Leveraging local content policies for broader economic development
Overview

- High demand for natural resources driving new finds and investment
- Public policy concerns to ensure resource exploitation benefits local economy and citizens
- Risks with some short-term, narrowly defined policy options
- What can go wrong – labour market distortion
- How to get it right - examples
- Conclusion and takeaways
Global demand – boon for raw material rich economies…

- …but short term policies lead to labour market distortions and loss of economic opportunity
- Capturing broad based opportunities requires broad based policies
  - for jobs and growth
  - for economywide development
  - for new skills for new jobs
  - to draw talent from the indigenous workforce, diaspora and migrant workers
Inter-sector labour mobility from service to oil & gas
Alberta 2006

Source: Alberta Employment, Immigration and Industry 2007 Labour Market Outlook
In absence of access to right skills
Employers fill jobs with under-qualified staff
Alberta 2006

Attempts to solve hiring difficulties

- Recruited outside of Canada
- Other
- Recruited outside province
- Acquired new technology
- Improved training
- Use overtime
- Hired temporary help
- Improved salary/benefits
- Ignored new business opportunities
- Passed responsibilities to other companies
- Hired under qualified people

Source: Alberta SME Survey
Oil & gas leads in economic growth but not in labour productivity
Alberta 2006

Source: Centre for the Study of Living Standards
Oil & gas leads in economic growth but not in labour productivity

Mongolia 2007

Labour Productivity, Mining Sector Mongolia

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<th>Year</th>
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Oil & gas leads in economic growth but not in labour productivity

Mongolia 2007
Conclusion

- Capturing broad based opportunities requires broad based policies...
- ...and understanding
  - cross-sector economic and employment linkages
  - the transition from project activity to ongoing operation
  - how to respond to short-term specialty skill needs while building skill base for a longer term economy wide development
Takeaways

- **Mainstream migration in development:** use “local content” to drive diaspora engagement (skills and investment)

- **Policy coherence:** diaspora ministers need to be round table with colleagues devising comprehensive solutions to development challenges

- **Work with private sector and diaspora:** find durable solutions

- **Think outside national box:** regional approach to supply side local content challenges?