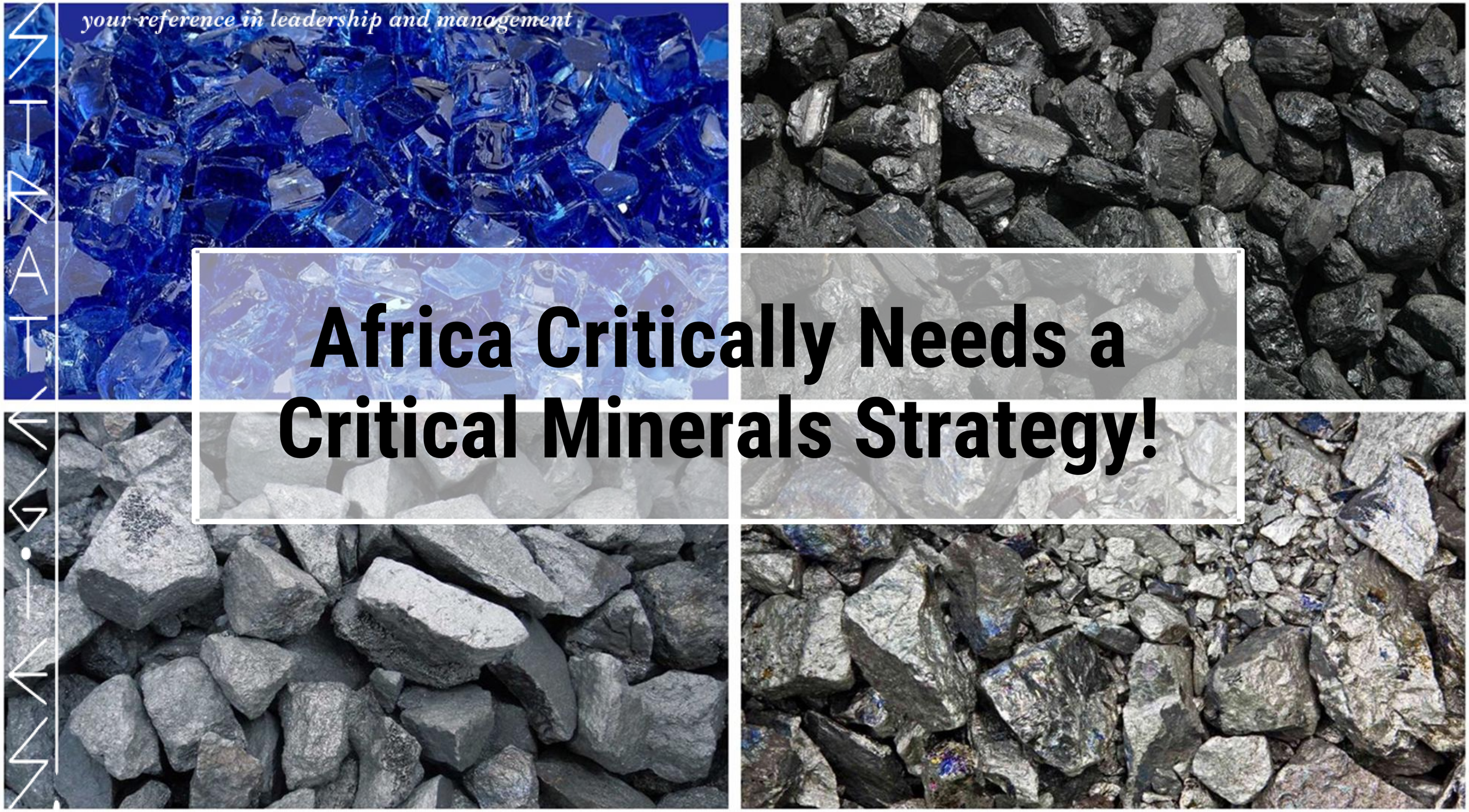

your reference in leadership and management
Africa Critically Needs a Critical Minerals Strategy!

The Context

- The United States and Europe are rushing towards the objective of net zero in 2050 seeking cleaner energy and increasing their technological innovation. Both have established lists of critical minerals, essential to power these developments.
- Africa holds about 30% of the world's mineral reserves, many of them critical minerals. To cite just a few examples, the Democratic Republic of Congo produces 70% of the world's cobalt, Gabon is the world's 2nd largest producer of manganese, south Africa produces 90% of global platinum group metal reserves and Mozambique is the world's 3rd largest producer of graphite.
- Critical minerals are at the center of the global power competition. China has overtaken the US and Europe in almost all critical mineral value chains as it is not only one of the world's largest producers, but also transforms many of the critical minerals produced in Africa. For example 80% of the cobalt from DRC is produced by 2 Chinese companies who export it to China for processing then sell to battery makers around the world.

