Africa Programme
Conference Report

Africa's strategic minerals

Conference Report

Event dates: 19–20 September 2023

Abidjan, Côte d'Ivoire

Independent thinking since 1920

10 St James's Square, London SW1Y 4LE T +44 (0)20 7957 5700
contact@chathamhouse.org www.chathamhouse.org
Charity Registration Number: 208223

KONRAD ADENAUER STIFTUNG

CHATHAM HOUSE

Introduction

African countries could be crucial for diversifying global supply chains of strategic minerals. However, despite this mineral potential, Africa as a continent receives low levels of exploration expenditure compared to global competitors due to perceptions of political risk, weak institutional and legislative environment, and infrastructure deficits. Furthermore, there are marked differences in stakeholders’ expectations of the energy transition.

The responsibility of ensuring African countries truly benefit from the green commodity boom is shared between African governments and policy makers as well as investors and companies. Governments must create attractive investment environments, built on strong institutions that ensure participation of all stakeholders, and in the transparent and accountable allocation of resource rents.

International and local partnerships with key allies and organizations will be vital in delivering ‘win-win’ outcomes to companies and civil society. This will include bi-lateral partnerships on regional value chains, public-private partnerships (PPPs) with companies to secure benefits, and broad partnerships with consumer countries to secure skills and knowledge transfers. As international institutions, governments, and companies put increasing attention on environmental, social, and governance (ESG) criteria, there is space for greater African determination of what their own priorities are. The global drive for environmental protection should not come at the cost of worsening social and governance conditions in producer countries.

This conference report summarises two days of discussions held in Côte d’Ivoire in partnership with the Konrad Adenauer Stiftung (KAS). Representatives from the private sector, civil society, diplomatic services, regional and international institutions, and independent researchers debated pathways for Africa to genuinely benefit from the mineral boom.

Panel 1 – The geopolitics of critical minerals

Speakers: *Sheila Khama, Associate Fellow, Africa Programme, Chatham House; Dr. Melanie Müller, Senior Associate, German Institute for International and Security Affairs; Francesca Di Mauro, Ambassador of the European Union to the Republic of Côte d'Ivoire; Samuel Gahigi, Acting General Director, Rio Tinto Guinea; Chair: Christopher Vandome, Senior Research Fellow, Africa Programme, Chatham House*

Key takeaways

- **African countries will be important sources of metals for the global transition but need to compete in global markets to attract higher levels of exploration spend.**

- **Minerals are critical for many people for different reasons. Consumer countries and producers need effective frameworks and mechanisms to ensure equitable sharing of the benefits and costs of extraction.**

Session summary

– Half of African countries possess at least one sort of critical mineral which could be crucial for the minerals-intensive global energy transition. 62% of Africa’s GDP is derived from nature, reflecting a high reliance on nature. In terms of energy production, Africa’s number one natural asset is the sunlight, before minerals and fossil fuels.

– Although mining is not a new practice in Africa, the magnitude of the current global demand for African minerals is unprecedented, a lot of the governance efforts that have been done so far will not suffice to ensure that Africa plays a leading role in this paradigm.

– Strategizing at the regional level, including at the African Union level, is key to strengthening African voices in global trade agreements negotiations, this includes the African Mining Vision[1]. The strategic African approach however should also be broken down into specific groups of minerals, as each observe different value chains. Africa as a bloc, with over 50 different states, cannot adopt a one-size-fits-all strategy.

– Minerals redundance is a threat for producing countries, including in Africa. Synthetic alternatives to minerals are being developed. There is competition everywhere, many regions in the world have mineral endowment, and potential mining projects could be invested in elsewhere.

[1] African Union. (2009). Africa Mining Vision African Union. https://au.int/sites/default/files/documents/30995-doc-africa_mining_vision_english_1.pdf

- Mineral endowment is no panacea for least developed countries. Most of the top 30 poorest countries globally are located in Africa, a lot of which are resource-rich, like the Democratic Republic of Congo, Angola, or Niger.

