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CTPD URGES GOVERNMENT TO AGGRESSIVELY IMPLEMENT A ROBUST LOCAL CONTENT FRAMEWORK

Zambia's mining history dates back over 100 years ago. This rich history is attributed to its unique geographical positioning. In addition to copper, Zambia boasts of other mineral resources including base metals, precious, industrial, gemstones, and energy minerals.

Our benefits from the mining sector as a country have been narrowed to fiscal linkages i.e., garnering revenue from the sector to support public expenditure. It is cardinal that the concept of benefits from the mining sector is extended to instituting deep production linkages through forward and backward integration. One way of attaining this is through a robust local content strategy.

Local content can be defined as the added value brought to the host country through the activities of the mining industry. This is achieved through local workforce development and investment in supplier development. Local content policies when well-crafted and implemented can translate into the propagation of economic structural reformation.

The Mines and Minerals Development (local content) Regulations of 2020 were initially proposed by the previous regime as the principal piece of legislation to govern local content within Zambia's mining sector. These take the form of a Statutory Instrument which is still in draft form.

The Statutory instrument proposes to remedy a deficiency in the Mines and Mineral development Act no. 11 of 2015 (section 20) with explicit local procurement targets. However, it is important to ensure that this SI reflects what is on the ground in terms of local supplier capabilities in setting targets.

There are three main barriers to success when it comes to Zambia's mining local content framework. Most of these are supplier-related. Firstly, there is a huge gap between the needs of the mining companies and the capabilities of local suppliers. It is important to note that mining companies look at four important things when selecting suppliers, these include pricing, quality, on-time delivery of goods and services, and reliability. Many mining companies perceive local suppliers as being incapable of meeting their needs in terms of

product quality, on-time delivery, and reliability. The second barrier to success is the political economy that hovers around the issues of local content which seem to benefit a few elites because of their political connections. Lastly, there is an arguably skewed relationship between the state and mining multinational enterprises. This undermines the bargaining power of the former in instituting progressive policies that benefit its citizens.

As the Centre for Trade Policy and Development (CTPD) we think resolving Zambia's local content challenges will require a thorough analysis of the local context.

CTPD also thinks there is need to identify intervention points in the mine project life cycle and create linkages between mining firms and local suppliers. This will aid in reducing the gap between supplier capabilities and demands by mining firms. To effectively build these linkages, it is cardinal that domestic firms supply goods and services on time and of reasonable quality. This can only come to fruition by developing a competitive local manufacturing and supply base. This partially entails the government creating incentives that support local contractors and suppliers.

Secondly, it is cardinal that local content requirements reflect the realism of local supplier capability and demand of industrial assets by mining firms. Penultimately, those in leadership need to be selfless in instituting policies that benefit local suppliers and contractors. Lastly, there is a need for Zambia's mining local content framework to focus on dynamic elements which aim to improve supplier capabilities rather than a narrowed static approach that merely focuses on employing and developing local manpower.

Issued by:

Webby Banda (Mr)

Senior Researcher (Extractives)

Centre for Trade Policy and Development (CTPD)

Editor's Note

The Centre for Trade Policy and Development (CTPD) is a not-for-profit, membership based trade policy and development think tank. The organization was established in 1999 and existed as the civil society trade network (CSTNZ), until 2009 when it was rebranded as the Centre for Trade Policy and Development (CTPD).

The mandate of CTPD is to influence pro-poor trade and investment reforms at national, regional and multilateral levels as well as facilitate the participation of various stakeholders including member organizations in ensuring that trade is used as a tool for poverty eradication.

For more information you can Email: info@ctpd.org.zm. or Visit our web site [www.ctpd.org.zm] You can also follow our TWITTER Account - @CTPDZambia Address: office Plot 123, Kudu Road Kabulonga

Contact: Mwaka Nyimbili
Centre for Trade Policy and Development
Phone: +260 211 264409 | +260975876038
Fax: +260 211266234
Plot 123, Kudu Road Kabulonga
www.ctpd.org.zm