Local Procurement: Benefits for Development and Mining Companies

Jeff Geipel
Engineers Without Borders Canada
jeffgeipel@ewb.ca

Make Safety Personal

EWB's Mining Shared Value Venture

- Working to improve the development impacts of mining activity in developing regions through encouraging an increase in local procurement

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Local Procurement is Good for Development

- Increases jobs and incomes in host countries and communities
- Transfers skills and technology
- Helps create invaluable business networks and industrial clusters
- Formalizes economies, increasing tax revenue and increasing worker protections

Efficient and Resilient Procurement

- Lower product costs
- Reduced delivery times
- Increased # of supplier options

Strengthened Social Licence to Operate

- Increases benefits to local stakeholders
- Reduced risk of conflict and stoppages
- Improved relationship with government

NEWS: Nunavik May 07, 2013 - 10:45 am

Quebec moves to increase taxes paid by mining companies

"The government's ambition is to make Quebec one of the most prosperous places in the world"

NUNATSIAQ NEWS

Quebec's Parti Québécois government has decided to move ahead with a plan to increase the amount of tax paid by mining companies.

The new rate hikes, which come into effect in 2014, will see mines paying the higher of two taxes, a royalty on production or tax on profit

ore from an open pit at the site of Canadian Royalties' Nunavik (PHOTO COURTESY OF CANADIAN ROYALTIES)

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African nations consider standardised mining policies

14 January, 2014 **Cole Latimer** **1 comments**

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African nations are reportedly considering a single standardised set of continental mining policies, Zambian officials say.

Speaking yesterday, Christopher Yaluma, the Zambian mining and energy minister, said African countries are looking at forming an alliance to standardise the very different mining policies across the continent, **according to The People Daily.**

EITI Extractive Industries Transparency Initiative

Companies Reporting Local Procurement Policies

25%

Increase in companies reporting from 2011 to 2012

> programming to increase local procurement
> proportion of spending that is local

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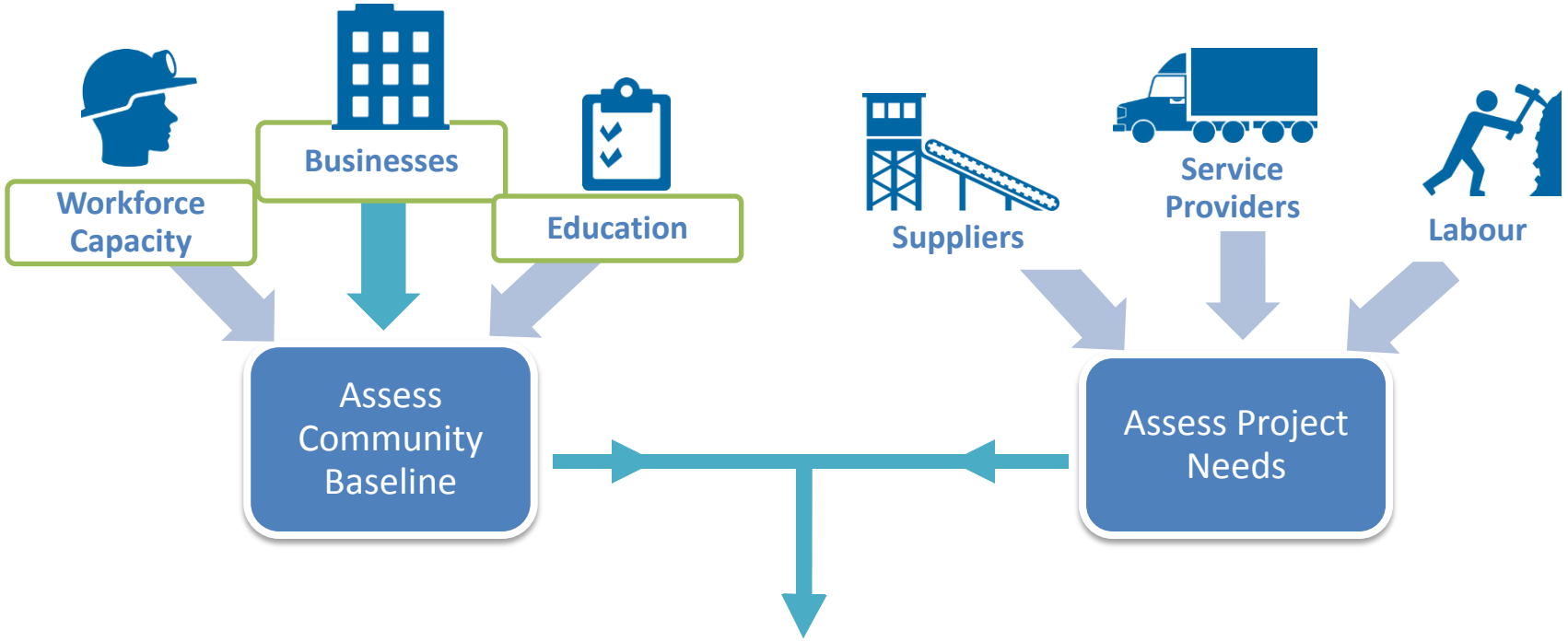
But local suppliers can’t provide the goods and services I need!!

