



MINING REGIONS AND THEIR CITIES: A VIEW FROM THE OECD

11th Fennoscandian Exploration and Mining
Levi, Lapland, Finland
31st October 2016



Presentation outline

1. Role of the OECD
2. Impacts of mining – national and regional level
3. Place-based response to these challenges
4. OECD platform for mining regions and cities



Role of OECD

- **OECD provides an international forum** for governments to work together to share experiences and seek solutions to common problems
- **35 OECD member countries meet in specialised committees** to advance this work along with non-member countries.
- Our work is **supported by data and engagement with stakeholders**
- Core strength of the OECD is the capacity for governments to learn from each other through **peer review** (whereby each country's policy in a particular area is examined by fellow members on an equal basis).



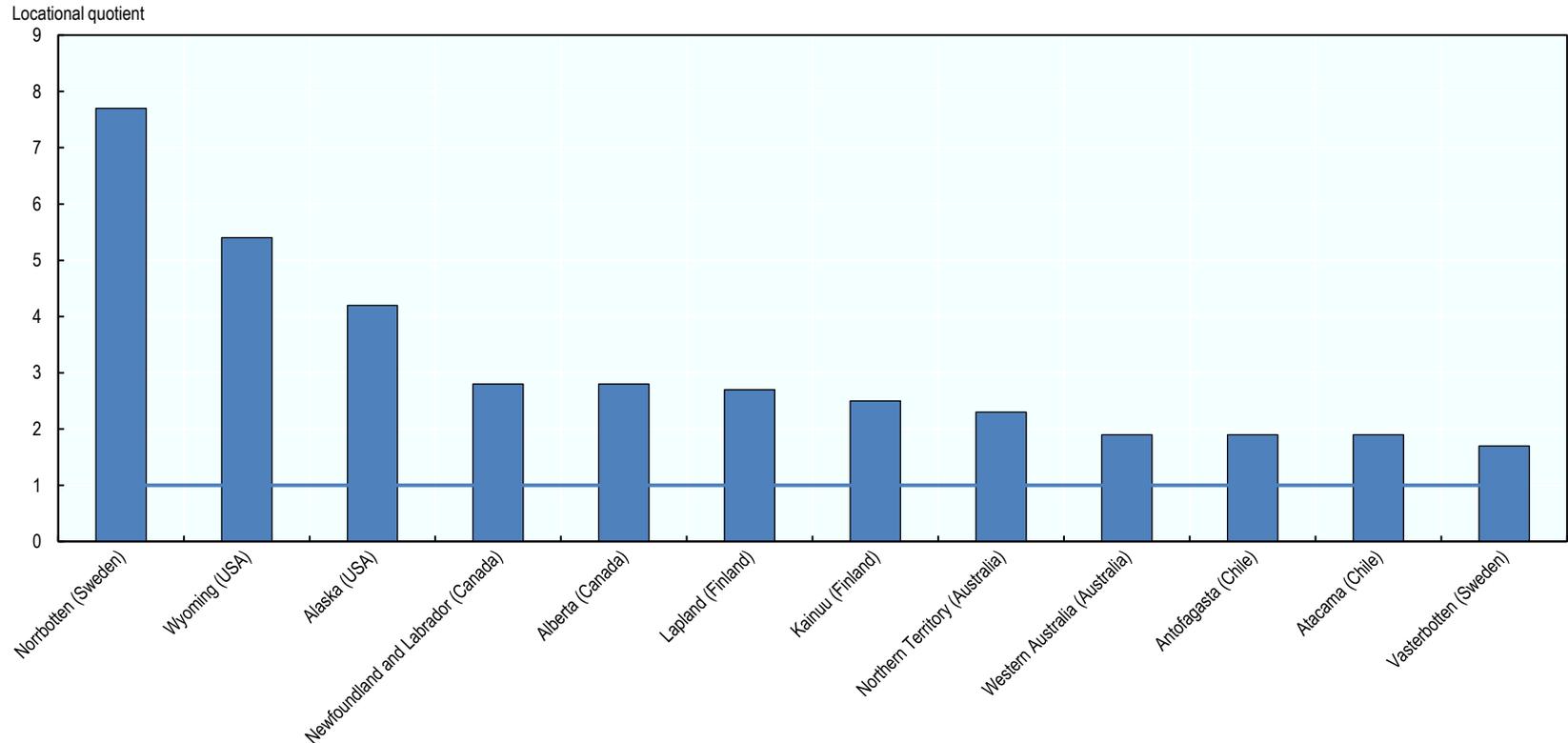
Impacts of a mining specialisation at a national level