- Exploration expenses have dropped over the past ten years in Africa. 10 years ago, the share of mining exploration that took place in Africa sat at around 25% of global expenditure, with the highest attractor of exploration being South Africa (29% of African exploration). Now, only 1% of global exploration expenditure is spent in Africa.

- Growing geopolitical fragmentation (Russia’s invasion of Ukraine, US de-coupling from China) incentivised developed economies to secure new reliable minerals supply chains. The EU critical raw material act, adopted in March 2023, reflects this new strategic imperative. The EU emphasizes that African countries should not be pressured to take side in the geopolitical fragmentation.

Panel 2 – New demand, new opportunities? An outlook on international cooperation in the sector of critical minerals

Speakers: Peter Handley, Head of Unit - DG GROW, European Commission (virtual); Prof. Dr. Hubertus Bardt, Managing Director, German Economic Institute (IW); Dr Brendan Vickers, Adviser and Head, International Trade Policy Section, Trade, Oceans and Natural Resources Directorate, The Commonwealth Secretariat; Annika Schröder, Policy Advisor Economy, Trade and Climate, Konrad Adenauer Stiftung; Chair: Anja Berretta, Head of the Energy Security and Climate Change, Sub-Saharan Africa programme, Konrad-Adenauer-Stiftung

Key Takeaways

- **New EU partnerships will support infrastructure, de-risk investment, and crowd in private sector funds for developing new supply chains.**

- **African countries must avoid falling into the divisive and competitive logics of ineffective export controls. But western partners must support African aspirations for processing and value addition.**

Session summary

– The EU critical raw materials Act of 2023 lists 34 critical minerals for the green transition. The German Parliament also estimated that by 2040, they would need 4 times more rare earth metals, cobalt, and graphite for the global green transition. Global electrification pushed the overall demand for copper, which is set to at least triple in the 25 coming years. Similar growth rates will apply to Lithium.

– There is huge room in Africa for more exploration and more exploitation: improvement of investment conditions in resource-rich countries is important to create a comparative advantage.

– Developed countries’ governments want to set up commodity funds, and crowd-in private financing. Processing of rare earths is currently highly concentrated, 80 percent of processing is done in China.

– A zero-sum logic also emerges, we have seen a 5-fold increase of export controls on critical minerals in the recent years. Over 18.000 export controls are currently enforced on critical minerals globally. Across the board, there is a lack of win-win agreements. Africa must avoid falling into the divisive and competitive logics of global fragmentation and diversify its partners.

- The EU is trying to carve its own geopolitical existence, especially with China, to not be too geopolitically dependent on the US. Europeans fear that the next President might jeopardise US-EU cooperation. There is hence room for strategic engagement between the EU and Africa, European officials say.

- For companies, reduced dependence on single supply sources starts with improving resource efficiency. Resource supply is less critical for the material that you do not use. An emphasis on mineral recycling in EU strategy.

- Alarmingly, African agency is still overlooked in global trade governance meetings. The reshuffle of global trade rules is indispensable for Africa to benefit from the demand surge. An agreement must be reached on reducing tariffs on processed exports from Africa, for instance.

Panel 3 – Regional Value Chain Development

Speakers: *Sodhie Naicker, Director at DMT Kai Batla, DMT Group; Paul Atherley, Chairman, Pensana (virtual); Ian Mwiinga, National Coordinator, Zambia Secretariat, Extractive Industries Transparency Initiative; Chair: Sheila Khama, Associate Fellow, Africa Programme, Chatham House*

Key Takeaways

- **Regional agreements on value chain development could be a first step to delivering on ambitions for beneficiation. But they must be transparent and inclusive to avoid elite capture.**

- **External actors can contribute to accelerating Africa’s critical mineral sector by supporting regional infrastructure projects in partnership with African governments.**

Session summary

- The wider challenges of industrialisation of sub-Saharan Africa, including the lack of infrastructure (railway decline), impede greater exploration investment.

- Angola is discussed as a success story by the private sector for its Lobito corridor, its hydroelectricity production and sovereign wealth fund, which enabled significant investment by the Angolan government in mining exploration and exploitation, notably in rare earths projects.

