

Statement on the High-Level Meeting on Critical Minerals and Energy Transition in Africa – Strategies and Policies of Key Producing Countries

BACKGROUND

1. On 5 September, the Southern Africa Resource Watch, in partnership with the Southern Africa Trust, hosted a multi-stakeholder meeting on Africa's critical or strategic minerals and the energy transition in Nairobi, Kenya. Convened as a side-event to the inaugural Africa Climate Summit (ACS) held between 4 and 6 September 2023, the meeting drew participants from Southern African countries producing critical minerals, and included inter-governmental organisations, the private sector, civil society, and academia.
2. The meeting's objectives were to:
 - 2.1. develop a shared understanding about the role of critical or strategic minerals in the context of climate change action, a just energy transition, and the agenda of the UNFCCC COP 28 event to take place in Dubai from 30 November to 12 December 2023;
 - 2.2. share regional and national strategies and policies regarding the scope and promotion of local beneficiation of strategic minerals, including the financing and development of local industrial manufacturing capacity in green technologies; and -
 - 2.3. discuss and propose steps towards enforceable environmental, social and governance (ESG) mechanisms, norms, and standards for a robust strategic minerals regulatory and governance policy framework in producing countries.

DELIBERATIONS

3. The meeting discussed national initiatives and policies from, *inter alia*, the Democratic Republic of Congo, Madagascar, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe, all of which provided rich insights within a Pan-African context. Several speakers and participants called for a paradigm shift concerning the use of the term "critical minerals", noting that the concept does not reflect Africa's reality and interests: the so-called critical minerals ought rather to be construed as "strategic minerals";
4. The meeting observed that not one African country has a policy on strategic minerals. The concern is that regions such as the European Union have developed and are implementing comprehensive climate and critical mineral strategies, policies, and laws such as the EU's Critical Raw Material Act, Net Zero Industry Act, and the Green Deal taxonomy; and -
5. African strategic mineral policy and strategies must be implemented to structurally transform the current extractive model from Africa as supplier of raw materials to producer and exporter of finished products, including those critical to the energy transition (such as solar panels, wind turbines, batteries for electric vehicles, and energy storage).

KEY RECOMMENDATIONS

6. Recognising the importance of the strategic minerals and metals sector in Africa's energy transition, climate resilience and sustainable development, the following recommendations emerged from the deliberations:
 - 6.1. **Promote Pan-African Mineral Development Solutions:** Acknowledging Pan-African strategies such as the African Union's Africa Mining Vision and the draft Africa Green Mineral Strategy (which urgently needs to be finalised), national governments must:
 - a) Develop policies and strategies for value addition to the strategic minerals aligned to Pan-African mineral policies such as the Africa Mining Vision and the draft Africa Green Minerals Strategy;
 - b) Mobilise capital to optimise hydropower installations through the Grand Inga Dam and the Grand Ethiopian Renaissance Dam. These two mega-dams have a combined potential to power the whole continent and export surplus to Europe. This is essential because a sustainable supply of clean energy is required to add value to strategic minerals;
 - c) Collaborate to facilitate electricity trading under the African Single Electricity Market (AfSEM) initiative launched in

June 2021, using the African Continental Free Trade Area (AfCFTA), and -

- d) Ensure access to electricity for hard-to-reach communities through affordable renewable energy sources such as solar and wind sources. This is only feasible if renewable energy technologies are manufactured on the continent.

6.2. Harmonise Trade, Investment, and Industrial Policies: African governments must focus on reducing the export of raw strategic minerals into global value chains. In this regard:

- a) African mineral resources must be directed to local industries as feedstock for an endogenous approach to industrialisation for the manufacture of, *inter alia*, solar, wind, and hydro-power products. Through the AfCFTA, African governments must accelerate the promotion of intra-Africa trade and create a market for finished strategic minerals goods and services;
- b) African states must strengthen the capacity of their negotiators to engage in trade diplomacy and bilateral and multilateral negotiations based on African needs and interests that ensures the beneficiation of all strategic minerals, and protect domestic industries;
- c) African governments must diversify economies to reduce dependence on the extractive sector; and -
- d) Carbon trading should not simply be a license that promotes pollution in developed countries whilst undermining industrialisation in Africa.

