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on Mining, Minerals, Metals and
Sustainable Development

Local Content Policies in Mining

Insights from a survey of producer countries



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Local Content Policies in Mining: Insights from a survey of producer countries

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Executive Summary

Local content in mining refers to the extent to which economic activities associated with the sector strengthen linkages and generate value within the domestic economy. Policies designed to increase local content matter because they shape how resource-rich countries translate extractive activities into broader development outcomes, yet they carry risks when poorly executed. How local content policies are designed affects their outcomes.

In this context, and in response to rising interest in local content policies, in June 2025, the IGF secretariat conducted a survey among its member countries to discuss their experiences with such policies and take stock of lessons learned from implementing local content policies. Participants were asked to share the types of local content policies that their countries pursued and the results of these policies (see questionnaire in Appendix A).

A number of key findings emanate from the survey. First, local content policies in respondents' countries typically focus on promoting local employment in the mining industry. Different respondents indicated that they prioritized supporting local firms to participate in mineral value chains at different stages.

Second, 80% of respondents indicated that their country's local content policies promoted opportunities for communities in mining areas, while 57% indicated that their country's policies promoted opportunities for firms and individuals from anywhere in the country. There was significant overlap between these two groups: 37% indicated that their country's local content policies combined measures for mining areas with others for the country as a whole. Third, most respondents' countries define firms as "local" based on where they are registered, incorporated, or carry out activities. But there are rarely clear rules to determine whether products or services sold by such firms have been produced locally.

Beyond the areas of focus of local content policies, the survey also looked at the different measures that governments use to promote local content. Respondents indicated a range of measures were used, with the most popular being requirements for a fixed percentage of employees to be local people, requirements for companies to adopt succession or localization plans or plans to increase local hiring over time, and requirements for companies to train locals or support training facilities. To encourage mining companies to procure goods and services from local companies, most respondents' governments support the competitiveness of mining suppliers; technical support is the most popular way to do so. Governments often complement these measures with "demand-side" regulations that require local procurement.

The most commonly used tool to encourage in-country beneficiation and/or manufacturing of minerals is a requirement for minerals to undergo a certain level of processing before being exported. Among policies to support other companies to benefit from infrastructure or capabilities developed for mining or mineral value chains, the most common policies used by respondents focus on the sharing of infrastructure. Respondents indicated low awareness of data-based tools to support local content policy formulation, but those respondents who were aware of how effective such tools were mostly indicated that they were helpful.

Respondents indicated that there were key challenges in implementing local content policies, including a lack of technical capacity or appropriate human, financial, or data resources to ensure that such provisions are implemented. Coordination between government agencies and the involvement of different stakeholders are also important to ensure implementation.



Despite these challenges, respondents generally found that local content policies had been successful. Governments have learned lessons from past experiences of local content policies and adapted their policies, often with positive results.

To give local content policies the greatest chance of success, local content policies should a) seek to balance benefits to local communities around mine sites with supporting broader national development; b) understand what activities can be carried out locally in the short term, to avoid overburdening industry with unrealistic requirements; c) design policies to avoid “regulatory arbitrage” to ensure that local content policies create real economic opportunities locally; d) monitor and adapt local content policies over time; and e) build capacity for developing and implementing local content policies, including through the use of data-based tools.



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1.0 Introduction

1.1 What Is Local Content?

Local content refers to the extent to which economic activities associated with a sector—in this case, mining—strengthen linkages and generate value within the domestic economy. These can include the employment of local workers, the use of locally supplied goods and services, the development of local enterprises and skills, the use of mining infrastructure, and the retention of value along the mineral value chains during the lifetime of the project. Fiscal linkages from mineral value chains are not typically included. **Local content policies** are, therefore, designed to translate investment into greater benefits for host countries.

While there is broad agreement on the *intent* of local content, there is no universally agreed definition. Instead, interpretations vary and are often country-specific. The concepts of “local” and “content” therefore need to be defined separately. At the same time, local content policies should be designed and implemented in a coordinated manner, taking a whole-of-economy approach (Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development [IGF], 2018a).

What Is Local?

In the context of local content policies, the term “local” does not have a single meaning. Instead, it is typically defined along three complementary dimensions, which countries combine in different ways depending on national development objectives and political priorities (IGF, 2018a).

A geographical dimension under which “local” refers to the spatial level at which benefits are expected to accrue.

- In some countries, “local” is defined narrowly to prioritize communities located in or near mining areas, with a focus on local workers, suppliers, and service providers.
- In others, “local” is defined at the national level, with the objective of ensuring that benefits from resource development are distributed across the country and accrue to citizens more broadly.
- In others, it can be a combination of both, where preference is expected to be given to communities first, before offering opportunities at the national level.



For firms, this can be determined based on where they are registered or incorporated and where their operations take place (Ramdoo, 2024). The choice between a local or national focus reflects trade-offs between community development, national cohesion, and administrative feasibility.

BOX 1. TERMINOLOGIES USED IN THIS REPORT.

For the purpose of this report, we will use “**local content**” to refer to policies that prioritize communities located near mine sites, and “**national content**” for policies that target firms and employees from the entire country.

A value-addition dimension, which defines “local” in terms of where economic value¹ is created along the supply chain. Under this approach, activities are considered local when a portion of production, processing, manufacturing, or service provision is carried out domestically, rather than relying on imported inputs. The objective is to strengthen domestic supply chains, support local manufacturing and services, and promote economic diversification beyond extractive activities. This definition links local content directly to industrial policy and structural transformation goals, rather than to geography alone.

An ownership and control dimension, where the definition of “local” is based on ownership of firms’ equity and decision-making power. Some governments require that a minimum share of ownership or management positions be held by citizens, domestic firms, or specific groups, such as Indigenous Peoples or women. This approach is often used to ensure that financial returns remain in the country, promote domestic entrepreneurship, and advance broader social or equity objectives, including inclusion of women, Indigenous Peoples, and other historically marginalized groups.

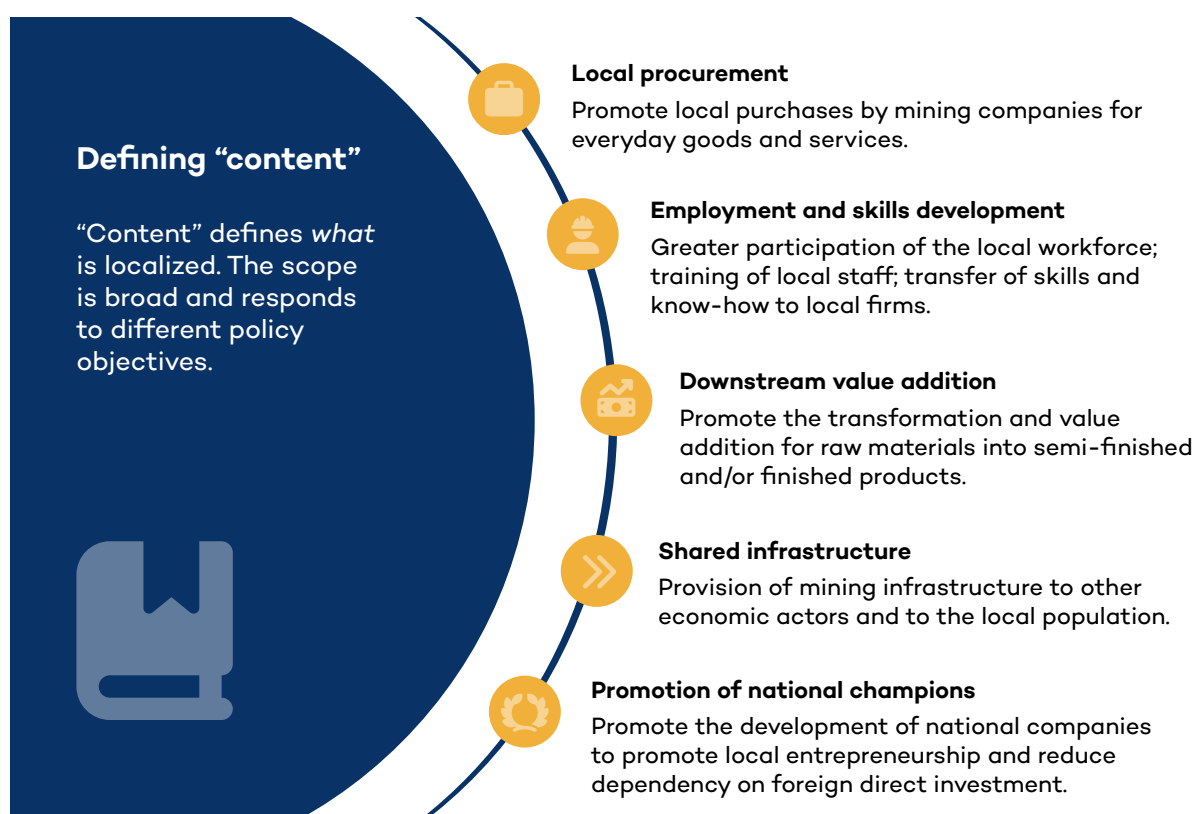
What Is “Content”?

Content captures *what* is localized. As shown in Figure 1, it refers to the types of economic activities and capabilities that local content policies seek to develop and anchor in the domestic economy. These can include: local employment opportunities; opportunities for local firms to benefit from upstream, horizontal or downstream linkages; or opportunities to benefit from knowledge or technology transfer (e.g., via training or firm joint ventures) with mining companies that can put firms or individuals in a better place to benefit from this in the future (Ramdoo, 2024).

¹ Where it is used in local content policies, “value added” can mean the proportion of the value of a good that was contributed in the host country (IGF, 2018a). A way to measure this is the difference between what the company sells its wares for and what it spends on the imported goods and services used to produce them (IGF, 2025).



FIGURE 1. Defining “content”



Source: Authors’ illustration.

1.2 Why Do Local Content Policies Matter?

As highlighted above, local content policies matter because they shape how resource-rich countries translate extractive activities into broader development outcomes. When designed and implemented effectively, they can help host countries capture greater economic and social value from mining by expanding opportunities for domestic firms, workers, and communities—particularly those located in mining regions.

