



## **JENA Rethinking African Development Webinar Series-2023**

### **Synthesis Report for a Webinar on: Africa's role in diversifying the global critical mineral supply chains amid Chinese and Western tensions: How can the international community help Africa achieve this role?**

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#### **Background of the Webinar**

The global minerals supply chain is undergoing a lot of development to align with the prevailing economic realities, environmental development, and geopolitical realignments. The demand for resources in the extractive industry, and specifically minerals is so crucial to the fourth industrial revolution as the world transitions from carbon-driven into a green economy. Africa's role has become prominent due to the abundance of mineral ores in the continent, and also on relieving mineral dependence for important sectors on China amidst growing geopolitical tensions.

Ms Lurit Yugusuk opened the floor for discussion by outlining the context for the webinar discussion. She pointed out the critical mineral ores landscape and the evolving changes such as the role of critical minerals in ushering in a digital revolution. Some of the critical issues she highlighted touched on human rights protections in the extractive industry, and what it means for Africa at community and national levels. Other highlights for discussion included, the critical minerals supply chain, West-East tension and Africa's new role and development, the role of the international community, and strategies for promoting sustainable mining practices.

#### **Discussions as shared by panelists**

##### **Energy Transition - Dr Ketakandriana Rafitson**

As a primer to the discussion, Dr Rafitson explained the concept of energy transition and the interplay with critical minerals. Based on the definition given, energy transition is a shift from fossil fuels to cleaner energy using transition minerals. This transition aims to reduce global warming, limiting the warming to 1.5° C. Critical minerals such as copper, cobalt, nickel, and lithium have become essential in pushing this transition. The demand to reduce global warming further increases the demand for these minerals. Based on the 2021 data on minerals used in energy production, transport and power generation accounts for a larger proportion of mineral use. The demand for these minerals is projected to increase four-fold by 2040, for instance, graphite usage will increase 25 times. In terms of production, she enumerated the top-producing countries based on 2019 statistics, including China, South Africa, Indonesia, and Chile among others on specific minerals and rare earths. Again on processing, China is a major player given its frontline role, necessitating engagement with China. Despite the importance of transition minerals, she also mentioned some of the neglected impacts of this extractive sector, including more greenhouse gases, biodiversity loss, water scarcity, and wastes on the environment hazardous to human and animal health. Other impacts included poor governance in the sector that leads to unequal resource benefit distribution and corruption, health and safety hazards exposing lives to danger, and human rights disenfranchisement among mining communities.

In the case study on Madagascar, she noted that the national energy policy 2015-2030 does not mention critical minerals, but only emphasizes power production and access to electricity. In the country, nickel, cobalt, graphite, and other minerals, where nickel dominates its production. On exports, titanium ore takes a higher portion of the mineral products exported as raw nickel also accounts for a high percentage of exports of the mineral ores. A higher percentage of the minerals end up in China. Even as these minerals are being extracted in the country, there are community perceptions about mining that could hinder its growth. The feeling that the resources are not benefiting the communities, loss of natural resources attributed to mining activities, the great disparity between the rural and urban population due to the infrastructural divide, and general lack of societal cohesion, erosion of culture and lifestyle are topping the list of concerns by the community in the country. She also elaborated on multiple concerns of villagers feeling their rights are not respected, they are not consulted, compensation is flawed, those who protest are criminalized, and general lack of transparency. Given that these atrocities are done with the government being aware, villagers in the mining communities have lost trust in their governments.

Moving forward, she expressed some of the efforts and strategies being implemented to correct the problems in the extractive sector in the country. Among the issues, include developing a feminist natural resource governance for a just transition, the [Publish What You Pay \(PWYP\)](#) members' declaration in COP 26, and a common African vision on transition minerals. These actions call for the involvement of countries and countries benefiting from these minerals to address the community's perceptions of the sector's sustainability. To crystalize these efforts, she underscored the role of a PMYP working group on transition minerals, with DRC, Zambia, Madagascar, and Mali participating. In her conclusion, she delineated key discussion points that should form part of the transition discussion going forward. Cases of mining companies engaging in human rights abuse call for reforms, what amicable ways can help redress these rights abuses? Again, considering that vast reserves of minerals exist in fragile countries, what actions can be taken to safeguard against stabilization, violence, and inequality? These concerns may stand unaddressed if Africa still lacks a common framework on energy transition, countries not having national policies on energy transition, and failing to adhere to ESG standards.

