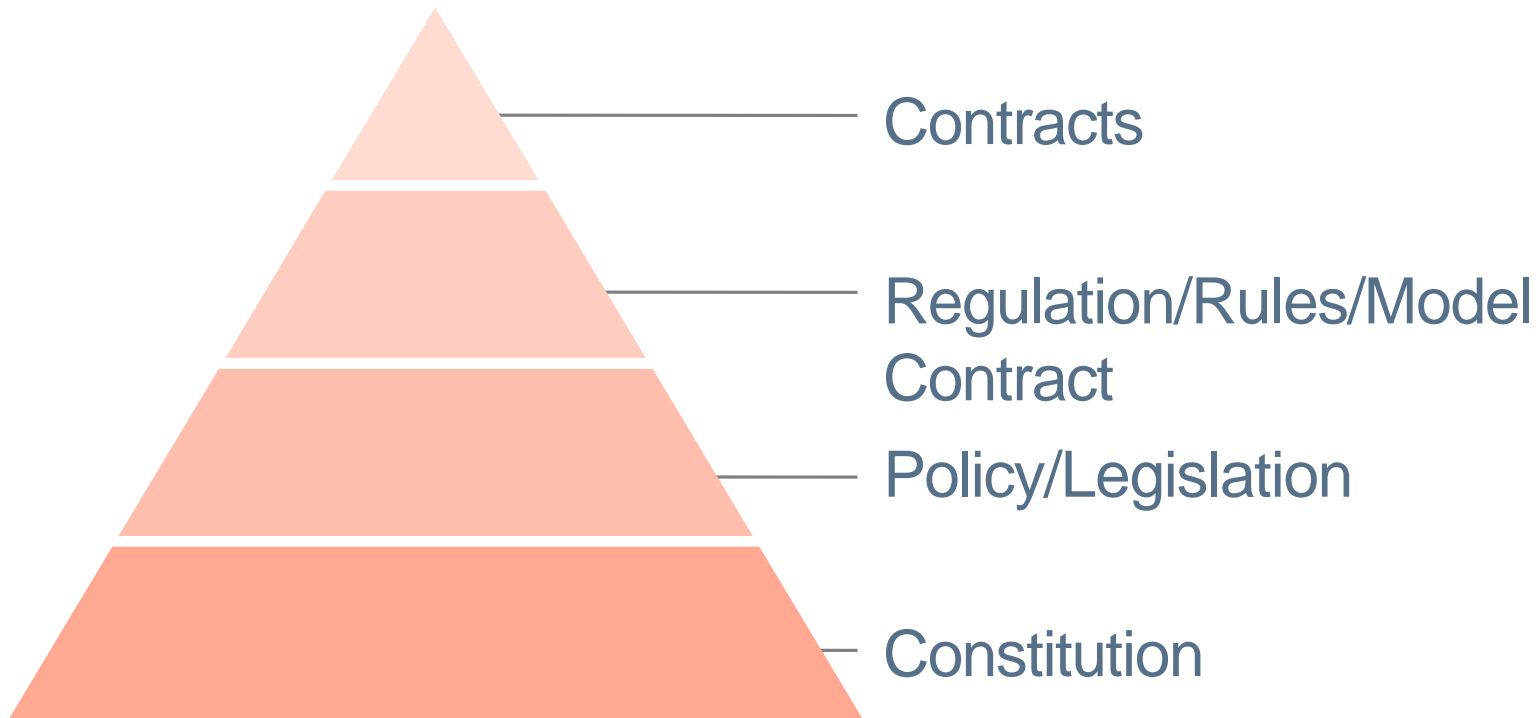
# Tools and Strategies for Local Content

How to promote *linkages* and  
*employment*

# Tools and Strategies

- Quotas and employment regulation
- Training program requirements
- Public education initiatives
- Incentives for small businesses
- Infrastructure linkages
- Equity participation requirements
- Promoting/requiring processing and production of derivative products

# National Legal Hierarchy



# Example: Contract

The Ghana-Tullow agreement provides that *“in the acquisition of plant, equipment, services, and supplies...[the] contractor shall give preference to materials, services, and products produced in Ghana...if [they]...meet standards generally acceptable to international oil and gas companies...”*



# Corruption

- Bribes to access markets
- Services and goods not at all “local” : use of middlemen (e.g. Nigeria)
- Another opportunity for political patronage

*TRANSPARENCY and CLEAR GROUND RULES  
are vital!*

# Finding and Analyzing Local Content Information

What do we do with this  
information?



# Finding Local Content Reports

## Company

- Website
- Stock exchange listing
- Local office

## Government offices/web portals:

- Minister of Mining/Petroleum
- Minister of Education
- Minister of Economy/Work

EITI – New requirements

# Employment monitoring success



Burkina Faso