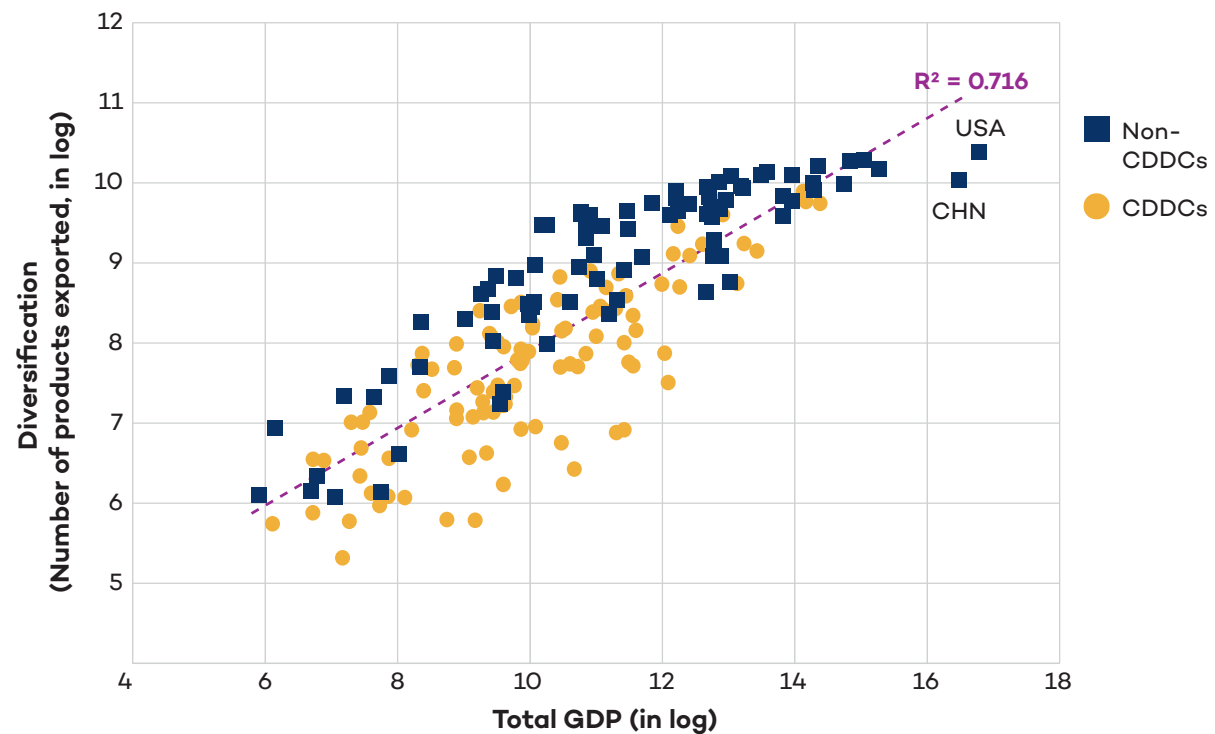
From a **political and strategic perspective**, local content can strengthen producing countries’ leverage in global engagement and support long-term economic diversification. Excessive dependence on a single sector and on external demand is neither desirable nor sustainable. Countries that rely heavily on extractive industries are often more exposed to global price volatility and external shocks, and may experience slower growth depending on governance quality (Dauvin & Guerreiro, 2017; Davis, 2022; UN Trade & Development, 2023). As illustrated in Figure 2, local content policies, when aligned with industrial policy objectives, can support diversification by fostering domestic capabilities beyond extraction (Lebdioui & Bilek, 2021).

From an **economic and financial perspective**, local content can be a powerful vector of development—supporting job creation, supplier development, value addition, and shared infrastructure. In some contexts, local content can contribute more to national development outcomes than fiscal revenues alone, particularly where fiscal governance is weak (Doraisami, 2015; Lebdioui, 2020). Research has shown that higher fiscal revenues from oil, gas, and mining do not necessarily translate into higher public consumption or savings (Taylor, 2024). In



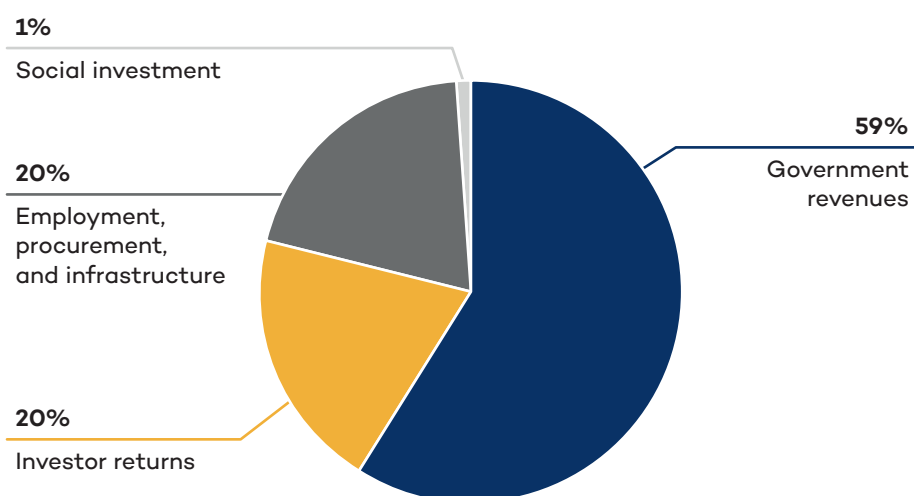
contrast, estimates (e.g., those in Figure 3) suggest that mining companies' local spending on goods, services, and wages can exceed their tax contributions, making local content a critical channel for domestic value retention.

FIGURE 2. Association between diversification and GDP, 2020



Source: Freire, 2025.

FIGURE 3. Estimated local spending by mining companies



Source: Davis, 2025, adapted from Östensson, 2018.



Local content policies are also important for **employment and social inclusion**. While mining is capital-intensive and employs relatively few people directly, it is often the only formal employer in remote regions (IGF, 2023). Local hiring and training requirements can expand access to better-paid jobs and support employment along mineral value chains, increase the participation of women and of indigenous populations, while procurement policies can stimulate local enterprise development. Importantly, local content can help ensure that communities affected by mining activities see tangible benefits—especially where local revenue-sharing mechanisms are limited or local fiscal capacity is weak.

At the same time, experience shows that local content policies are not without risks. Poorly designed requirements can raise costs, reduce competitiveness, deter investment, and ultimately lower fiscal revenues (Kolstad & Kinyondo, 2017). The historical record, therefore, offers cautionary tales (IGF, 2018a). Nonetheless, there are compelling reasons why governments continue to pursue local content policies, even where short-term costs may arise.

Finally, beyond development objectives, local content is necessary for social acceptance and can provide mining firms with the **social licence to operate**. Mining projects that fail to deliver visible local benefits are more likely to face resistance from communities, leading to delays, disruptions, and higher operational risks (Beland Lindahl et al., 2023; Diene et al., 2022). In this sense, local content is not only a policy tool for governments but also a strategic consideration for companies seeking stable and predictable operating environments.

1.3 Critical Success Factors and Possible Risks of Ill-Designed Policies

Local content policies are not self-executing. Their effectiveness depends critically on whether they are grounded in realistic assumptions about domestic capabilities, aligned with national development priorities, and supported by adequate institutional capacity (IGF, 2018a). Experience across mining and other extractive sectors shows that similar policy instruments can produce very different outcomes depending on underlying conditions and policy design choices.

Table 1 summarizes the key prerequisites for success and the potential risks of failure resulting from ill-designed policies.

TABLE 1. Key conditions for success in local content policies

Conditions for success	Risks of ill-designed policies
Clear objectives linked to national development plans Local content goals are explicitly aligned with industrial, employment, and diversification strategies, with a defined scope and priorities.	Unclear or poorly specified objectives Ambiguous goals make implementation fragmented and reduce accountability across institutions.
Realistic, time-bound measures Targets and requirements reflect domestic capabilities and include phased implementation and sunset clauses.	Unrealistic targets and timelines Mandatory requirements that exceed local capacity can raise costs, reduce competitiveness, and deter investment.



Conditions for success	Risks of ill-designed policies
Strong industrial and technological capabilities Policies build on existing or emerging domestic firms and technologies that can be scaled over time.	Limited industrial and technological base Weak domestic capabilities constrain firms' ability to meet local content requirements.
Human capital and skills development Complementary supply-side measures address skills gaps through training, education, and workforce development.	Skills mismatches and labour constraints Lack of trained workers undermines compliance and limits employment outcomes.
Conducive business and industrial ecosystem Reliable infrastructure, affordable energy, efficient logistics, and access to imported inputs support competitiveness.	Poor enabling environment Infrastructure gaps, high energy costs, and trade barriers increase production costs for local suppliers.
Institutional capacity and coordination Public administrations can coordinate across agencies, engage industry, and adapt policies as conditions change.	Weak administrative capacity Limited coordination and enforcement capacity reduce effectiveness and credibility.
Robust monitoring and enforcement mechanisms Clear indicators, reporting requirements, and feedback loops enable learning and course correction.	Weak monitoring and enforcement Absence of data and oversight limits impact assessment and policy adjustment.
Policy flexibility and adaptability Frameworks account for technological change and evolving market conditions.	Policy rigidity Failure to adapt to technological or market shifts can quickly render policies ineffective.

Source: Authors, based on IGF, 2018a.

1.4 Types of Local Content Policies

Governments typically rely on a combination of **mandatory requirements** (“sticks”) and **incentive-based measures** (“carrots”) to promote local content. The balance between the two varies across countries and reflects differences in domestic capabilities, investment objectives, and institutional capacity (IGF, 2018a; Korinek & Ramdoo, 2017; Ramdoo, 2015).

1.4.1 Mandatory Requirements (“Sticks”)

Mandatory measures impose **binding obligations** on firms to meet specific local content objectives. These are most commonly used where governments seek to guarantee minimum levels of participation by local workers, firms, or communities.