### **Extractive sector Supply Chain Dynamics – Ms Alaka Lugonzo**

Ms Alaka answered questions relating as to whether supply and demand dynamics call for engagements that may be good or bad and how Africa can gain bargaining power in the extractive sector. Echoing the preceding presentation, she mentioned the social, economic, and ecological dynamics of the extractive sector, emphasizing that Africa's future in mining is predicated on these dynamics. In her presentation, she mentioned that Africa has been regarded as a mining enclave stemming from colonialism and has built a trend of minerals leaving the continent for somewhere else. Africa has not seen much value out of this arrangement. Another development is the development by the Global North to push for energy transition for cleaner energy. But is this transition a priority for the developed nations or working for the benefit of the developing nations? How can these minerals benefit Africa in building and fostering a food economy rather than meeting the needs of the global north in pushing for their technological development? Are these minerals also looked at from the perspective of creating phosphates and minerals for fertilizer to grow the food economy? These are among the pressing issues she noted should stand when the issue of harnessing Africa's mineral reserves comes up. [The Africa Mining Vision](#) was developed in 2019 for the utilization of the minerals to enhance the growth and development of the continent's targeted linkages that can promote industrial upgrading. This vision is holistic in curating policies to address some of the historical injustices in the sector as it emphasizes local development. Moreover, the vision calls for a new fiscal regime that addresses illicit financial flows that only work to widen the inequality gap and fuel corruption. These minerals should be critical from our perspective, to help the region push its mining agenda. Some of the in-country efforts such as banning some of the minerals during President John Pombe Magufuli's administration, exports ban on raw mineral ores in Namibia, and other cases where minerals in their raw forms deny the region from investing the value chain have been put in place to curtail the capitalistic engendered by multinational mining companies. She pointed out that exporting mineral ores in their

unprocessed form excludes the region from mine-to-market optimization. From her view, she recognizes the Global North agenda, but the African agenda should be the priority. She underlined that as much as the call for energy transition is being top of the global agenda, it is time to rethink some strategies such as value addition that capture the interest of Africans for sustainable growth.

The discussion brought to the fore critical strategy such as value addition. From a continental perspective, are the minerals capable of powering our continental development? A critical view of the minerals must consider Africa's developmental needs. The Vision was for utilization of the region's wealth. It also talks of technical upgrading, emphasizing local economic development

Her talk majored in a critical view of the global north agenda of the energy transition. She opined that fast-tracking the Global North agenda yields little impact on the development of the region, as it stagnates the development of the continent. She pointed out some homegrown solutions that can be utilized to make good outcomes of the minerals. Such solutions emphasized local development, building linkages, technical upgrading, progressive fiscal regime, issues of FPC under which community consent is sought and they are involved in issues affecting the community. Banning raw minerals, such as banning unprocessed mineral ores. Value addition, she added, remains core to the development so that the region does not miss out on the mine-to-market optimization. She concluded that just as Europe has its mineral strategy, the African green mining strategy is currently being piloted by AfDB and the African Union. Out of her presentation came the question of what is critical for the African extractive sector. From her discussion stood the idea that "local communities should not pay the price while the global community scrambles for minerals".

### **Sustainable Mining and Impact on Mining- Ms Jill Munyes**

Ms Munyes stressed mining safety, where miners in the local communities have their safety taken into account. Safety extends to the communities in the mining areas and the impact of mining on them. It takes an effort to focus on our local needs before looking at the needs in the global supply chains. Firstly, she elaborated on the role of the [Kenya Chamber of Mines](#) in ensuring livelihoods are protected, giving priority to the mining impact on miners and the communities.

Secondly, she dwelled on capacity building and development by the government. She observed that mining is a technical field with its unique needs, it requires the government to offer leadership to safeguard the short-term and long-term effects of the sector. An aspect of leadership that this situation attracts is more of a decision-making on the sustainability of the minerals even 50 years into the future. Designing such sustainable mining schemes allows the government to set up regulatory frameworks and fiscal regimes that should end up supporting local communities in the long term. For countries that have not extensively engaged in mining before, it becomes a watershed moment that calls for collaboration with partners with great experience and expertise. Of course, the essence of collaboration is to benchmark and learn to avoid some of the nasty experiences of other countries. Bringing countries in the continent together, forming systems and the ratification of African mining guidelines would ensure that the region's involvement in the global supply chain has great impacts.

More to this collaboration is the avenue they create for technological transfer. The reason why sometimes little progress is made is on the capital-intensive nature of the industry, for which she argued that pulling resources together and forming partnerships. Core to this idea of coming together guides in setting a framework and clear plan to resource exploitation without necessarily excluding people for their lack of capital to invest.

## **Right people in leadership- Hon Lee Oguzu**

### **What role do leaders play in raising the bargaining power and ensuring Africa is aligned on the right track on energy transition?**

He outlined the essence of leadership in setting effective governance, developing regulatory frameworks, negotiating contracts for the people, and addressing negative mining impacts. To drive his point home, he cited cases of fragile countries where multinationals usually take advantage of the situation to initiate illegal exports and unregulated mining with attendant effects on the health of mining communities. Through proper leadership, countries in the region can attain stability which enhances economic development for the people. He concluded by restating the essence of leaders being at the forefront in setting up systems and regulatory frameworks that rid the region of the predatory practices often advanced by multinationals in regions with unstable governments.

