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CONTINENTAL FRAMEWORKS FOR MINERAL RESOURCE GOVERNANCE IN AFRICA

Strategies for Enhanced Domestication

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Abbreviations

AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
ALSF	African Legal Support Facility
AMGF	African Minerals Governance Framework
AMDC	African Minerals Development Centre
AMREC	African Mineral and Energy Resources Classification and Management System
AMV	Africa Mining Vision
AU	African Union
CRIRSCO	Committee for Mineral Reserves International Reporting Standards
DFI	Development finance institution
ECOWAS	Economic Community of West African States
HRD	Human resource development
IDEP	Institut Africain de Développement Économique et de Planification
IFFs	Illicit financial flows
MVC	Mineral value chain
PARC	Pan-African Resource Reporting Code
RDI	Research, development and innovation
SADC	Southern African Development Community
STEM	Science, technology, engineering and mathematics
UNECA	United Nations Economic Commission for Africa
VCF	Venture capital fund

Contents

EXECUTIVE SUMMARY

Despite its impressive natural resources, Africa has failed to realize equitable resource-based industrialization, remaining imprisoned in the neo-colonial paradigm of supplying the world with low-value-added primary commodities and importing high-value-added products and services. In 2009, the African Union's Africa Mining Vision (AMV) outlined a vision and path for member states to pursue equitable resource-based industrialization. Over the following decade, additional guidelines, instruments and frameworks were developed, including: the African Commodities Strategy (ACS), the African Minerals Governance Framework (AMGF), the draft African Green Minerals Strategy (AGMS), the African Mineral and Energy Resources Classification and Management System (AMREC) and its Pan-African Resource Reporting Code (PARC), as well as the Country Mining Vision Guidebook (CMV), the UNECA 2013 Economic Report on Africa (ERA), and the Southern African Development Community's Regional Mining Vision (RMV). Sadly, member states' alignment with these initiatives has been slow and inconsistent. This paper suggests several strategies for facilitating the adoption and domestication of these continental frameworks on mineral resources governance, including:

Despite its impressive natural resources, Africa has failed to realize equitable resource-based industrialization.

- empowering and strengthening the African Minerals Development Centre by providing adequate hosting, resources and support to assist member states and regional economic communities with alignment;
- facilitating access to capital for local investors along mineral value chains to promote African capital formation, the development of linkages and alignment with the AMV through the capitalization of an African venture capital fund (VCF) for mineral value chains (debt and equity);

- configuring and executing customized regional mining visions by regional economic communities to attain economies of scale for investment opportunities in mineral value chains;

- integrating the AMREC and PARC frameworks into national and regional governance structures and African stock markets;

- assisting member states in aligning their national laws with the AMV and enhancing their capacity for effective policymaking and lawmaking;

- conducting campaigns to increase awareness of the AMV and the African Minerals Governance Framework (AMGF) and to garner broader support among stakeholders, in partnership with civil society organizations and other non-governmental organizations;

- providing resources for AMV and AMGF alignment strategies from a variety of sources, including through partnerships with civil society organizations and a proposed fund to be financed with revenues from curtailing and reclaiming illicit financial flows (IFFs);

- promoting greater coherence in the governance of mineral value chains across the ministries of mining, industry and related sectors to ensure that mining licence mechanisms translate into supply chain development and downstream manufacturing and investment;

- monitoring and evaluating AMV and AMGF alignment with the help of a public dashboard of key indicators.

In a multipolar world economy, the weakening of four centuries of Western hegemony could provide opportunities for equitable resource-based industrialization in Africa.

Chapter 1

CONTINENTAL FRAMEWORKS FOR MINERAL RESOURCE GOVERNANCE IN AFRICA

Over the past two decades, Africa has adopted several governance frameworks to increase the benefits of mineral extraction accruing to African countries to achieve, among other things, equitable resource-Based industrialization. Three entities—the African Union (AU), including the AMDC, the United Nations Economic Commission for Africa (UNECA) and the African Development Bank (AfDB)—have largely been responsible for coordinating these frameworks, at times in partnership with one another. The principal mineral governance frameworks are the Africa Mining Vision and its associated action plan, country mining visions, the African Commodities Strategy, the African Minerals Governance Framework and the Southern African Development Community Regional Mining Vision. Also of note is UNECA's 2013 Economic Report on Africa on making the most of Africa's commodities (UNECA 2013), which broadens the core AMV strategies to cover all commodities.

