

CRITICAL MINERALS AND AFRICA: AVOIDING A ZERO-SUM GAME

Webinar, 21 September, 16:00-17:30 CEST

Webinar overview

On 21 September 2023, over 200 representatives from governments, international organisations and institutions, the private sector, and civil society organisations participated in the webinar – *Critical Minerals and Africa: Avoiding A Zero-Sum Game*.

Hosted by the African Development Bank (AfDB), the Center for Global Development (CGD) and the OECD Development Centre, this webinar provided the opportunity to discuss what the global rush for critical minerals could mean for Africa – in terms of demand, sustainable growth, and opportunities for sustainable development.

The session was opened by Mr. Gyude Moore, Senior Policy Fellow, Center for Global Development (CGD). Mr. Keisuke Sadamori, Director, Energy Markets and Security, International Energy Agency (IEA) set the scene by providing trends on growing global demand for critical minerals.

This was followed by a high-level panel discussion moderated by Ms. Ragnheiður Elín Árnadóttir, Director, OECD Development Centre. Panellists included H.E. Antoinette N'Samba Kalambayi, Minister of Mines, Democratic Republic of Congo (DRC), Hon. Kornelia Shilunga, Deputy Minister, Ministry of Energy and Mines, Namibia, Dr. Hapenga Kabeta, Permanent Secretary, Ministry of Mines and Minerals Development, Zambia, Mr. Richard Morgan, Head of Government Relations, Anglo American, Mr. Fred Kabanda, Division Manager, Extractives, African Natural Resources Management and Investment Centre (ANRC), African Development Bank (AfDB), and Mr. Silas Olan'g, Africa Energy Transition Advisor, Natural Resource Governance Institute (NRGI). Ms. Vanessa Ushie, Acting Director, ANRC, AfDB and Ms. Ragnheiður Elín Árnadóttir, Director, OECD Development Centre delivered closing remarks.

Key messages from the high-level panel discussion

- *The global clean energy transition has driven a massive growth in the demand for critical minerals, with lithium demand tripling and cobalt and nickel demand rising by 70% and 40% respectively over the last 5 years, according to the IEA. In its net-zero emissions by 2050 scenario, critical minerals demand is set to grow three and a half times by 2030. Meeting this demand will require a huge scale-up in mining investment – USD 1.7 trillion over the next 20 years according to UNCTAD – as well as substantial diversification of supply chains to avoid major disruptions.*
- *The IEA highlighted how this opens huge opportunities but also questions as to whether future supplies can expand fast enough to keep up with growing global demand. If announced projects will be implemented as planned, then the IEA anticipates that supply for some minerals would get closer to meeting clean energy ambitions in 2030, but the adequacy of future supply is far from assured, given risk of delays, permitting issues and cost overruns.*
- *Africa accounts for over 40% of global reserves of critical minerals, and in Namibia and Zambia, mining accounts for 11% and 17% of GDP and almost 50% and 70% of foreign exchange earnings, with mining representing the largest source of tax revenue in Zambia at 43%. Critical minerals revenue in Africa today stands at USD 20 bn. The IEA projects a revenue increase to USD 50 bn by 2030, if Africa is able to maintain its market share. To turn this potential into an asset, AfDB called for more investments and finance for exploration in Africa, at a time where exploration budgets, including from governments and majors, are increasing.*
- *The high-level panel acknowledged the importance of security of critical minerals supply as a global strategic issue, with recent measures – including the US' Inflation Reduction Act and the EU's Critical Minerals Act – prompting efforts to increase resilience in global critical minerals supply chains.*
- *At the same time, the high-level panel valued the opportunity for African countries to forge partnerships with minerals importing economies to advance net-zero transformation in the Global North while also delivering on sustainable*

development in the Global South. This involves engaging as equals for a fair distribution of the risks and benefits of mining within and across countries as well as between present and future generations, with the mobilisation of the necessary investments for infrastructure, skills and value chain development. International support for good governance, robust legal frameworks and adequately resourced and capacitated local institutions, transparency (around contracts, revenue collection, management and distribution, and beneficial ownership information) as well as enforceable requirements for human rights and environmental protection, corporate supply chain due diligence, and inclusion will be vital to realise the transformative potential of mining as a catalyst of sustainable development.

- While remaining open to sustainable investments, the DRC, Namibia, and Zambia called for the current model of exporting raw materials outside the continent with almost no African value addition to be consigned to history. Consistent with the African Minerals Strategy, they outlined the vision of an internationally competitive and sustainable African mining industry, where beneficiated and value-added raw materials become feedstock for regional processing and manufacturing hubs to serve the needs of both the African and the international market. It is expected that this will allow African countries to participate in regional and international value chains, create jobs, and improve the well-being of African people and mobilise domestic revenues to achieve sustainable development objectives.
- Against this backdrop, Namibia explained the rationale behind the recent introduction of a ban on the exports of unprocessed lithium and other critical minerals, which is to avoid losing out on royalties on exports of unprocessed resources. Zambia emphasised that critical minerals are considered strategic for Zambian economic transformation, and that it will only export its critical minerals if value is added locally. The government also intends to take a stake in all greenfield assets, as dividends from mining have not paid off due to transfer pricing practices. Zambia won't exploit its resources at the expense of future generations and plans to establish a sovereign wealth fund to ensure that the benefits from mining far outlast mineral extraction and economic rents.
- DRC and Zambia highlighted how their bilateral co-operation to produce precursory battery materials is a promising avenue to leverage complementarities between the two countries and advance their common objectives to create regional value chains and an African market for batteries and electric vehicles. The AfDB noted how the African Continental Free Trade Area (AfCFTA) provides a good mechanism to enhance regional cooperation and build economies of scale for skills and infrastructure development, create jobs through local value addition, and ensure tangible benefits for African people, including local communities and artisanal miners that should not be left behind.
- Anglo American acknowledged the legitimate aspirations of African producing countries and underscored the need for consumer economies on the BRICS and Western side to articulate how mining can support sustainable development, including quality infrastructure. This will be key to ensuring the necessary inputs (i.e. power, water and transport) required to do more processing and value addition locally. Anglo American called for a new approach to deriving socio-economic benefits and environmental sustainability, in a way that has not happened in the past, taking into account that there will be less direct employment as a result of increased automation of mining operations. Hence, the need for a new social pact to make things work, with mining companies also acting as development partners and responsibility seen as an integral component of the value brand of critical minerals.
- The high-level panel reflected on win-win-win solutions for all stakeholders involved: governments, industry, and local communities. Mineral development going forward must avoid the pitfalls and failures of the past which all too often have left a legacy of environmental degradation, human rights abuses, negative social impacts, corruption, and a failure to translate Africa's minerals wealth into lasting benefits for Africans. NRGi referred to good governance, environmental protection, and respect for human rights as red lines for minerals development in Africa, and not red tape.

Next steps

As part of the implementation of the [Equitable Framework and Finance for Extractive-based Countries in Transition \(EFFECT\)](#), the OECD Development Centre is establishing a Community of Practice to help developing producing countries capitalise on the opportunities afforded by green transition minerals. The *EFFECT Community of Practice: Capitalising on the transitional minerals opportunity: sustainable mining, value addition, and circular economy* will support developing producing countries in designing robust policies and predictable regulatory frameworks to capitalise on the transition minerals opportunity. By facilitating peer-to-peer learning, the Community of Practice will support efforts to implement a life-cycle approach to sustainable mining development; effective trade cooperation for local value addition; and private-public, regional, and international collaboration.