1.4.2 Incentive-Based Measures (“Carrots”)

Incentive-based policies encourage local content through **financial or regulatory advantages**, rather than obligations. These measures are often used to crowd in investment, support learning, and gradually build domestic capabilities.

TABLE 2. Examples of local content policy instruments

Policy objectives	Examples of mandatory requirements	Examples of incentives-based measures
Local employment and skills	<ul style="list-style-type: none"> • Minimum quotas for national/ local workers by skill level • Mandatory training and localization plans 	<ul style="list-style-type: none"> • Tax credits for local hiring and training • Public co-financing of vocational training and apprenticeships
Local procurement and suppliers	<ul style="list-style-type: none"> • Minimum domestic sourcing thresholds • Mandatory supplier registration and reporting 	<ul style="list-style-type: none"> • Preferential scoring in procurement • Supplier development grants and access to finance
Downstream value addition	<ul style="list-style-type: none"> • Mandatory in-country processing or manufacturing • Export restrictions on unprocessed minerals 	<ul style="list-style-type: none"> • Fiscal incentives for processing and manufacturing • Industrial zone access and infrastructure support
Ownership and participation	<ul style="list-style-type: none"> • Minimum domestic or citizen equity requirements • Mandatory community, gender-based, or Indigenous ownership shares 	<ul style="list-style-type: none"> • Preferential licensing for firms with higher local ownership • Equity co-investment or guarantee schemes
Infrastructure and ecosystems	<ul style="list-style-type: none"> • Shared-use infrastructure obligations • Local infrastructure development requirements 	<ul style="list-style-type: none"> • Public–private co-investment in energy, transport, and logistics • Regulatory fast-tracking for shared infrastructure projects

Source: Authors, based on IGF, 2018a.



2.0 Taking Stock of Countries' Experiences With Local Content

2.1 Background on Survey

In response to rising interest in local content policies, in June 2025, the IGF secretariat conducted a survey among its member countries to discuss their experiences with such policies and take stock of lessons learned. Participants were asked to share the types of local content policies that their countries pursued and the results of these policies (See questionnaire in Appendix A). This included questions on countries' experience with international initiatives to support local content policy-making, such as the Local Procurement Reporting Mechanism (LPRM) and the Local Investment Opportunities in Natural Resources Projects (LION) tool developed by Germany's Federal Institute for Geosciences and Natural Resources. This section provides the key highlights of the survey. The survey received a total of 31 responses, with participants from Africa, Asia, Europe, and Latin America.

For each of these questions (aside from those with only two choices), multiple responses were possible, which is why the percentages of responses for the various answers to each question typically sum to more than 100%.

2.2 Key Findings on the Use of Local Content Policies

2.2.1 Government Priorities for Local Content

Finding #1: Governments prioritize local employment and contracting in their approach to local content.

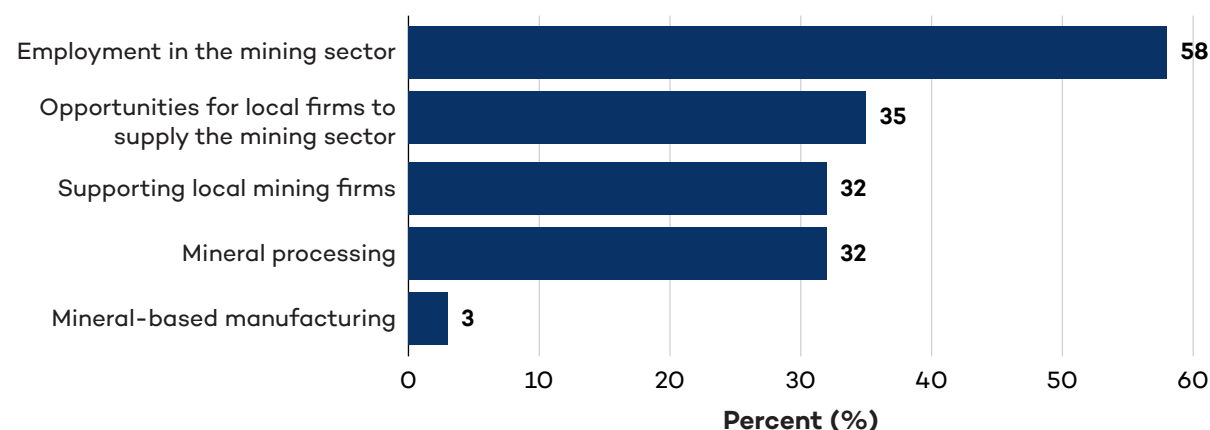
When asked to name the leading priority for their country's local content policies in the mining sector, the majority of respondents indicated that promotion of employment in the mining sector was a priority.

Some governments indicated opportunities for local companies to supply the mining sector or to participate in mining. In spite of the substantial attention currently being paid to encouraging mineral processing and downstream value addition (Geipel, 2025), fewer



governments indicated mineral processing as a priority, and mineral-based manufacturing was highlighted as a priority by only one respondent.

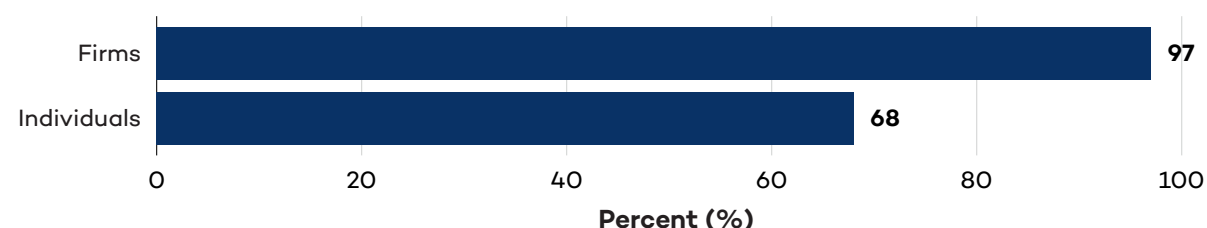
FIGURE 4. Governments' priorities for local content in mining²



Source: Survey responses.

As shown in Figure 4, almost all respondents highlighted that their country's definition of "local content" covered economic opportunities for local firms, with the vast majority also including employment opportunities for local individuals.

FIGURE 5. What do IGF members include in their definition of local content?³



Source: Survey responses.

However, some respondents indicated that local content is not yet clearly defined in national legislation, though legal instruments are being developed for this purpose (IGF, 2025; Trevedan & González, 2023).

Finding #2: Local content policies consider opportunities at the local and national levels.

As shown in Figure 6, around 80% of countries' local content policies take into account areas close to mine sites, while 37% considered both proximity to the mines or mining regions and firms located anywhere in the country. Only 20% of the respondents indicated their countries

² The question asked was "What are your government's priorities for developing local content in mineral value chains? (please select all that apply)."

³ The question asked was "Does your government's definition of local content in the mining sector relate to a. firms, b. individuals, or a mix of a. and b.?"

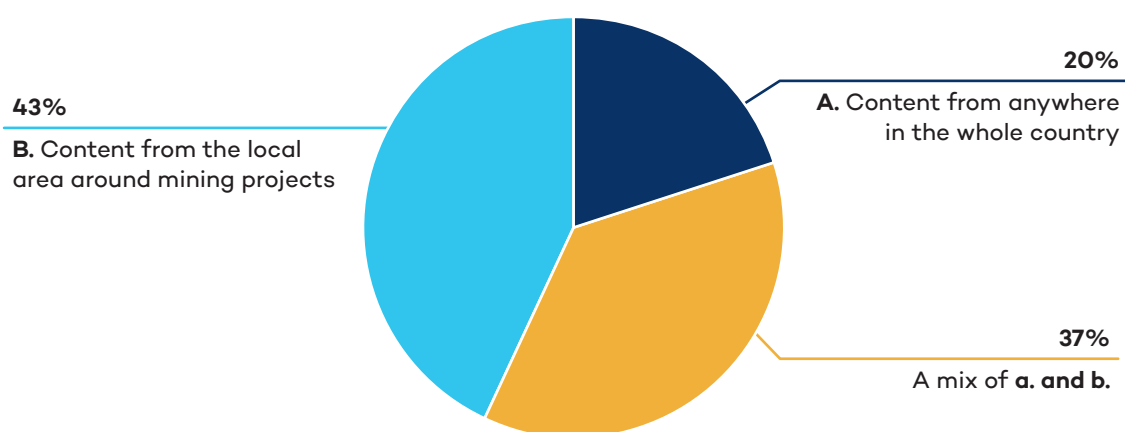


had no specific local content requirements targeted at areas surrounding mine sites, but rather considered beneficiaries from anywhere in the country.

In some cases, firms or workers that come from localities close to mines may not be available or may not have sufficient capacity to supply mines with the required goods and services. In such cases, it can be advantageous to combine both local and national content by reserving for local areas what they can realistically supply while supporting firms and individuals from the rest of the country to seize other opportunities along mineral value chains.

As noted above, where “local” content is used instead of national content, this may be because governments see local content policies as a way to ensure that local areas benefit from mining; where “national” content is used, the focus may be on seizing opportunities for broader national economic development.