1.1. AFRICA MINING VISION

African heads of state adopted the Africa Mining Vision at the 2009 Africa Union Summit.

African heads of state adopted the Africa Mining Vision at the 2009 Africa Union Summit. The document presents Africa's vision and action plan for overcoming the apparent paradox between Africa's large and varied mineral endowments and its widespread underdevelopment and grinding poverty. The AMV takes a holistic approach by advocating development that extends beyond mining. It emphasizes maximizing all critical mining linkages to facilitate equitable resource-based industrialization and the development of other sectors, particularly manufacturing, construction, power and agriculture, among others, not only through downstream value addition (forward linkages) to produce key feedstocks but also through the development of knowledge linkages (skilling and technology development) and backward linkages (mining supply chains). The AMV calls for the '[t]ransparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development' (African Union 2009: v) (see Box 1.1) through the realization of downstream, upstream and sidestream mineral linkages.

Box 1.1. **Africa Mining Vision**

'Transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development'

The AMV presents a shared vision that encompasses the following elements:

- a knowledge-driven African mining sector that catalyses and contributes to the broad-based growth and development of, and is fully integrated into, a single African market through:
  - downstream linkages with mineral beneficiation and manufacturing;
  - upstream linkages with the capital goods, consumables and services industries for mining;
  - sidestream linkages with infrastructure (power, logistics, communications, water) and skills and technology development;
  - mutually beneficial partnerships between the state, the private sector, civil society, local communities and other stakeholders; and
  - a comprehensive knowledge of the continent's mineral endowment;
- a sustainable and well-governed mining sector that effectively garners and deploys resource rents and that is safe, healthy, gender- and ethnically inclusive, environmentally friendly, socially responsible and appreciated by surrounding communities;
- a mining sector that has become a key component of a diversified, vibrant and globally competitive industrializing African economy;
- a mining sector that has helped establish a competitive African infrastructure platform by maximizing its local and regional economic linkages;
- a mining sector that optimizes and manages Africa's finite mineral resource endowments and that is diversified, incorporating both high-value metals and lower-value industrial minerals at both the commercial and small-scale levels;
- a mining sector that harnesses the potential of artisanal and small-scale mining to stimulate local and national entrepreneurship, improve livelihoods and advance integrated rural social and economic development; and
- a mining sector that is a major player in vibrant and competitive national, continental and international capital and commodity markets.

Source: African Union, 'Africa Mining Vision', February 2009, <https://au.int/en/documents/20100212/africa-mining-vision-amv>, accessed 7 December 2024.

In addition to improving mining regimes, the AMV aims to optimize fiscal (tax) linkages by advocating the integration of mining into socio-economic development at the local, national, regional and continental levels, through public, private and community partnerships, by enabling governments to formulate and apply laws and regulations and negotiate contracts, and through responsible environmental stewardship, community involvement and responsible artisanal and small-scale mining, among other things.

The AMV recognizes that the 'role of regional cooperation and integration in reducing transaction costs, establishing intra-regional synergies, enhancing competitiveness and realizing economies of scale that would catalyse minerals cluster development should not be underestimated. However, for goods, services, capital and other factors to freely flow in the regional spaces, there is need to expedite intra-regional harmonization of laws, regulations and fiscal regimes, among other critical factors' (African Union 2009: 5).

Although the AMV promotes the centrality of regional mining strategies, only one regional mining vision has been adopted, in Southern Africa.; However, the SADC's Regional Mining Vision, which was adopted at the SADC's Council of Ministers meeting in August 2019, still needs to be translated into a regional protocol.[1]

The AMV also calls for the creation of a resource-based industrialisation and development strategy to leverage Africa's significant resource wealth to drive growth in other sectors. Such a strategy would be aimed at maximizing resource sector linkages by creating integrated resource industrial clusters, fostering human resource development and research and development, and building a sustainable competitive advantage that would ultimately be independent of the continent's resource endowments (African Union 2009: 5–6).