## **Transparency in the mining sector- Dr Rafitoson**

In her view, a simplistic understanding of transparency regards the disclosure of information to the general public, policymakers, and decision-makers who are aware of the trends. It becomes problematic when self-interests sets in or in cases where the parties want to conceal their interests. In other instances, implementing beneficial ownership remains a burden for countries whose mining has not developed, and despite existing standards, companies fail to play the game. She cited the case of Madagascar where the government fails to play the role of ensuring companies stick to the set principles of transparency. Despite efforts by civil society organizations, little change has been forthcoming. Thus, she recommended education of the citizenry as the first approach to ensure that citizens are aware of their rights so that they can demand and safeguard their rights. Through this access to information, transparency can be achieved. Altogether, efforts can be made through education thereby creating the people's power to demand transparent deals with the companies. In an era where the scramble for critical minerals defines the global energy transition agenda, the motivation and the urgency to call for transparency cannot be slighted. From her discussion, educating the masses on matters of transparency offers communities the power to fight for their rights.

While adding to the issue, Fr Jacques Nzumbu SJ, stressed due diligence and compliance for the mining companies. Through mandatory diligence, citizens can feel the positive impacts of mining. Given that mining companies are subjected to local regulations and guidelines, there should not be cases where mining companies only observe rules from their countries while ignoring the laws of the country in which they operate. He also reiterated the need for homegrown practices and initiatives that offers an environment where companies can observe strict principles of transparency.

**Veronicah Ndegwa from the Institute of Public Finance (IPF)** in Kenya gave highlights on their latest artisanal mining research in Taita Taveta, Kenya in which they focused on the legal frameworks that may have undermined or progressed mining development. Further, their research showed that the local communities have not benefited from mining, and other neighbouring communities in Kwale County, local communities do not benefit as well. This trend is seen in the manner in which the royalties from the mining do not trickle down to help the local communities. Other cases of mineral ores being smuggled out of the country were also cited in their research. Again, this study corroborated with what other panellists had aforementioned on the mining outcomes failing to impact the lives of local communities. The essence of togetherness to forge a common path in the energy transition through an Africa-centric agenda carry huge potential to be exploited.

## **Closing Remarks, Questions and Response**

With the rallying call to [COP28](#), Mining Indaba, several conferences and other conventions where people want to meet to discuss this energy transition agenda. Where would you want Africa to be in this supply chain?

## **Responses**

Ms Alaka posed a challenge to Hon Lee that legislators have always been invited to these engagements but not responded positively. Some of the most crucial aspects and changes needed in the mining sector can only be effected at a legislative level, putting leaders on task to provide the legal and technical support that brings a change. Given that at least each country has some mineral deposit, already under exploitation or yet to be exploited, the role of policy change becomes a necessity for progress. Some of the major mining countries have failed to domesticate the African Mining Vision 2019 despite the policy document being a blueprint to ensure positive mining outcomes for the region. Cases of countries forming conduits for smuggled mineral ores can be resolved through an invigorated African free continental trade agreement. Again the role of the African Union and the [Africa Mineral Development Centre](#) becomes critical when countries ratify some of the statuses that can change lives. Through value addition and crafting in-country arrangements to leverage the minerals, Africa can have a say within the supply chain. Moreover, progress can be made when government join hands with civil society, research organizations and other mining-aligned organizations that have the resources and data on what ought to be done. Other important highlights were on the work [Oxfam Kenya](#) is doing, with its recent effort being leveraging the natural resources benefit sharing bill currently at the Senate in its third reading. In addition, participating in conferences aimed at supporting [Africa Free Continental Trade Area](#) opens the window to benefit our local economy while resolving some of the illicit flows that happen through country borders.

Hon Lee reiterated that Africa should remain a top priority in this transition agenda, and let the action taken benefit Africans. Ms Munyes again noted the need for education to pave the way for self-reliance and self-sufficiency that, she opined, would be integral for value addition. Through good governance, support to lobby groups and civil society organizations provides a formidable force to ensure accountability by the players in the industry. Lastly, she underscored the importance of good stewardship to safeguard humans and the whole ecosystem from the long-term effects of mining. On her part, Dr Rafitoson added the need to have more such conversations such as the upcoming COP28 serves as a platform for Africa to claim its space in the supply chain. Since resources belong to the communities, impacting the lives of communities should remain supreme.

It was the collective expression from the panellists that Africa has a potential role in diversifying the critical minerals supply chain, and it is important to collaborate among stakeholders and the local communities in the mining areas. Working collaboratively will necessitate having legislators on board to have the conversation going forward.

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