FIGURE 6. Geographical focus of IGF members’ local content policies



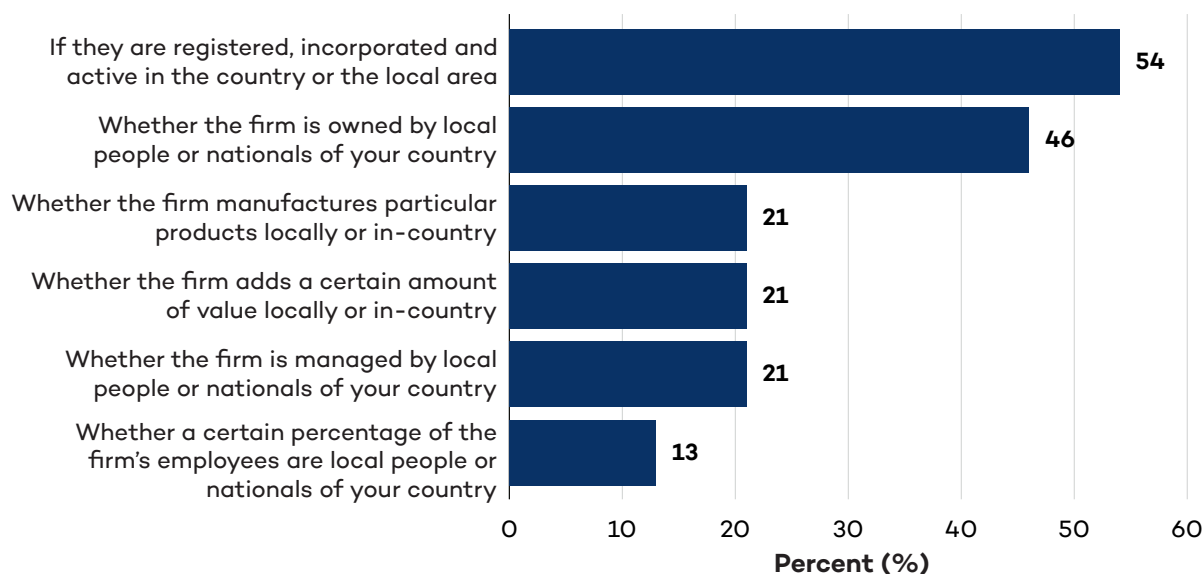
Source: Survey responses.

Finding #3: For most respondents, a firm’s “local” status is determined by where it is registered and where it operates.

For most respondents, their local content policies define firms as “local” based on whether they are registered, incorporated, or carry out activities in specific geographical locations within the country. Local registration can be readily verified through business registries. However, registration alone offers limited assurance that a firm’s activities generate benefits for local communities, particularly when employees are from outside the area or if the firm primarily supplies imported goods, with limited value accruing locally (IGF, 2018a).



FIGURE 7. Criteria used to determine whether firms are local in local content policies



Source: Survey responses.

2.2.2 Measures Used in Local Content Policies

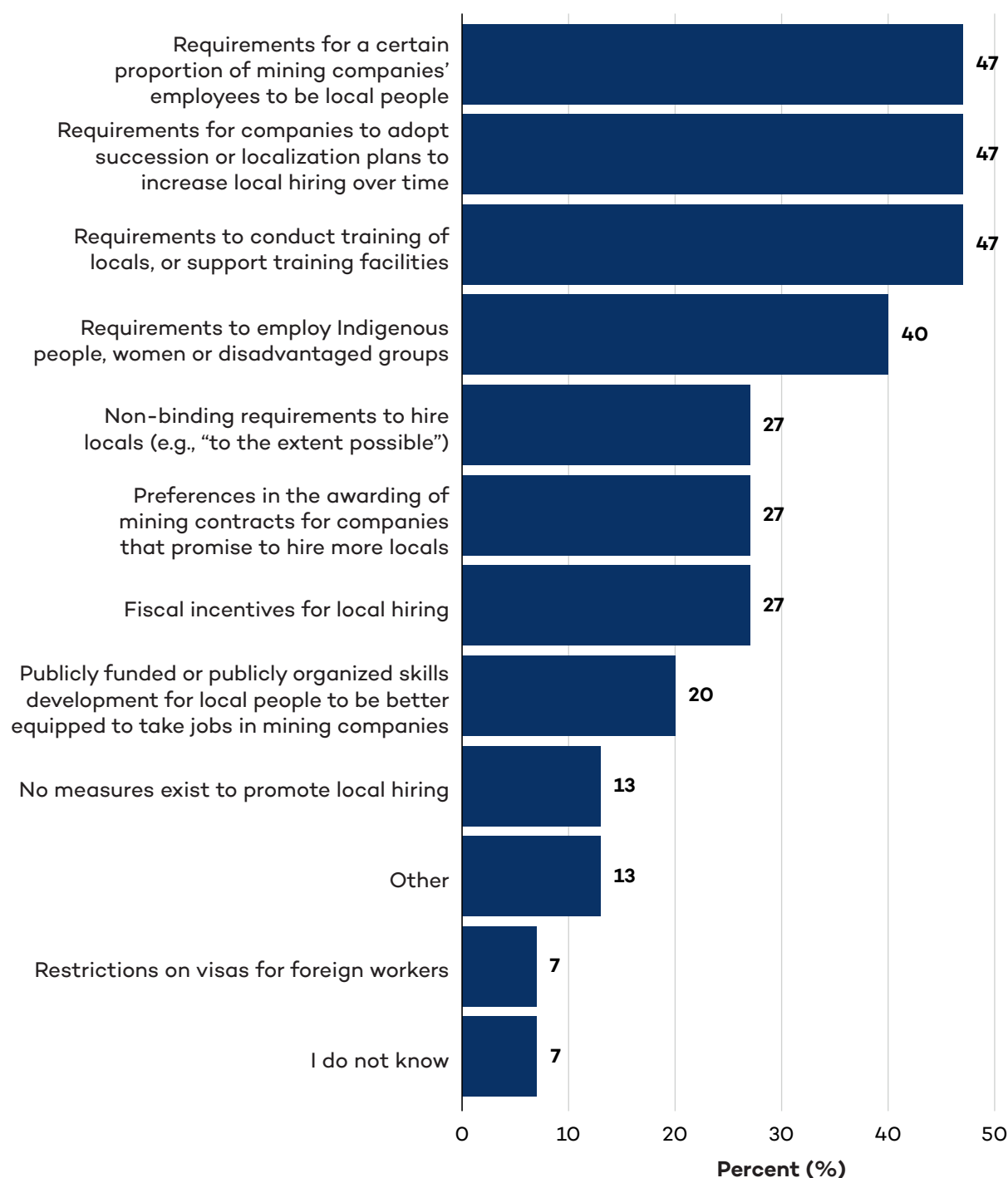
As outlined in Subsection 1.4, governments can employ a range of different instruments to encourage local content, including non-binding targets, mandatory regulations and incentives. Which approaches are used will have different effects on mining investment and local content. In this section, we review which measures respondents' governments have employed in their local content policies.

Finding #4: Measures to encourage local employment

Respondents use a range of different tools to encourage local hiring by mining companies. The most popular (used by 50% of respondents) include a) requirements for a fixed percentage of employees to be local people, b) requirements for companies to adopt succession or localization plans or plans to increase local hiring over time, or c) requirements for companies to train locals or support training facilities.



FIGURE 8. Laws/policies that aim to encourage mining companies to hire local people



Source: Survey responses.

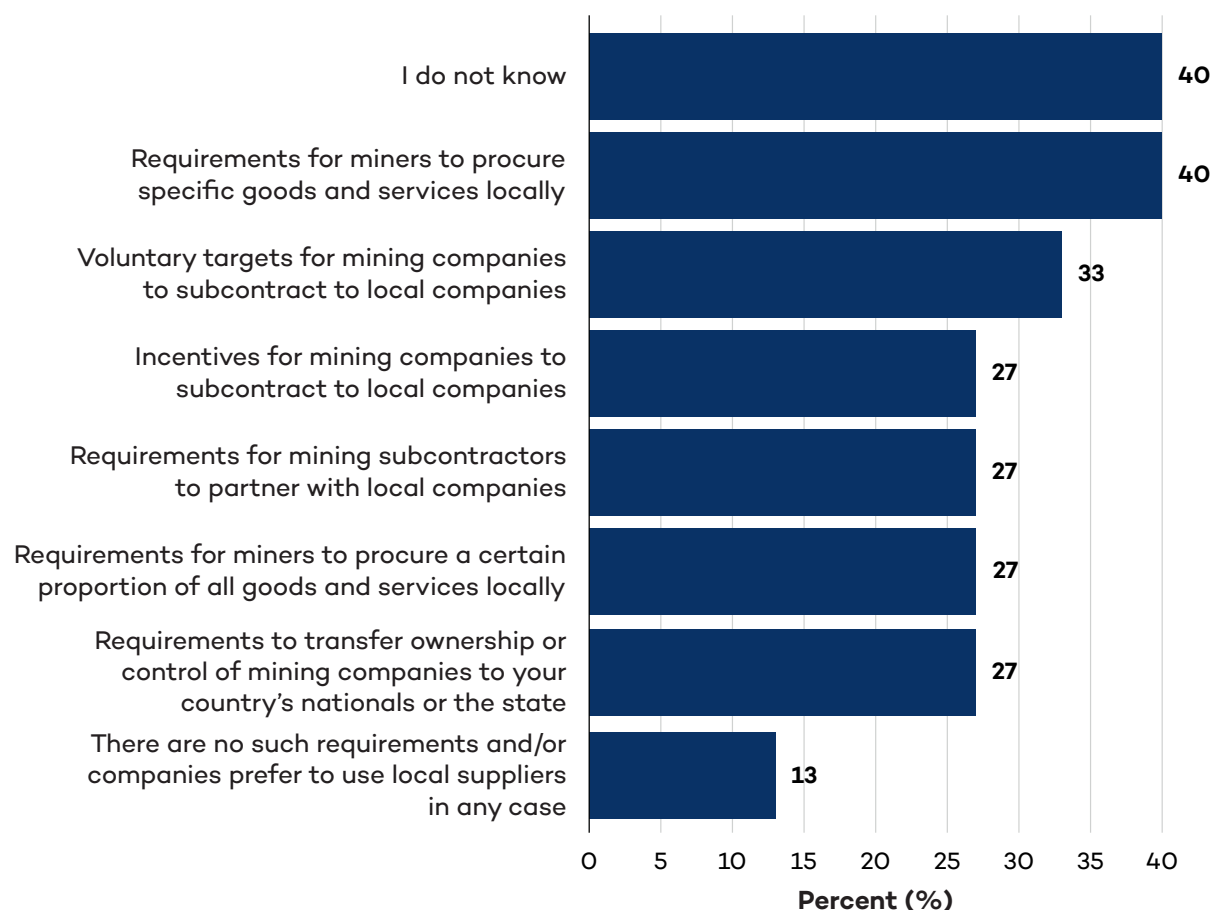
Finding #5: Types of local procurement requirements

To encourage mining companies to procure goods and services from local companies, both "demand-side" regulations that require local procurement and "supply-side" measures to boost the competitiveness of local companies are used (IGF, 2018a).