AFRICA HOLDS ABOUT 30%

of the world's mineral reserves, many of them critical minerals.



The African Challenges

Africa has always had an extractives-based economy. Mining represents **an average of 30% of exports for over 60% of African countries**. Today with critical minerals, mining is an even greater.

- **Weak Economic and social development.** With a few exceptions, while mining has contributed to government revenues, it has contributed little to job creation or social benefits and has often been detrimental to the communities where minerals are extracted.
- **Rights violations.** Both artisanal and industrial mining have contributed to human rights violations, economic injustice, social inequity, child labor and gender-based violence over the years.
- **Environmental destruction.** African mining has been carried out in ways that destroy the environment and make exploitation unsustainable. Both artisanal and industrial mining polluted land water and air in many countries, thereby jeopardizing the livelihoods of communities that depend on these resources.
- **Corruption.** The mining sector in many countries is extremely corrupt and at the origin of illicit financial flows. Corruption often involves government officials from low level local inspectors to ministers and even sometimes heads of state. The private sector, armed forces and even sometimes community representatives can all be implicated in mining corruption.
- **Violence and Conflict.** African minerals have often been at the center of conflict. For decades, rebel groups have taken control of mines and used minerals to finance war against states. In more recent years, some state armed forces as well as private security firms hired by mining companies have been perpetrators of violence against mining communities.

The Opportunity

With the exponentially increasing demand for critical minerals (for some minerals demand will increase by 500% between now and 2050), there is a global consensus on the need for a Just Energy Transition.

Key elements of Just Transition include:

For the World	For Africa
An adequate and sustainable supply of clean energy	Access to energy for at least 600 million Africans with the possibility of starting off with clean energy
Greatly improved fair global trade practices	A resources natural sector that results in poverty reduction, social benefits and peace for African citizens.
Continued innovation and technology	Technology and innovation that enables Africa to leapfrog and scale
Minerals that are not tainted with violence and rights violations	Radically improved mining sector governance that guarantees, human, economic, social and environmental rights for the long term.
Mining communities that truly benefit from their resources, notably women, youth, people living with disabilities and other marginalized groups	

The Opportunity

African can do mining right this time and reap the following benefits :



International Positioning – African countries can negotiate improved partnerships that are more equitable, increase their sovereignty and reap greater benefits for their citizens

Economic Growth – African countries can approach mining differently to ensure improved job creation and increased diversification of their economies from mining revenues.

Social Benefits – African countries can have a communities-based focus which ensures that local communities significantly increase the benefits they receive from mining such as healthcare, education, infrastructure, etc.

Governance Benefits – To succeed in seizing this opportunity, African countries must radically improve their governance to a level where all stakeholders believe mining partnerships to be just, equitable and beneficial.

Key principles to be respected for a Just Transition by both Africa and its Partners

The 9 Key principles

1. **Equity and Inclusion** — The transition to a greener economy must be fair and inclusive, creating opportunities for decent work and leaving no-one behind.
2. **Social Dialogue** — It is essential to foster an ongoing dialogue between all stakeholders, including communities, businesses and trade unions, to develop a shared vision of the transition.
3. **Equitable Distribution of Efforts and Benefits** — The efforts required for the ecological transition must be equitably distributed and shared, as must its benefits, so that the transition benefits the entire population in an equitable and socially just manner.
4. **Skills Development** — Training workers in the new skills required by the energy transition is crucial to ensure their employability in a green economy.
5. **Social Protection** — Putting in place social and employment policies that protect workers from the vulnerabilities generated by the transition is a fundamental aspect.

Key principles to be respected for a Just Transition by both Africa and its Partners

The 9 Key principles

6 Plans adapted to economic diversification

Each region and community needs a plan adapted to its economic diversification to minimize suffering and opposition to climate measures.

7 Respect for Fundamental Rights

Each region and community needs a plan adapted to its economic diversification to minimize suffering and opposition to climate measures.

8 Stakeholder Participation

All stakeholders, including trade unions, indigenous communities, governments, and the private sector, must join the conversation if the transition is to be just and successful.

9 Reducing Inequalities

Just transition aims to reduce inequalities that are likely to be amplified by the transition and to give a voice to the most vulnerable groups.

