

Our missed opportunities and need to consider local content and participation

As a country I believe we have our share of missed opportunities in empowering our people economically through inclusiveness and participation in key sectors of our economy, this is largely due to a general lack of or failure in implementing policies that ensure there is local empowerment. This has significantly been seen during our privatization process, but also in the extractive sector and now (probably) in the gas sub sector.

Before I proceed any further, let me opine that the most important thing in managing this ideal empowerment expectations is to get proper regulations in the first instance before making significant strides in these key sectors.

As an example, we need to develop policies that ensures we translate and use our non-renewable/non-lasting depleting resources (i.e. minerals or gas) resources and translate them into lasting resources such as using proceeds from these natural but depleting resources into developing and strengthening our lasting social goods (i.e. education, health, infrastructure, etc), that we use these depleting resources into developing our human capital – so that we have a population that is healthy, properly skilled and with competences required in a competitive free market, the population that embraces innovation or that understand a sense of urgency in innovative aspects of our lives is necessary, we need to use our natural and depleting resources to strengthen our infrastructure so that we have physical and social infrastructures that will propel development of other sectors such as trade, manufacturing, agriculture, commercial and other enterprises, we need to use proceeds from our non-renewable resources to build the right legal framework and strengthen institutions that will facilitate transformation of our society and the economy into better welfare, that will also ensure there are checks and balances in the way we manage our socio-economic aspects of our living. We need to use these resources to develop and strengthen our capital markets, so that we have a competitive and efficient markets will always propel enterprises and productive investment activities of our economy.

A failure or choice to not understand this, as a country, we will find ourselves in a divide and rule situation, like what we have somehow seen and may continue to see, if decide to kick the (need for local content) candle down the road.

Putting locals and the local content and participation at the centre of any conversation around policies on our resources management is very key, in extension transparency, accountability and prudence in use and management of revenue proceeds from these resources is equally key.

It is a no brainer that any attempt to remain content because our people are being employed in these sectors, that we have access as consumers of products and services provided by these sectors, or that we somehow participate in the value-addition activities surrounding these sector i.e. as suppliers, contractors, etc is not an option, BUT an emphasis that participation in the ownership of companies operating in these sectors, at any scale that the local community is capable of is wholly necessary. There are different models that the country may choose to pursue and ensure local content in the context of ownership is availed – I favour an approach that ensure a broader economic empowerment and inclusion. I favour an approach that facilitates economic inclusiveness, an equitable wealth creation, an enterprise culture modelled after transparency and good governance practices.

At different phases of our socio-economic development agenda, different policies, models and

approaches have been chosen, for different purposes, sometimes these purposes are other than the ones that ensure economic inclusiveness and empowerment.

For example during our privatization process, we chose mostly private/trade sales over public share offering -- the consequences of some of these policies and choices are a relatively economic dispersed and less inclusive society, economic and financial exclusivity, a less strong or deep and illiquid capital market, a stock exchange with a vastly inadequate supply of securities and relatively low liquidity and valuations in the Exchange. This is a big lost opportunity for financial inclusion, literacy, economic development and for the development of the local capital market.

To avoid repeating these mistakes, it is advisable that we seriously consider economic policies, options and approaches that ensures local content and participation, economic empowerment and inclusiveness i.e. in privatization, the remaining privatisations being conducted across the exchange.

The other smart approach that our country may opt in its efforts to implement empowerment policies and ensure local content and participation in key sectors or policies by way of ownership is through legislative actions. The Electronic and Postal Communications Act (EPOCA) and Mining Act of 2010 are some of smart government initiatives towards this direction. However, it is important to also note that, our experience shows that despite availability of laws and policies, sometimes regulations that should facilitate implementation of the law or policy take time to come, examples are EPOCA and Mining Acts of 2010 – four years later, we still do not have regulations in place.

As it is with us -- the discovery of resources such as mining, oil or gas is normally met with the hopes of turning any country's fortunes around. This being what it is, it is important therefore to shape and manage public expectation in the early stages of process i.e. exploration and discoveries in the gas sub sector -- this may be achieved through sensitization on the subject, by creating vehicles that will ensure public participation through ownership, emphasizing on the need for transparency and accountability on resource handling as well as public involvement, being it now and/or later in the process.

A key milestone that we can significantly make right now, in the gas sub sector, is creating policies, laws and regulations whose objective is to ensure there is government and people control in the process, benefits from discoveries are clearly stipulated, there is a promotion and maximization of value-addition and job creation through the use of local expertise, goods and services, businesses and financing in value chain and their retention in the country. The local content policy or law should also aim at the development of local capacities through education, skills transfer and transfer of technology. The law or policies has to create a platform for the creation of gas and related supportive industries that will sustain economic development. of a gas policy and law that will clearly stipulate issues around local participation, management of gas revenue expectation enactment of the law or a policy whose purpose should be a legal framework that will direct the approach in which locals may participate by way of investment in the sector or in value-addition activities in the sector, a legal framework to manage expected gas revenue i.e. collection, allocation management of gas revenues in a transparent and accountable manner.