Among demand-side measures, the most commonly identified by respondents are requirements for mining companies to procure specific types of goods and services locally.

FIGURE 9. Mandatory requirements to procure goods and services from local companies



Source: Survey responses.

Among supply-side measures, the most commonly used by respondents is providing technical support to mining subcontractors (see Figure 11).

Finding #6: Rules of origin are rarely well defined in local content policies.

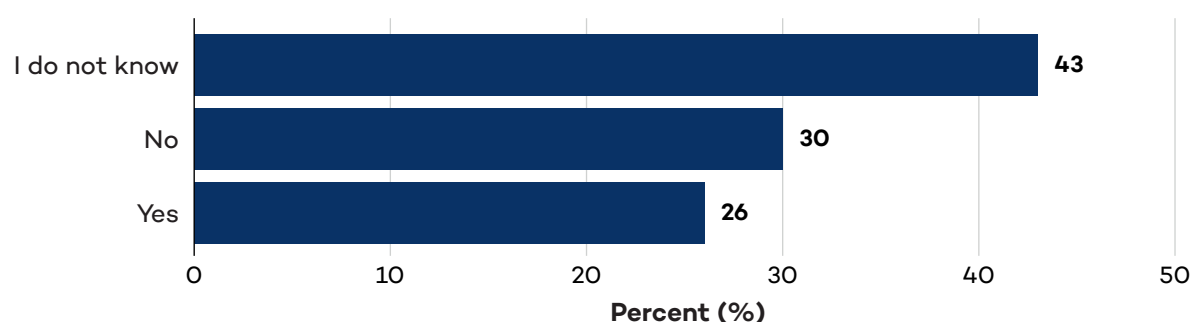
Rules of origin are requirements that determine what products or services are local. They can be based on what proportion of the value of the product or service is sourced locally, or on requirements for certain parts of the production process to be carried out locally.

Where countries' local content policies have clear requirements regarding local sourcing of products, these rules make it harder for mining companies to simply buy from intermediaries and importers, but instead procure from local entrepreneurs who add value in the domestic economy (IGF, 2018a).

However, as shown in Figure 10, most respondents were not aware of whether their countries used rules of origin for local sourcing.



FIGURE 10. Use of rules of origin in local content policies

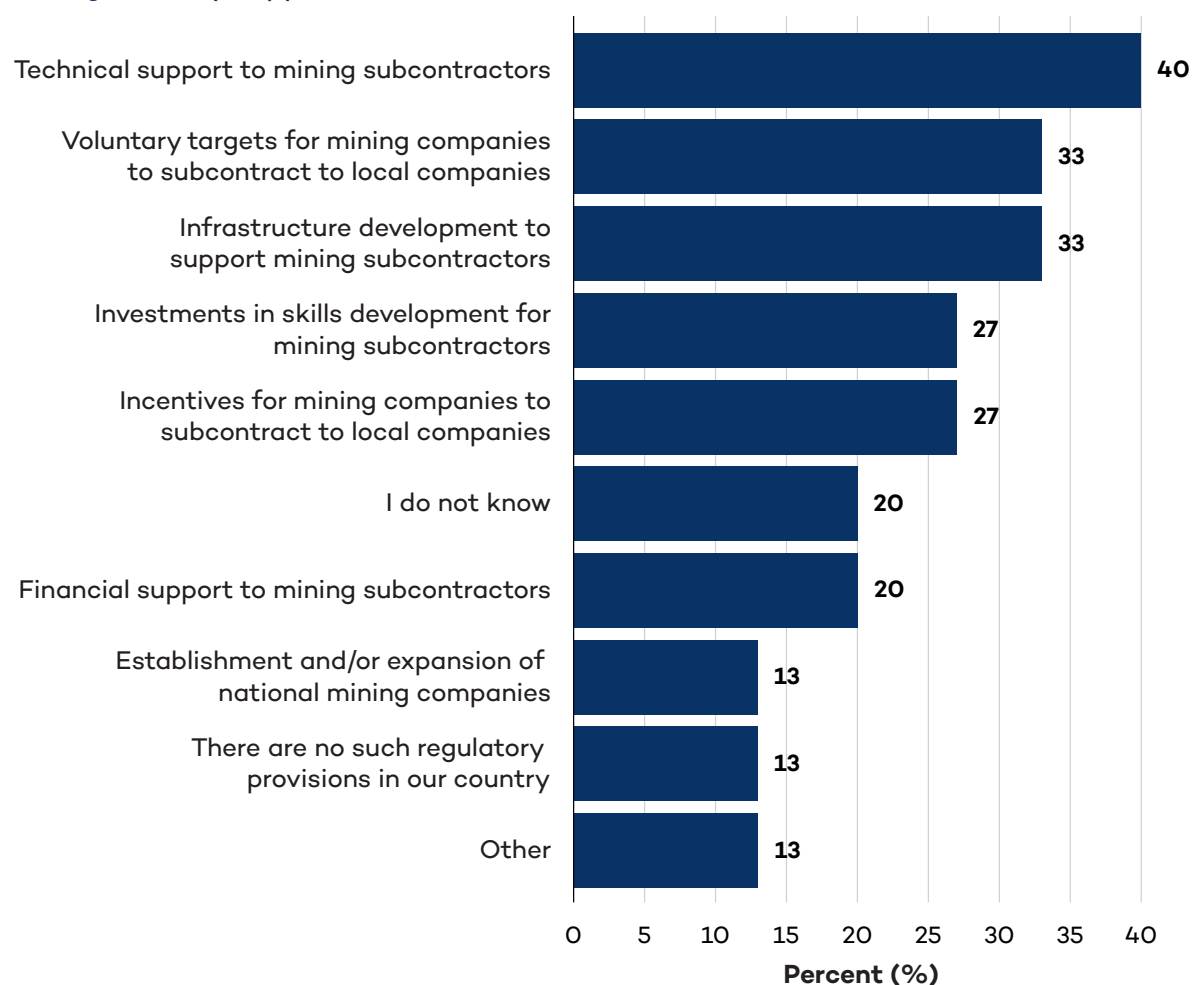


Source: Survey responses.

Finding #7: Most respondents' governments support the competitiveness of mining suppliers; technical support is the most popular way to do so.

Support for the competitiveness of local mining industry suppliers aims to boost local content without deterring mining investment by making it more attractive for mining companies to procure locally without adding to their costs. As shown in Figure 11, around two thirds of respondents indicated that their government had at least some measures to support the competitiveness of local suppliers; providing technical support was the most popular measure.

FIGURE 11. Measures used by IGF members to support the competitiveness of local mining industry suppliers



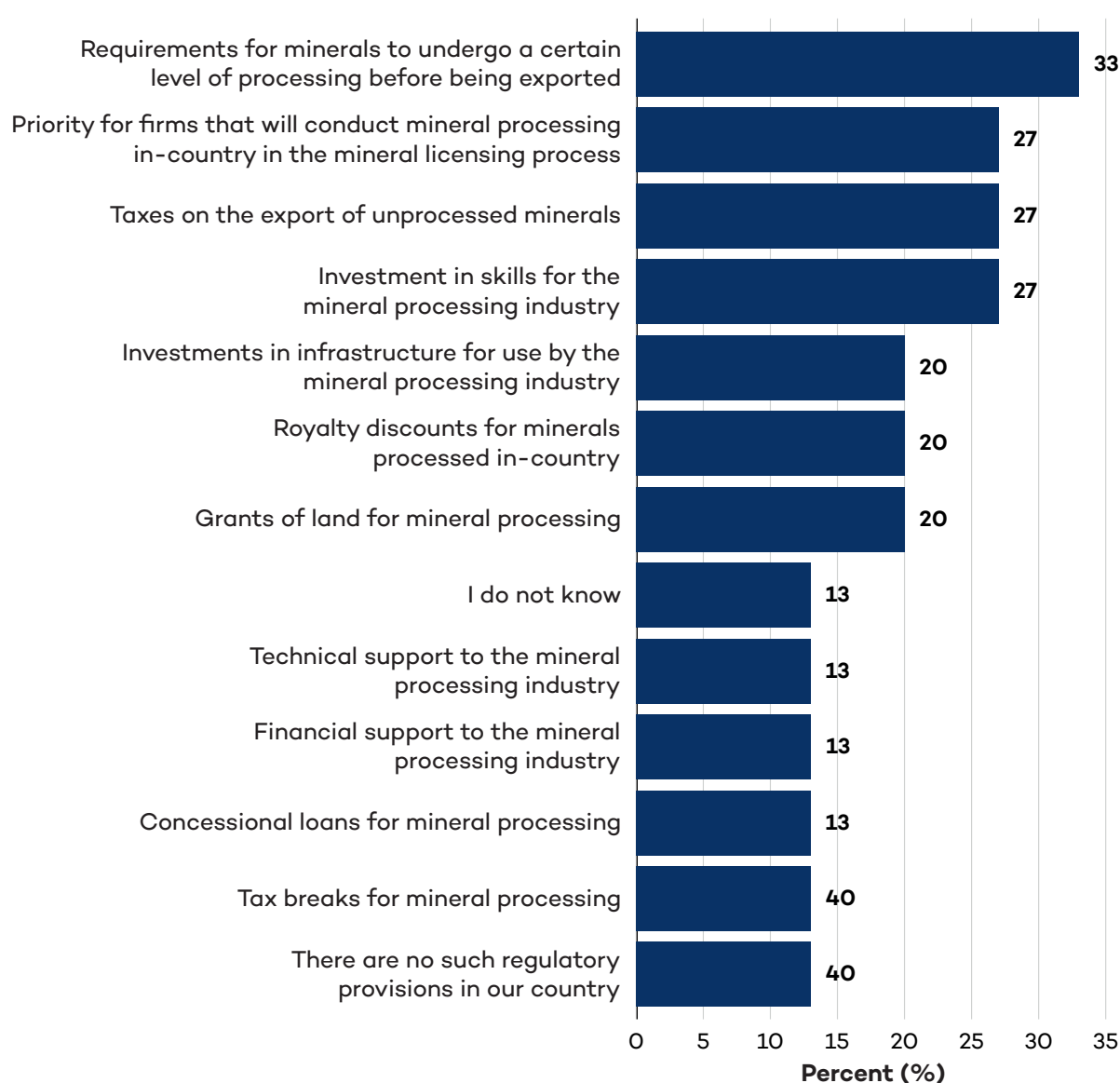
Source: Survey responses.