- Although promising on paper, the mining Memoranda of Understanding between African countries, and between African countries and external countries, should be approached with caution. Their outcome could be positive and create greater value-addition in Africa. But without transparency and governance amelioration, they also might be the precursors of new favours and rents for elites and the bearers of major conflicts of interest. Indeed, these Memoranda are signed in the highest offices, not in the ministry of mines.

- Regarding the fiscal terms, a balance must be struck between sufficient benefits for governments and attractive incentive for external financiers.

- Presently, the opaque concentration of mining rights is also a problem. Often, there is a conflict between immediate political interests and long-term economic development prerogatives. Electoral cycles prevent long-term thinking in mining strategies. The role of regional banks could be crucial in convincing national governments to invest in long-term visions.

- Zambia is working towards the establishment of a minerals commission, whose core will be the copper commission. Zambia targets a production of 3million tonnes of copper in the next 8 years.

– Lithium discoveries in Zambia recently were due to artisanal miners, and the discovery of a recent mineral, the sugilite, remains little understood. For now, most of the concentrates processed in Zambia come from the Congo. The takeaway is that mineral resources are still developing and not completely mastered. There is a lot of work to do internally before reliable value chains can be created regionally.

– This internal work needs to be quicker, because within industries, a lot of money is spent on research and development to create substitutes to critical minerals. For instance, the West wants to decrease its dependency on cobalt because of the scandals associated with the sourcing and human rights abuses, and lithium and water-related conflicts.

Panel 4 – Overcoming perceptions of ESG risks

Speakers: *Farai Nyabereka, Partner, Manokore Attorneys; Balbine Pascaline Makani Omgba, President, Association of Women in Mining In Africa; Vincent Obisie-Orlu, Natural Resource Governance and ESG Researcher, Good Governance Africa; Dr Alecia Ndlovu, Lecturer, University of Cape Town; Djariatou Traore, Executive VP ESG and Supply Chain, Endeavour Mining; Chair: Christopher Vandome, Senior Research Fellow, Africa Programme, Chatham House*

Key Takeaways

- **Investment must prioritise environmental, social, and governance (ESG) concerns to ensure that the global green transition is not delivered at the detriment to communities in African jurisdictions. But the cost of compliance for operators cannot be so high as to disincentivise investment.**

- **National governments hold the ultimate responsibility for the protection of their people. Citizens benefit most from resource extraction when there are inclusive institutions that can hold political leaders to account.**

Session summary

– If the social component of critical mining fails to be duly considered, the African continent risks to embark on another resource curse trajectory, experts warn. ESG due diligence is now mainstreamed in private companies’ discourses, who claim to spend more on health, education, economic development, communities in the localities around the mining sites.

– Tensions and sometimes conflicts arise for land usage between agriculture and mining. Artisanal mining is often seasonal, but the land that has been mined is difficult to reclaim for agriculture for a prolonged period.

– Artisanal mining is informal, hence difficult to map, monitor, and govern. It presents more risk for workers than large scale mining, Mercury for instance is mostly utilised by artisanal miners. The DRC and Morocco have national plans to better govern artisanal mining, but they are insufficient to prevent accidents and fail to monitor all activities. In the DRC, artisanal mining is recognised by the law, it is included in the mining code, and mining spaces are dedicated to artisanal miners.

- Even when they have mining rights and are regrouped in mining cooperatives, artisanal miners do not have sufficient means to pay for adequate protection and the technical costs of mine opening. The state should support financially this aspect of artisanal mining to reduce the social risks.

- The encounter between artisanal and large-scale mining often generates tensions. For local populations, artisanal mining (sometimes illegal) is more lucrative than formal employment in large mining group. This is why the appeal of artisanal mining remains acute.

- To ensure progress, two types of accountability checks for companies should prevail: - are resource revenues being saved and invested in value addition? and what is the extent to which the revenues benefit the whole of society?

- More time must be spent understanding communities and their perspectives. They generally have no trust of elected officials to help their situation. There is a lack of information among the voters about the performance of elected officials.