6.3. Promote Mining and Minerals Development Finance and Investment Initiatives:

- a) Development finance institutions (DFIs) such as the African Development Bank and the Africa Import and Export Bank must create a mining investment fund to capitalise exploration, mining, and industrial processing of strategic minerals.
- b) Recognising unmet climate finance promises made by developed countries, new sources of funding must be mobilised to finance research on Africa's renewable energy sector and value addition to strategic minerals. This could be done through levying mining corporations.
- c) Governments must strengthen and enforce legislation to plug fiscal leakages arising from illicit trade in minerals and corrupt practices.
- d) Establish fiscal linkages to ensure that the proceeds from trade in strategic minerals and related activities are part of domestic resource mobilisation efforts to fund industrialisation in Africa.

6.4. Invest in Knowledge, Data Systems and Technology

African countries must:

- a) Invest in comprehensive geological surveys and resource assessments to identify and quantify strategic mineral deposits and establish a database of mineral resources to promote investment into mining and minerals development.
- b) Invest in the development of local skills and expertise in geology, mining, and mineral processing through training programmes and partnerships with academic institutions. Through education policies, African governments must invest in science technology, engineering and mathematics (STEM) education for all learners.
- c) Promote and support knowledge centres of excellence for value chain development linked to Pan-African institutions and universities, such as the DRC Centre of Excellence for Advanced Battery Research.

6.5. Review and Update Legal Frameworks regulating strategic minerals and climate change

- a) Review and upgrade legal frameworks and specific mining legislation regulating strategic mineral activities (e.g., local content laws and regulations to support beneficiation).
- b) Develop climate framework legislation and regulations aligned with the sustainable development of strategic minerals.
- c) Review mining investment agreements, production, and profit-sharing contracts, and equity agreements, and align these with integrated community and national development priorities.
- d) Harmonise Southern Africa Development Cooperation (SADC) strategic minerals policies and develop a SADC Strategic Minerals Model Law to provide for and promote value addition in member states' strategic minerals policies, laws, and regulations. The policies must be aligned to the Africa Mining Vision and the draft Africa Green Minerals Strategy.

6.6. Environmental, Social and Governance (ESG) Factors

- a) Businesses must respect, and governments must protect and uphold, the rights of mining communities, especially the rights of indigenous communities. Free, prior, and informed consent (FPIC), as recognised in the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), must be complied with in all aspects of mineral

- exploration, mining, and mineral development.
- b) Corporations must practice fair labour standards and eliminate all forms of modern-day slavery throughout strategic minerals value chains, including taking measures against the exploitation of children and women in mining activities (Artisanal and small-scale mining (ASM) and industrial mining) and mining settlements.
 - c) The search for critical minerals must not perpetuate the same corporate behaviour of neoliberal profit-seeking at the expense of human rights and the natural environment, intersecting with other multiple forms of marginalisation and discrimination that particularly affect women, children, people living with disabilities, and other vulnerable population groups.
 - d) States and corporations must not act in ways that perpetuate the shrinking of civic space affecting environmental defenders through murder, harassment, intimidation lawsuits or SLAPP suits (strategic litigation against public participation), unlawful and lawful arrests, and other forms of persecution.
 - e) As producing countries pursue industrialisation based on strategic minerals, governments must strengthen pollution control legislation and regulation to prevent the emergence of new sources of environmental pollution and greenhouse gas emissions. The protection of water quality, wetlands and biodiversity must be prioritised.
 - f) Ultimately, there must be increased regulation of ESG, away from the predominantly voluntary nature of reporting and disclosure standards.

7. Follow-up engagements towards, and at, COP 28 and beyond

- 7.1. Noting the continued rise in the public debt of most African economies, unfair international trade practices and the absence of new external climate funding (despite promises to the contrary), African governments must fight for tangible and actionable decisions for the financing and development of domestic industries to produce energy transition technologies.
- 7.2. Pursuant to the Technology Framework under Article 10, paragraph 4, of the Paris Agreement, African governments must advocate for the strengthening of technology partnerships and cooperation to ensure that strategic minerals beneficiation takes place in Africa, in accordance with industrialisation opportunities not only linked to the green transition but also to all strategic sectors of African economies. (The case of DRC-Zambia cooperation on lithium batteries is an example).
- 7.3. Considering progress in the convergence of sustainability reporting under the International Sustainability Standards Board (ISSB), African negotiators must canvass for increased corporate accountability throughout strategic minerals value chains.

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