Finding #8: Many local content policies include requirements for beneficiation.

As noted above, in addition to encouraging opportunities to supply mining companies, some respondents use local content requirements to encourage in-country processing of minerals. The most common tool that governments employ to achieve this is requirements for minerals to undergo a certain level of processing before being exported (see Figure 12). Broader research focused on the copper, lithium, and nickel value chains suggests that the use of trade restrictions to encourage mineral processing and mineral-based manufacturing is common among low- and middle-income countries, whereas high-income countries and China tend to use other industrial policies that make use of government spending. China also has export restrictions for some minerals (Scurfield et al., 2025).

FIGURE 12. Policies used to encourage the development of mineral processing

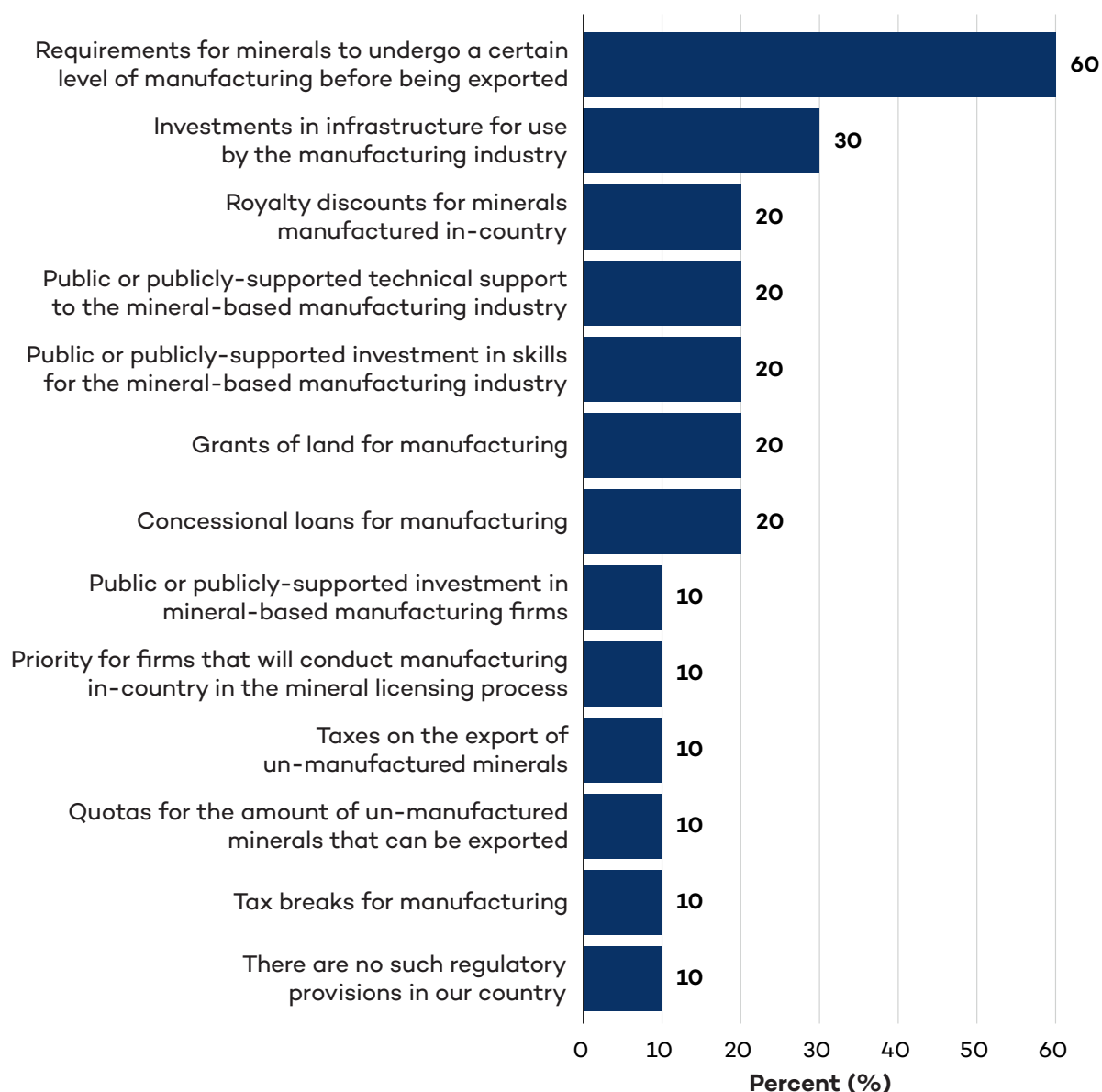


Source: Survey responses.

As shown in Figure 13, the use of requirements for a certain level of processing is also the most commonly used tool to promote mineral-based manufacturing.



FIGURE 13. Policies used to encourage the development of mineral-based manufacturing



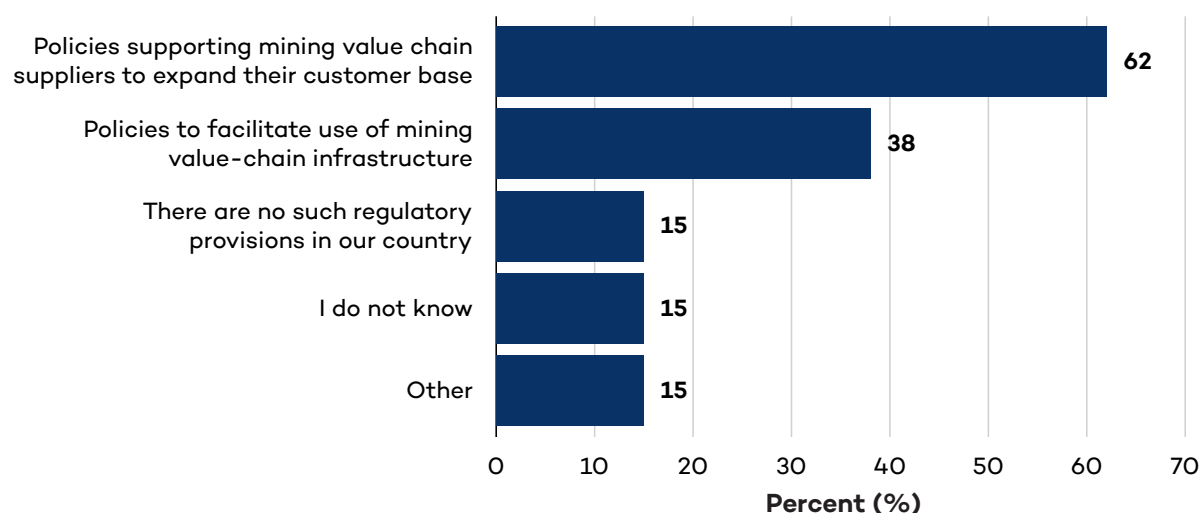
Source: Survey responses.

Finding #9: Measures to support the sharing of infrastructure

In terms of supporting other companies to benefit from infrastructure or capabilities developed for mining or mineral value chains, the most common policies used by respondents focus on the sharing of infrastructure or supporting mining suppliers to do business with a broader client base.



FIGURE 14. Policies used to support other companies to benefit from mining infrastructure or capabilities

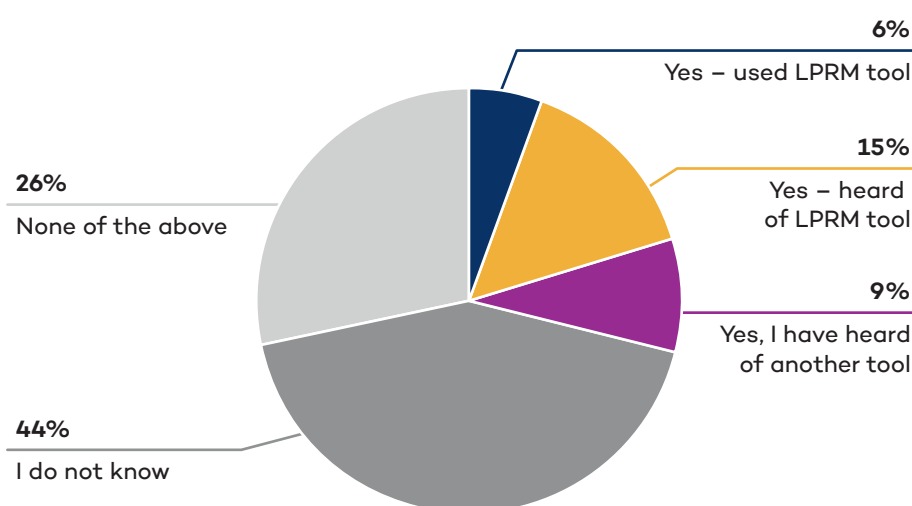


Source: Survey responses.

2.2.3 Use of Data-Based Tools for Local Content Policy Formation

Most respondents did not appear to be aware of the LPRM used by mining companies to provide information on local procurement of products and services required for the mining sector. The same is true of BGR's LION tool, which is used to model procurement expenditures to identify potential opportunities for local companies to supply the mining industry.