- **Currency appreciation** – generates vulnerabilities by reducing competitiveness of other tradeable sectors, and increasing prices in non-tradeable sector (“Dutch Disease”)
- **Increased public revenues** – risk of overheating the domestic economy, corruption, and rent seeking behaviour
- **Increasing inequalities** – between people and places, and demands for compensation
- **Strategies to manage these impacts:**
 - Taxing resource rents and stabilisation funds
 - Reducing business taxes
 - Diversification efforts



Mining and extractive activities are spatially concentrated

Regional specialisation in industry (employment), select OECD countries



Source: OECD Regional Database. Industry category in this chart includes mining and extractive activities, energy and water. The locational quotient (LQ) for is the ratio between the sector weight in employment for the region, and the weight of the same sector in national employment. A value above 1 implies that the region is more specialised in that sector than the rest of the economy. LQ scores for Sweden and Finland are 2012, and for other countries 2014.



Mining is a global business – but local geography and communities matter

- **Natural environment** – water availability, dust, noise and run-off, and adapting production techniques to local environment conditions
- **Relationships with existing land users** – residents, farmers, tourism operators, and Indigenous peoples
- **Operations and moving goods to market** – bottlenecks in existing transport, energy and communications networks
- **Workforce and skills** – local skills profile, access to air services, temporary accommodation and housing, amenities and public services
- **Social license to operate** – local political environmental and community attitudes and acceptance



Sub-national governments face a complex set of interconnected challenges related to mining

- **Productivity and diversification** – how to promote innovation to increase productivity and retain value locally, diversify into other economic activities
- **Quality of life and the environment** – how to manage competition for resources/ resource depletion, and reduce impacts on local amenity
- **Inclusive growth** – impacts of fly in/fly out workforce on housing market and community infrastructure, and inclusion of groups not benefiting from mining and extractive industries (e.g. women, indigenous)
- **Sub-national governance and fiscal arrangements** – how to effectively invest resource rents, align and coordinate efforts with national governments, partner with industry, and generate community understanding and ownership



Addressing these challenges requires a proactive approach to development at the regional level...

- **Vision and priorities for development** – building upon regional assets
- **Platform** for dialogue and decision-making - that includes different stakeholders and interests
- **Mechanisms** to integrate policies and investments at a regional scale (across levels of government and different portfolios)



...with coordinated actions to enhance productivity and wellbeing

Strategies	Priority action areas (examples)
Producing more value from mining	<ul style="list-style-type: none">• Providing technical support for local firms to deliver services to the mining industry• Strengthening relationships between research and educational facilities and the mining industry
Diversifying into other economic activities	<ul style="list-style-type: none">• Clusters that can foster interactions between entrepreneurs and researchers• Small scale grants and credit to SMEs and start-ups
Enhancing local quality of life	<ul style="list-style-type: none">• Integrated land use and infrastructure planning at the regional level• Public-private partnerships to facilitate infrastructure delivery
Making growth more inclusive	<ul style="list-style-type: none">• Active labour market policies and local entrepreneurship support for vulnerable groups• Social housing and land use reforms to facilitate supply

Source: OECD (2017) *Mining Regions and their Cities: Scoping Paper* <https://www.oecd.org/regional/regional-policy/Scoping-paper.pdf>



OECD Mining Regions and Cities - objectives



1. **Provide a framework** for the OECD, the mining industry, sub-national governments, and non-government **organisations to cooperate on addressing shared challenges**
2. **Produce a series of publications** that identify regional growth enablers and bottlenecks, and assess 'good practices' in terms of regional development strategies for mining regions and cities
3. **Facilitate** (through both process and final products) **knowledge sharing, advocacy and dialogue** between mining regions and their cities on better policies to enhance productivity and wellbeing





OECD Mining Regions and Cities – activities and outputs

- **Meetings on Mining Regions and their Cities** to discuss OECD findings, share and identify good practices and promote knowledge-sharing (building on the first meeting held in Antofagasta, Chile, October 5th and 6th, 2017).
- **Published proceedings** from these events that identify good practice actions to enhance the productivity and wellbeing of mining regions and cities, and priority areas for future cooperation.
- **OECD reports and publications** that assess regional economies, key policies, and identify recommendations and good practices in a global context
- **OECD missions and knowledge-sharing activities** with peer reviewers (public and private representatives from other mining regions and cities), experts to gather data exchange experiences of best practices involving local stakeholders, experts and peer reviewers.



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