Project Development & Local Procurement

Assessment Phase

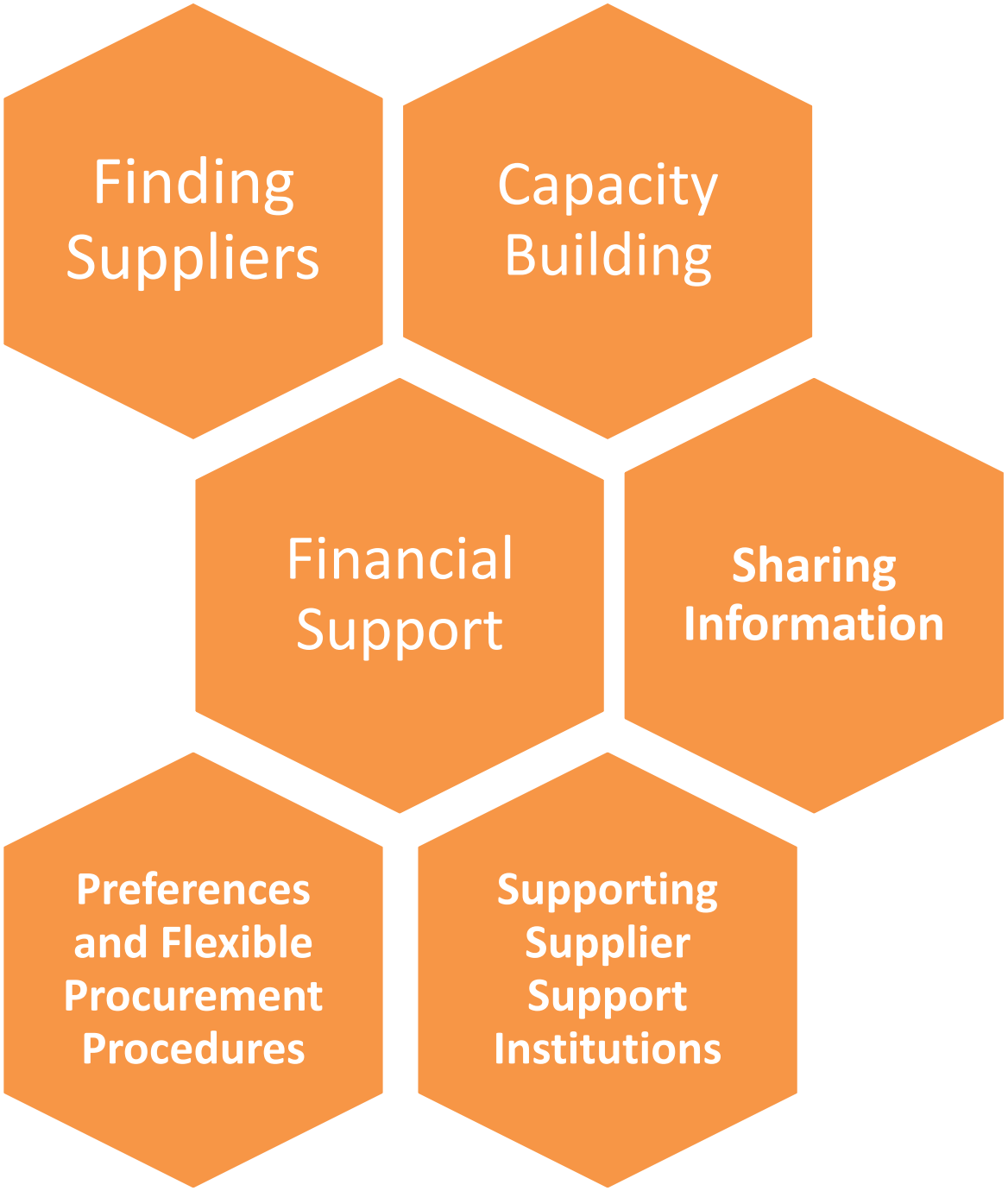
- Early engagement is key for identifying and developing sustainable businesses and opportunities
- Commitment and allocation of funds for training and capacity building during prefeasibility study



1. What exists in the community that can be used by the project?

2. What opportunities are there to enhance existing businesses or to support sustainable development of the local community?

3. What opportunities are there to develop new businesses, create new training programs, and build workforce capacity?


Finding Suppliers
Capacity Building
Financial Support
Sharing Information
Preferences and Flexible Procurement Procedures
Supporting Supplier Support Institutions

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Exploration Phase

- Procurement needs for goods and services may be minimal in exploration relative to later phases of mining
- BUT, this is the first interaction the local community and economy may be having with the mining industry
- Expectations need to be managed

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Resources

Toolkits

- Esteves, A.M., Brereton, D., Samson, D. and Barclay, M.A. (2010), *Procuring from SMEs in Local Communities: A Good Practice Guide for the Australian Mining, Oil and Gas Sectors*.
- International Finance Corporation (2011), *A guide to getting started in local procurement: For companies seeking the benefits of linkages with local SMEs*,

Case Study Material

- Jenkins, B., Akhalkatsi, A., Roberts, B., and Gardiner, A. (2007), *Business Linkages: Lessons, Opportunities, and Challenges*
- World Business Council for Sustainable Development (2009), *Newmont: Supporting local economic growth in Ghana*, Geneva: World Business Council for Sustainable Development.

Local procurement benefits communities and host economies, and offers mining companies an effective way to respond to rising expectations of what mining activity should contribute to economic and social development.

THANK YOU

Jeff Geipel
jeffgeipel@ewb.ca