SARW

Southern Africa Resource Watch

The Role of the G20 in Advancing Value Addition of Critical Minerals in Africa

Claude Kabemba

OPEN: POLICY

November 2025

Introduction

Africa is endowed with a significant share of the world's critical minerals, including bauxite (30%), manganese (60%), cobalt (60%), platinum (88%), and chromium (80%). Despite this abundance, the continent remains largely a raw material exporter, capturing limited economic rents from mining and processing. The current energy transition, driving the rising demand for critical minerals, provides a strategic opportunity to leverage mineral wealth for sustainable development, industrialisation, and regional integration.

This policy brief proposes targeted measures to enhance value addition to Africa's critical minerals, addressing infrastructure, capacity building, and environmental, social and governance (ESG) standards, aligned with the G20 agenda on sustainable and inclusive growth. It provides recommendations on how the G20 as a collective can support value addition on the continent.

A. Context: Strategic Opportunity and Current Challenges

1. **Global Resource Positioning**
   African countries hold a substantial proportion of global critical minerals. Yet, mineral exports remain largely unprocessed, with export-dependency ranging from 40% to 90% of total exports in resource-rich countries like DRC, Zambia, Zimbabwe, Ghana, and Mozambique. This structure limits job creation, tax revenues, and industrial linkages.
2. **Commodity Market Dynamics**
   With the shift from a high-carbon economy to low-carbon economy, critical mineral prices have risen steadily. While multinational corporations benefit from high profits, African governments are failing to capture proportional revenue gains due to weak bargaining power, inadequate taxation frameworks, and weak institutions.
3. **Governance and Institutional Weaknesses**
   Unbalanced contracts, lack of transparency, tax avoidance, and limited technical capacity constrain Africa's ability to harness its critical minerals wealth. Without reforms, the continent risks perpetuating its dependency on raw material exports.
4. **The Benefits of Value Addition**
   Studies highlight that local mineral processing and beneficiation generate multiple economic benefits, including:
   - increased industrial diversification
   - higher-skilled employment opportunities
   - expanded tax base and government revenues
   - strengthened regional integration and infrastructure development.

B. Policy Rationale

Objective: Transform Africa's critical minerals sector from raw material exports to value-added, industrialised commodity chains that underpin sustainable economic development.

Approach:

- Seize the current energy transition needs to implement structural economic reforms.
- Promote country-specific strategies while aligning with regional and continental frameworks such as the Africa Mining Vision (AMV), Africa Green Minerals Strategy

(AGMS), Africa Continental Free Trade Area (AfCFTA), African Union Development Agency New Partnership for Africa's Development (AUDA-NEPAD), Regional Economic Communities (RECs), and African Union (AU) Agenda 2063.
- Focus on short- to medium-term interventions with long-term developmental impact—the emphasis should be on industrialisation, the production of green technologies on the continent, increased intra-Africa trade, and increased revenue.

C. Key Pillars of Action for Value Addition

1. Enhancing Governance and Improving Domestic Resource Mobilisation

- **Audit and renegotiate unbalanced contracts** to ensure equitable benefit-sharing.
- **Strengthen taxation systems**: Establish an African Tax Administration Forum chapter on mining to improve transparency, harmonise tax codes, and curb revenue leakage via transfer pricing and tax havens.
- **Promote legislative oversight** and civil society engagement to ensure accountability.
- **The revenue mobilised could be deployed to support research, build skills, and to reinvest into local economies.**

2. Infrastructure Development for Mineral Processing

- **Regional and continental infrastructure** is critical to reduce transport costs and enable local processing. Priorities include railways, ports, energy, water supply, and information networks. The Lobito corridor and Tazara railway should be used to strengthen regional trade rather than for the export of raw materials.
- **Beneficiation of minerals**: local mineral processing will strengthen industrial capacity and create downstream jobs.
- **Integrated industrial strategy**: Infrastructure investments must support both extraction and broader economic diversification.

Activity: Establish Task Forces under NEPAD and RECs to assess infrastructure gaps, optimise transport and energy systems, and coordinate mineral-driven industrial development projects.

3. Capacity Building and Knowledge Development

- **Develop a world-class mining public administration**: Improve competencies in policy design, contract negotiation, revenue management, infrastructure development, and industrial policy.
- **Strengthen the African Mineral Development Centre (AMDC)** to serve as a continental centre of excellence to train officials, industry professionals, and civil society in mineral governance, industrial policy, and ESG standards.
- **Peer Learning Networks**: Facilitate the exchange of best practices, joint research, and continuous professional development of government officials, universities, and emerging African entrepreneurs.

Outcome: Strengthened bargaining power, informed policy-making, and enhanced local and regional capacity in high-value roles within the minerals sector.

4. Promoting ESG Standards and Industrial Linkages

- **Develop a comprehensive African ESG model** for mining sectors: Integrate labour standards, environmental stewardship, community investment, grievance redress mechanisms, and transparent reporting.
- **Mainstream ESG standards in national regulations**: Link compliance to licensing, tendering, local content, and incentives.
- **Leverage ESG standards for industrial development**: Encourage local subcontracting, skills transfer, and reinvestment into processing and manufacturing.

Evidence: Countries enforcing ESG-linked mineral processing will capture greater domestic economic benefits and catalyse the development of complementary industries.

D. Implementation Considerations

1. **Pan-African coordination**: Harmonise policies across regional economic communities to enable cross-border value chains and reduce duplication.
2. **Private sector engagement**: Encourage public-private partnerships to co-finance infrastructure, training, and processing facilities.
3. **Sustainability and financing**: Allocate a proportion of mining revenues to regional development funds and infrastructure investments to ensure long-term viability.
4. **Monitoring and evaluation**: Develop performance indicators for revenue capture, local processing, job creation, and ESG standards compliance.

E. Recommendations for G20 Engagement

1. **Prioritise value addition in Africa's critical minerals** as a pillar of the South African G20 agenda.
2. **Support governance reforms** through technical assistance, capacity building, and multilateral coordination.
3. **Facilitate financing for regional infrastructure**, targeting transport, energy, and water to enable processing and industrialisation.
4. **Promote international partnerships** for skills development, technology transfer that strengthens Africa's artificial intelligence (AI) capacity, and sustainable ESG standards implementation.
5. **Encourage policy dialogue** on harmonised taxation, industrial incentives, and trade policies to enhance Africa's competitiveness in global value chains.

Conclusion

Africa is at a critical juncture: the energy transition presents an opportunity to transform critical energy transition minerals (CETM) exports into industrialised, value-added sectors. By focusing on governance, infrastructure, capacity, AI and ESGs, the continent can capture greater economic benefits, create employment, foster industrialisation, and contribute meaningfully to the G20 agenda on inclusive and sustainable growth.

The time to act is now, leveraging high-level political momentum to secure Africa's rightful place in global critical minerals value chains.

SARW

Southern Africa Resource Watch