5 Things that Must Change Radically for Africa to Seize the Critical Minerals Opportunity



5 Things that Must Change Radically for Africa to Seize the Critical Minerals Opportunity

1

Governance



Rights-Based	Communities-Based
It is necessary for the governance in the mining sector to completely recenter itself on the rights of the citizens of the country and specifically on the rights of the communities where mining occurs. Governance has to put into place: • Legal frameworks and policies • Governing bodies at local and national levels • Regulatory institutions That are all based on: 1. Ensuring the human, economic, social and environmental rights of the population 2. Functionality and enforceability. The governance in the mining sector must work! 3. International and continental standards	Communities must unequivocally benefit from the mining sector and must be involved in its governance from the definition of the governance framework to licensing and production. Community must have clear mechanisms to: • **Participate** in discussions and negotiations with all other stakeholders and provide informed, prior consent. This participation should reflect the diversity of the community including women, youth and persons with disability as well as other marginalized groups. • **Monitor and evaluate** implementation of agreements • **Obtain Accountability** through transparency on contracts, distribution of benefits, timely and accurate disbursement, etc. • **Seek recourse** in a reasonable time limit and through affordable means.

5 Things that Must Change Radically for Africa to Seize the Critical Minerals Opportunity

2

Innovative Blended Financing



The financing required for the 4-Pronged Business Development Approach must be quite innovative and blended to meet both the economic and social needs. Financing will be required for:

1. Geoscience data and Exploration to determine the potential of a country
2. Investment in both industrial mining and artisanal mining
3. Economic infrastructure
4. Social Infrastructure
5. Diversified businesses beyond mining

It will be important for African countries to seek for and facilitate financing from sources such as:

- Traditional banks and financial institutions
- Impact investors and venture capitalists
- Diaspora investment funds
- Development funds at regional, continental and international levels
- Government bonds and titles on the financial markets

5 Things that Must Change Radically for Africa to Seize the Critical Minerals Opportunity

3

Level Skills Development



Local Skills Development	National Skills Development	Regional Skills Development
It will be important to ensure skills development within the communities where mining takes place to ensure: • Local job creation • Local content for suppliers and other businesses around the mine • Long term expertise in mining	It will be important to take a national approach to skills development that integrates mining activity into the national economy and ensures that skills are being developed for mining activity in the country as well as other social and economic activities in the local development plans.	Skills development should also take a regional approach to ensure economies of scale with regard to training centers and specializations.

5 Things that Must Change Radically for Africa to Seize the Critical Minerals Opportunity

4

Accountability



On Contracts and Licenses	On Community Benefits	On Government Revenue
At both local and national levels it is important that there be full transparency on all agreements between industrial mining companies or artisanal miners and the states. • Mining contracts should be made public including information on beneficiary owners • Licensing procedures for both industrial and artisanal mining should be clear and accessible • Fees and financial reports should be in the public domain.	The revenue distribution and community benefits should be clearly stipulated and available for all members of the community. Community members must also be able to track the timeliness and accuracy of payments as well as benefits in kind. The management of community benefits by the community themselves must also be transparent with timely and accurate reporting.	Government revenue generated from mining should be in the public domain. This includes revenue at both local and national levels as well as any other fees or levies.

Protection and Promotion of Watchdogs and Whistleblowers
Institutions and person who play the role of watchdog and/or whistleblower must be seen as an integral part of the accountability system and should be provided with the information and mechanisms to do their work. In case of tension arising from their work, watchdogs and whistleblowers should be ensured protection by the state. Some watchdog and whistleblowing mechanisms should be within the state itself.

5 Things that Must Change Radically for Africa to Seize the Critical Minerals Opportunity

5

Pronged Business Development Approach



Profitable Artisanal + Industrial Mining Business	Economic Infrastructure	Social Infrastructure	Regional and Continental
It is important for African states to develop business environments where both industrial and artisanal mining can coexist do business profitably. This includes: • Regulatory and tax incentives for both • Effective formalization processes • Frameworks for win-win partnerships between industrial and artisanal miners.	States must develop and implement local development plans that enable economic infrastructure to be put into place in synergy with mining activities. This includes infrastructure for: • Energy • Transportation • Communication Mining activity should serve as a catalyst to leapfrog infrastructure development	Included in the local development plan must be social infrastructure which will benefit both the mining businesses and the community. This includes facilities for: • Healthcare • Education • Art and culture • Recreation	National mining development strategies must take a regional and continental approach to build on economies of scale and shared infrastructure. Zambia and Namibia are currently working on such an agreement for the mining of lithium and cobalt.

Where to look for Inspiration

1. Botswana
2. Namibia EU Partnership
3. Zambia – DRC Partnership
4. USA – South Africa Just Transition Partnership



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This document is produced by ***STRATEGIES!*** based in Douala, Cameroon. It is a firm specializing in leadership and management which delivers its services in Africa, Europe and the United States.

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