The AMV provides a mining blueprint that all African Union member states have agreed to. Several countries are in the process of aligning their mineral regimes with the AMV, selecting those elements that are easiest to deal with at the national level. A regional approach to this alignment requires a guiding regional framework and hence the need to develop regional mining visions guided by the AMV, as well as regional development aspirations.

1 The draft SADC Mining and Minerals Development Protocol still needs to be approved by the heads of state of the SADC member states.

The AMV recognizes that proactive and deliberate actions on the part of key stakeholders, particularly governments, is essential to maximizing the impacts of mining on intergenerational equity, growth and development. Among other actions proposed by the AMV, the most pertinent to a comprehensive, progressive and effective regional mining vision include the following:

- facilitating and nurturing human resource development and skills formation in tandem with the development of technological clusters through the facilitation of research, development and innovation;

- building knowledge networks and niches involving academia, industry, the government and other players;

- providing supporting infrastructure, including roads, rail ports, energy, water and telecoms;

- encouraging the establishment of strong instruments for collaboration (industry and professional associations, chambers of mines, cluster councils, incubators and technology packs);

- fostering agglomeration effects and learning processes through the establishment of a critical mass of key ancillary industry players that share information, collaborate and compete to improve the initial factor advantages and enhance competencies, reinvention, innovation, technology evolution and spillovers, as well as diversification;

- promoting local beneficiation and value addition from minerals to provide manufacturing feedstocks;

- promoting the development of mineral resources (especially industrial minerals) for the local production of consumer and industrial goods;

- establishing an industrial base through backward and forward linkages;

- encouraging and supporting small and medium-size enterprises to enter the supply chain;

- improving the quality of the business environment, increasing private sector confidence and participation, and reducing entry barriers and operating costs to achieve external economies of scale;

- ensuring that industry players comply with the highest standards of corporate governance and environmental, social and material stewardship;
- harnessing the potential of mid-tier resources that may not necessarily attract major international companies but could attract high-net-worth individuals, including local entrepreneurs;
- establishing the requisite enabling markets and common platforms for services (raising capital, commodity exchanges, legal and regulatory support, marketing support and know-how);
- harnessing the potential of public–private partnerships; and
- promoting regional integration and harmonization to facilitate factor flows (African Union 2009: 4).

The AMV further unpacks the principal mineral resources endowment opportunities for African countries for exploitation; the pertinent ones for regional mining visions include the following:

- 'Resource rents: The use of resource differential and windfall rents to improve the basic physical and knowledge infrastructure of the nation through investment in physical infrastructure and social & human infrastructure.
- Physical infrastructure: The collateral use of the high-rent resource infrastructure to open up other resource potential (such as agriculture, forestry and tourism), to access zones of economic potential with lower returns (e.g. agriculture) that cannot afford their own requisite infrastructure.
- Downstream value addition: The use of the locational advantage ... of producing crude resources to establish resource-processing industries (beneficiation) that could then provide the feedstock for manufacturing and industrialisation.
- Upstream value-addition: The use of the relatively large resources sector market to develop the resource supply/inputs sector (capital goods, consumables, services).

- Technology/product development: Resources exploitation technologies generally need adaptation to local conditions (e.g. climate, mineralogy, terrain), which provide opportunities for the development of niche technological competencies in the resource input sector. This sector tends to be knowledge-intensive and accordingly needs 'priming' through investment in resources HRD and R&D. However, several studies have shown that it has the capacity to later 'reinvent' itself outside the resources sector through the lateral migration of technological competencies to produce new products for other (non-resource) markets' (African Union 2009: 13).