FIGURE 15. Use of data tool to measure the level of local procurement



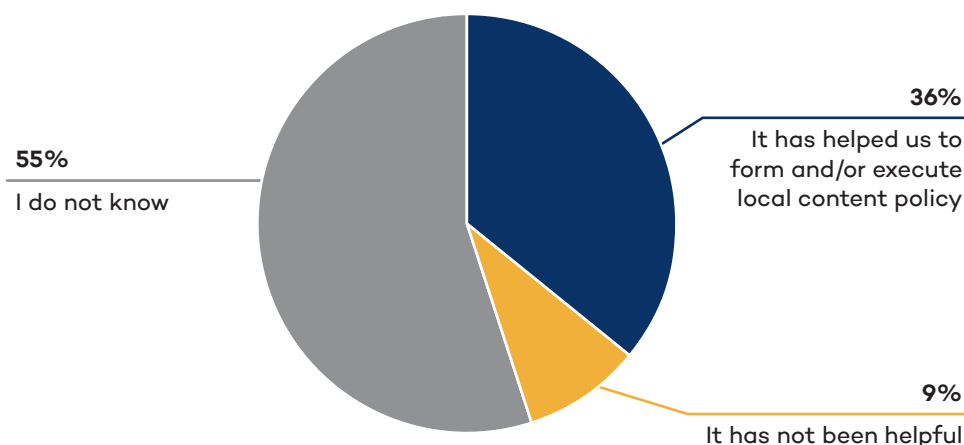
Source: Survey responses.

There is also low awareness of the effectiveness of the LPRM and the LION tool among those whose governments have used them. However, among those respondents who were aware of LPRM's effectiveness, more respondents found it to be useful than not. Other respondents indicated that they had found another tool that they had used for formulating and executing



local content policy to be useful. No respondents whose governments had used the LION tool were able to indicate whether or not it had been useful for their countries.

FIGURE 16. Experience with the LPRM tool



Source: Survey responses.

2.2.4 Challenges in Implementing Local Content Policies

Respondents to the survey highlighted various challenges in implementing local content policies. These include a lack of technical capacity or appropriate human, financial, or data resources to ensure that such provisions are implemented. Coordination between government agencies and the involvement of different stakeholders are also important to ensure implementation. Other members are concerned that implementing local content policies (especially around mineral processing) may reduce mining investment, as local businesses may not be equipped to carry out these activities competitively. The Philippines highlighted challenges in connecting small and medium-sized enterprises to mining companies, as described further in Box 2.

BOX 2. CASE STUDY: THE PHILIPPINES

The Philippines' local content policies are contained in the country's Mining Act. The Act requires mining companies to prefer Filipino citizens in mining employment, where doing so allows reasonable efficiency and would not compromise mine safety, and to prefer local subcontractors, for goods, services and scientific and technical resources where they are of equivalent quality and available at an equivalent price compared to imports of the same goods and services. The Philippines has benefited from local content policies for both businesses and workers, but noted that the country's full potential for local content has yet to be reached. Encouraging local mineral processing faces the greatest challenges of all the industries within the mining value chain.

The Philippines' challenges in realizing its full potential in local content are related to incomplete implementation of the country's policies due to gaps in capacity, resources, and political prioritization at the local level among government and non-government stakeholders. Funds are scarce to address these issues. In addition, a lack of data on local content and company compliance, and coordination issues among national



agencies, also weaken monitoring and enforcement of local content policies in the country. The lack of data could potentially be addressed by employing standardized data-based tools such as the LPRM or LION tool; the Philippine authorities see this as a gap and are keen to address it.

Beyond the challenges in local content policy implementation, other challenges to increased local content include the following:

1. **Infrastructure deficits in many mining areas**, such as poor transportation, power, and communication infrastructure, hinder both local enterprise development and labour mobility.
2. **Limitations in the capacity of local suppliers and workers and challenges in connecting local firms to mineral value chains** reduce how far mining companies in the Philippines are willing to procure goods and services locally. This is in part due to the mismatch of skills between those available in local labour markets and the requirements of the mining sector. This challenge affects recruitment by mineral processing companies, mining subcontractors, and highly technical roles in mining operations. However, companies do not face challenges in hiring locally for lower-skilled mining roles.
3. **Regulatory uncertainty**, e.g., variable policy enforcement and delays in permitting, can discourage private sector investment in local value-added industries.
4. **Lack of community trust** means that historical tensions and limited trust between companies, communities, and government affect collaboration and local participation. This issue is less relevant to the mineral processing industry.

Source: Survey responses; personal communication from Mines and Geoscience Bureau of the Philippines, 27 November 2025.

2.2.5 Positive Results in Implementing Local Content Policies

Despite challenges, respondents generally found that local content policies had been successful. Some respondents highlighted increased opportunities for local businesses, while others underscored benefits for local workers. This suggests that although local content policies carry both opportunities and risks, respondents were generally able to set local content requirements at the “right” level that increases the local benefits of mining without substantially deterring investment by overburdening industry.

Failures have occurred in the past where governments have overburdened industry with unrealistic requirements that mining companies and local industry were not in a position to meet. But governments appear to be learning lessons from these experiences and adapting their policies accordingly (Busia & Ramdoo, 2018; IGF, 2018a).

Many mining countries have revised their local content policies in recent years with the aim of increasing local economic benefits (Boni De Nobili & Binta Maïga, 2025; Fieldfisher, 2024). Examples of successful local content policy revisions include Nigeria, which has seen several investments announced in mineral value chains following its local content policy revisions (Nigerian Content Development and Monitoring Board, 2025). In addition, Australia has developed a powerful mining supplier industry, with its local content policy revisions in



2013 contributing to this success (IGF, 2018b; Ramdoo, 2018). Botswana has developed a successful diamond cutting and polishing industry after revising its local content policies to require that these activities be undertaken locally (IGF, 2018c). And Senegal has received praise from the Extractive Industries Transparency Initiative for the revisions to the country's local content requirements as part of the new mining code in 2022 (Groupement EnerTeam/G&G Professional Services, 2023).

These policies are different, but each combines requirements for local economic activity with a supportive business environment that makes it commercially viable for mining companies to undertake these activities locally.

Other examples of successfully implemented local content policies in mining include the following:

1. Ghana's mining local content policies encouraged mining companies to help local suppliers address challenges to meet mining company standards; this led to increased local procurement (IGF, 2018a).
2. The Canadian province of British Columbia's collaboration with the Indigenous Tahltan Nation protected the rights of the latter to deny consent to mining projects on their traditional lands; at the same time, this provided certainty for investors by reducing the risk of disputes (Government of British Columbia, 2023; Williams et al., 2025).
3. China's development of its midstream and downstream copper industry created around 1 million jobs in the copper value chain and led the country to become the world's leading producer of refined copper, despite accounting for less than 8% of the world's copper mine output (Shang et al., 2010; U.S. Geological Survey, 2025). This supported the country's broader industrial development (Sekakela & Grynberg, 2016).
4. Indonesia has become the world's leading producer of refined nickel, following the government's adoption of policies to encourage domestic smelting/refining of nickel ores and concentrates (Idoine et al., 2025; Lebdioui & Bilek, 2021).

Another development in mining local content policies has been that member states of the Organization for the Harmonization of Business Law in Africa (which brings together 17 countries in West and Central Africa) are increasingly harmonizing their local content policies. This could suggest that countries are moving toward a shared understanding of good practice; it could also help to promote investment in mining suppliers and the sector more generally by making it easier for businesses in the region to serve several countries without having to come to grips with strikingly different regulatory frameworks (Boni De Nobili & Binta Maïga, 2025).



3.0 Conclusion

Countries surveyed in this report employ a wide range of local content policies, with different objectives and different tools. Nevertheless, a number of key points emerge from the survey results:

1. Although there can be trade-offs between enforcing local content and mining investment and/or fiscal revenues, for many countries, **local content policies represent a key opportunity to increase broader economic benefits from mining.**
2. Respondents' local content policies are mainly focused on supplier development and local employment.
3. **Almost half (43%) of respondents' local content policies define local content as being about economic benefits for the local community around the mine site,** rather than broader economic growth and development. While key for local economies, there are, however, risks of missing out on wider economic opportunities. This is particularly relevant when local firms are not in a position to seize opportunities for big-ticket items, but where larger firms that operate at the national level could supply.
4. It was observed that **20% of respondents' local content policies did not prioritize local areas over the rest of the country.** The absence of preferential access to employment and procurement for workers and entrepreneurs located close to mine sites risk failing to create local spillovers and compensate local areas for the negative impacts of mining, unless other redistribution mechanisms are put in place.
5. Despite the attention being accorded to value addition, **midstream and downstream processing are not a key focus of most local content policies.** This may be because local content policies are led by mining ministries, whereas developing midstream and downstream industries may be the responsibility of ministries of trade and industry.
6. Where countries do pursue midstream/downstream value addition, the most popular tool is restrictions and/or taxes on the export of raw materials. Though it is not identified in the survey, we know that export taxes/restrictions are often combined with incentives for mineral processing provided through special economic zones and/or industrial parks. However, export taxes/restrictions appear to have been effective only in some circumstances: a) where the exporting country has a high level of market power in the commodity in question, either for economic reasons or geopolitical reasons, or b) where they are carefully calibrated to the capacity of local firms to enter



the industry that the country is seeking to develop (African Development Bank & IGF, 2025; Farooki, 2025; Fliess et al., 2017; Lebdioui & Bilek, 2021). Export restrictions also normally need to be combined with measures to improve the competitiveness of the industries in question in order to be successful (Farooki, 2025).

7. **“Rules of origin” appear to be little used, even though most countries encourage local procurement of goods and services and could potentially benefit from using such rules.** Rules of origin can help increase the contribution of “locally” procured goods to the local economy by avoiding situations where “local” companies resell imported products with little economic activity taking place in country.

8. **Awareness of tools used to measure local procurement or identify opportunities appears to be low.** However, countries that have used such tools have found them to be helpful.

9. According to survey respondents, **local content policies have generally been successful where implemented.** This may reflect that governments have learned lessons from past experiences, and current policies are more effective than has been the case historically. Successful local content policies appear to require local economic activity without overburdening mining companies with unrealistic expectations and ensuring that the business environment is adequate for businesses along mineral value chains. In addition, some neighbouring countries (e.g., in West and Central Africa) are harmonizing their local content policies, which can promote investment within the region.