- Local communities have little understanding of the existing protection mechanisms and remedies when they are approached by large conglomerates.

Panel 5 – Partnerships for just transition

Speakers: *Rodrigue Djahlin, Senior Operations Officer and Africa Regional Lead for Sustainable Infrastructure Advisory, International Finance Corporation; Christine Logbo Kossi, Executive Director, Chambre of Mines of Cote d’Ivoire; Dr Claude Kabemba, Executive Director, Southern Africa Resource Watch; Chair: Kidanua Abera Gizaw, Senior Climate Finance Officer, African Development Bank*

Key Takeaways

- **International partnerships on just transition and critical minerals should be holistic, bringing together producers, processors, and consumers. They must also be inclusive of all stakeholders including companies, governments, civil society,**

- **International partners need to broaden their priorities beyond commercial or security considerations and provide genuine support for regional civil society organizations who often lack capacities to meaningfully engage with governments and mining companies, but who will be vital for ensuring investments are sustainable and have a social licence to operate.**

Session summary:

– Any country or company wishing to exploit minerals needs partnerships to succeed, with academics, geologists, governments, private sector. Unsuccessful mining ventures across Africa are often linked to a lack of synergic cooperation between these stakeholders.

– In Cote d’Ivoire alone, the mining sector grew ten-fold over a decade, generating 18,000 jobs. The chamber of mines now has the priority of developing green finance mechanisms. The emphasis is also on accompanying nationally based companies and better include community voices in governance channels.

– Despite these efforts, the green transition is already happening and is already leaving people behind. The mining sector is one of the biggest polluter, one of the biggest destroyer of biodiversity, which increases the vulnerability of local communities.

– The effect of ESG efforts is rarely transformative for local poverty levels and social mobility. Once the mining companies have left, little is left behind for the local socio-economic tissue. There is a limit to what private companies can do for local impact, and they are doing more for than previously on ESG, stronger redistribution of rent mechanisms need to emerge to strengthen governance and national provision of services.

- When visiting mining sites, the contrast between the numbers and ESG initiatives listed by private companies and the reality in which communities live is striking. Local people often live without electricity.

- There are no policies that incentivise companies to introduce technologies that reduce ecological impact. These are often introduced by companies on their own initiative.

- The DRC’s mining code is one of the most advanced continentally. However, irrespective of how sophisticated the legislation is, the implementation is lacking and has often be derailed by corruption.

- Civil society organizations lack capacities to meaningfully engage with governments and mining companies. They want to do more work to enable local communities to engage with companies at an informed level, which they claim is the solution for a just transition. Legal advice must be provided to local communities, on legal pollution levels notably, and mechanisms for compensation for land.

Concluding Remarks

***Speakers**: Christopher Vandome, Senior Research Fellow, Chatham House; Anja Berretta, Head of Regional Programme Energy Security and Climate Change in Sub-Saharan Africa, Konrad Adenauer Stiftung*

- The rationale behind choosing Abidjan for this two-days discussion stems from a pan-African approach. Abidjan hosts the headquarters of the African Development Bank, which is taking a lead on many aspects of the continent's drive to harness its critical mineral potential.
- Much of the discussion on critical minerals in Africa is so far happening in English-speaking countries. Large mining companies based in Australia, Canada, Britain are more involved in anglophone Africa. The conference was designed to involve West and Central African voices to the conversation. There is an urgent need for a broadening of the conversation beyond the linguistic divide in Africa.
- We need public policy that understands better the realities of the value chains and the sector. Just because the transition is green does not automatically mean that it is a fair and just transition.
- As industrialised countries are increasingly investing in a green transition, one must be careful not to perpetuate the challenges from the past and social injustices associated to extractives, and ensure African agency is exerted.
- The conference inscribes itself within a stream of work on climate change at Chatham House, and KAS's work on critical minerals, also including climate finance and energy security, as well as work by NEPAD and the African Union.
- The organisers thanked the elected representatives from the parliament of Côte d'Ivoire present at the conference, the African Development Bank, all the speakers and attendees, for contributing to this fruitful multistakeholder conversation.