10. However, local content policies often fail to reach their full potential due to insufficient resources, capacity, or monitoring data for governments to ensure implementation. Limited capacities of local suppliers and/or workers can also prevent mineral-producing countries from realizing their full potential in terms of local content. At least some of these issues can be addressed, including through the use of data tools and by requiring mining companies to contribute to building supplier capacity over time.

Areas that were not addressed in the survey responses reviewed in this report include how countries can collaborate with their neighbours on local content policies, and how to manage potential conflicts between international trade and investment agreements. The IGF Guidance for Governments on local content policies advises governments to pursue coherence between local content policies and regional development strategies. One way to do this can be to develop regional initiatives for mineral processing or mineral-based manufacturing that source inputs from different countries in the region (IGF, 2018a). Producing at larger scale by processing inputs from several countries at a single facility often improves the competitiveness of mineral processing and mineral-based manufacturing (Lebdioui & Bilek, 2021). Regarding potential conflicts with international trade and investment agreements, the IGF Guidance for Governments on local content policies advises governments to “[C]onsult with the legal divisions of trade ministries when preparing and implementing local content provisions” to avoid potential legal issues. The Guidance also notes that there is significant scope to pursue local content policies that are compatible with international trade and investment law. In any case, the only legal cases brought against local content policies in the extractive industries have been linked to restrictions on exports of raw materials to encourage the development of a local processing industry (this remained the case until 2025) (Davis, 2025; IGF, 2018a).



Based on these findings, governments can consider several measures to strengthen their local content policies. First, local content policies should seek to balance benefits to local communities around mine sites with supporting broader national development. Second, governments should clearly understand what activities are commercially viable in the short term, to avoid overburdening industry with requirements that are unrealistic. Third, defining “content” is key to effective policy in this area, to avoid regulatory arbitrage; rules of origin represent a useful tool for governments to consider for this purpose. Fourth, monitoring, learning and adapting local content policies, and drawing lessons from other countries, can support more effective policy-making. And finally, building capacity for policy-making and implementation, including through the use of data-based tools such as the LPRM or LION, can support successful outcomes.



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Appendix A. Questionnaire

The questionnaire below was distributed to respondents.

A. Priorities for local content

1. What are your government's priorities for developing local content in mineral value chains? (please select all that apply).
 - a. Employment in the mining sector
 - b. Supporting local mining firms
 - c. Opportunities for local firms to supply the mining sector
 - d. Mineral processing
 - e. Mineral-based manufacturing
 - f. I do not know

B. Definition of "local"

2. Does your government's definition of local content in the mining sector relate to
 - a. Firms
 - b. Individuals
 - c. A mix of a. and b.
 - d. I do not know
3. Does your government's definition of local content in the mining sector relate to
 - a. Content from the local area around mining projects
 - b. Content from anywhere in the whole country
 - c. A mix of a. and b.
 - d. I do not know
4. Which criteria does your country use to determine which firms are 'local' under your country's local content policy? (Select all that apply)
 - a. If they are registered, incorporated and active in the country or the local area
 - b. Whether the firm is owned by local people or nationals of your country
 - c. Whether the firm is managed by local people or nationals of your country
 - d. Whether the firm adds a certain amount of value locally or in-country
 - e. Whether the firm manufactures particular products locally or in-country
 - f. Whether a certain percentage of the firm's employees are local people or nationals of your country
 - g. I do not know



5. (For respondents that answered c. to the previous question) does your country's local content policy use 'rules of origin' that determine whether a sufficient proportion of the value of a product was added in-country, for it to qualify as local?
- a. Yes
 - b. No
 - c. I do not know

C. International statistical reporting tools

6. Has your government heard of and/or used Mining Shared Value and GIZ's Local Procurement Reporting Mechanism (LPRM) tool to Measure the level of local procurement undertaken by mining companies?
- a. Yes – heard of LPRM tool
 - b. Yes – heard of another tool
 - c. Yes – used LPRM tool
 - d. Yes – used another tool
 - e. None of the above
 - f. I do not know
7. If you answered "Yes – used LPRM tool" in the earlier question, what has been your experience with the LPRM tool?
- a. It has helped us to form and/or execute local content policy
 - b. It has not been helpful
 - c. I do not know
8. If answered "Yes – used another tool," what has been your experience with the other tool?
- a. Not applicable / we have not required this / used it
 - b. Mining companies have complied with the mechanism
 - c. Mining companies have mostly complied with the mechanism
 - d. Mining companies have somewhat complied with the mechanism but mostly failed to do so
 - e. Mining companies have failed to comply with the mechanism
 - f. I do not know



D. Local Investment Opportunities on Natural Resources tool

9. Has your government heard of and/or used BGR's Local Investment Opportunities on Natural Resources (LION) tool for assessing potential opportunities for local procurement? (Select all that apply)
- a. Yes – heard of LION tool
 - b. Yes – heard of another tool
 - c. Yes – used LION tool
 - d. Yes – used another tool
 - e. None of the above
 - f. I don't know
10. If you answered "Yes – used LION tool" in the earlier question, what has been your experience with the LION tool?
- a. It has helped us to form and/or execute local content policy
 - b. It has not been helpful
 - c. I do not know
11. If you answered "Yes – heard of another tool" in the previous question, what has been your experience of doing so?
- a. It has helped us to form and/or execute local content policy
 - b. It has not been helpful
 - c. I do not know

E. Supplementary questions on national policies and lessons learned

12. Please provide detail on how local content is defined in your country's policy framework
13. What laws and/or policies in your country (if any) aim to encourage mining companies to hire nationals of your country?
- a. Requirements for a certain proportion of mining companies' employees to be local people
 - b. Non-binding requirements to hire locals (e.g., "to the extent possible")
 - c. Requirements to conduct training of locals, or support training facilities
 - d. Requirements for companies to adopt succession, or localization, plans to increase local hiring over time
 - e. Visa restrictions on foreign workers
 - f. Requirements to employ of Indigenous people, women or disadvantaged groups
 - g. Preferences in the awarding of mining contracts for companies that promise a greater level of hiring locals
 - h. Fiscal incentives for local hiring



- i. Publicly-funded or publicly-organised skills development for local people to be better equipped to take jobs in mining companies
 - j. Other
 - k. I do not know
 - l. Please provide further details on your answer to the last question.
14. What regulatory measures in your country (if any) aim to support your country's companies to supply the mining industry (with goods or services)? (Select all that apply)
- a. Requirements for miners to procure specific goods and services locally
 - b. Requirements for miners to procure a certain proportion of all goods and services locally
 - c. Requirements to transfer ownership or control of mining companies to your country's nationals or the state
 - d. Requirements for mining subcontractors to partner with local companies
 - e. Others
 - f. I do not know
 - g. Please provide further details.
15. What incentives in your country (if any) aim to encourage mining companies to procure inputs domestically? (Select all that apply)
- a. Infrastructure development to support mining subcontractors
 - b. Incentives for mining companies to subcontract to local companies
 - c. Voluntary targets for mining companies to subcontract to local companies
 - d. Financial support to mining subcontractors
 - e. Technical support to mining subcontractors
 - f. Investments in skills development for mining subcontractors
 - g. Establishment and/or expansion of national mining companies
 - h. Others
 - i. I do not know
 - j. Please provide further details.
16. What laws and/or policies in your country (if any) aim to promote domestic mineral beneficiation/processing in your country?
- a. Tax breaks for mineral processing
 - b. Concessional loans for mineral processing
 - c. Grants of land for mineral processing
 - d. Requirements for minerals to undergo a certain level of processing before being exported
 - e. Quotas for the amount of unprocessed minerals that can be exported



- f. Taxes on the export of unprocessed minerals
 - g. Royalty discounts for minerals processed in-country
 - h. Investments in infrastructure for use by the mineral processing industry
 - i. Investment in skills for the mineral processing industry
 - j. Financial support to the mineral processing industry
 - k. Technical support to the mineral processing industry
 - l. Priority for firms that will conduct mineral processing in-country in the mineral licensing process
 - m. Other
 - n. I do not know
 - o. Please provide further details.
17. What laws and/or policies in your country (if any) aim to promote domestic manufacturing of mineral or metal-based products?
- a. Tax breaks for manufacturing
 - b. Concessional loans for manufacturing
 - c. Grants of land for manufacturing
 - d. Requirements for minerals to undergo a certain level of manufacturing before being exported
 - e. Quotas for the amount of un-manufacture minerals that can be exported
 - f. Taxes on the export of un-manufactured minerals
 - g. Royalty discounts for minerals manufactured in-country
 - h. Investments in infrastructure for use by the manufacturing industry
 - i. Public or publicly support investment in skills for the mineral-based manufacturing industry
 - j. Public or publicly support investment in mineral-based manufacturing firms
 - k. Public or publicly support technical support to the mineral-based manufacturing industry
 - l. Priority for firms that will conduct manufacturing in-country in the mineral licensing process
 - m. Other
 - n. I do not know
 - o. Please provide further details.
18. What laws or policies in your country (if any) aim to support other companies to benefit from infrastructure or capabilities developed to supply mineral value chains (i.e., mining, mineral beneficiation / processing and/or mineral or metal-based manufacturing?)
- a. Policies to facilitate use of mining value-chain infrastructure



- b. Policies to support mining value chain suppliers to expand to supporting a more diverse client base
 - c. Others.
 - d. Please provide further details.
19. (For any of the laws and policies under questions 13 to 18), how have these laws and/or policies been implemented?
20. What challenges have you faced in implementing these policies?
21. What effect have your laws and policies had on the participation of local/national businesses and/or labor in mineral value chains in your country?
22. Do you think other factors have contributed to these results? Which ones and how?
23. If your country has used the Local Investment Opportunities on Natural Resources (LION) tool and/or Local Procurement Reporting Mechanism, what has been its experience in doing so?
24. If your government has used another tool to support assessment of potential opportunities for local procurement, which one has it used? Please provide details on your country's experience with such tools, if applicable.



IGF **20**
YEARS

INTERGOVERNMENTAL FORUM
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