1.1.1. **The AMV: Realizing critical mineral linkages**

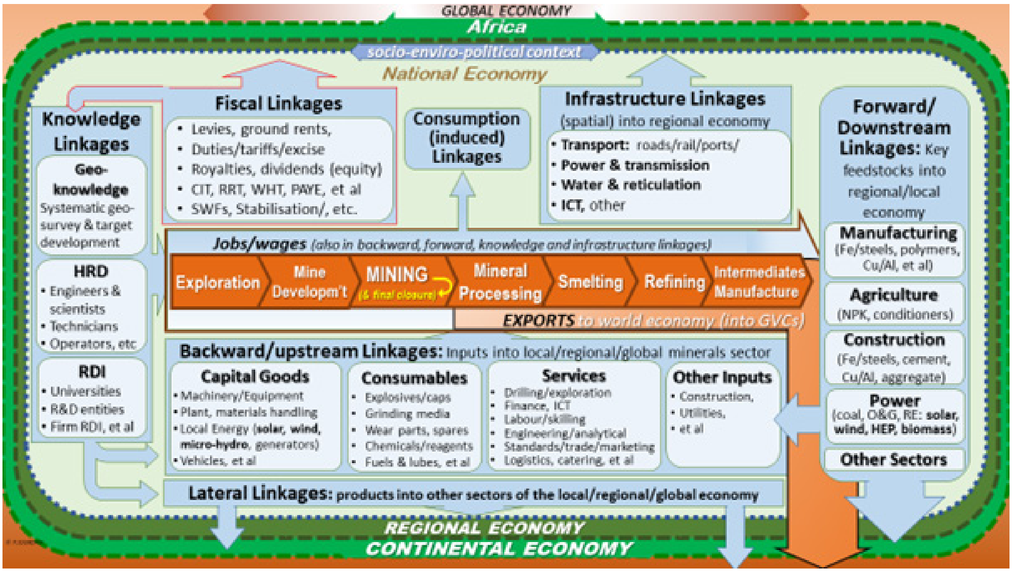
Since gaining independence, most African countries have made little progress in integrating their mineral sectors into their local economies, due in part to weak mineral prices from the mid-1970s to the early 2000s and inappropriate policies. The rise in demand from Asia (particularly China and India) and for green minerals, driven by the global energy transition, provides new opportunities for Africa to integrate its mineral sector into local and regional economies by developing crucial mineral linkages. However, this integration will not happen through market forces alone; it requires national and regional strategies comprising appropriate policies and interventions.

A strategy aimed at achieving equitable resource-based industrialization that uses mineral resources to catalyse broad-based growth and development should focus on maximizing opportunities from mineral extraction and processing, particularly by through the lateral migration deepening the resource sector through the optimization of linkages with local and regional economies. Figure 1.1 provides an overview of a generic regional mineral value chain, including the key mineral linkages, within the prevailing social, environmental and political context in a regional economy.

The principal resource endowment opportunities (linkages) from minerals are the following:

1. **Fiscal linkages**. Fiscal linkages include the taxation of resources, including differential and windfall rents, in the form of mining levies; ground rents; duties, tariffs and excise; royalties; dividends (state equity); corporate income tax; resource rent taxes; withholding taxes; individual income tax, etc. to improve Africa's basic physical and knowledge infrastructure and consequently the continent's competitive advantage. Fiscal linkages also include the retention of revenues in sovereign wealth funds to mitigate

Figure 1.1. **Key mineral linkages for development and industrialization**



Note: Figure 1.1 uses the following abbreviations: CIT: corporate income tax; Fe: iron; GVC: global value chain; ICT: information and communications technologies; NPK: nitrogen, phosphorus, potassium; PAYE: pay as you earn (personal income tax); RDI: research, development and innovation; RRT: resource rent taxes; SWF: sovereign wealth fund; WHT: withholding taxes (on dividends).
Source: Compiled by the author.

currency appreciation during price booms, manage price volatility and stabilize state income from minerals through stabilization funds and other mechanisms.

2. **Downstream or forward linkages**. Downstream or forward linkages refer to the value addition from regional mineral resources to produce key feedstocks for regional and local economies, such as steel (for manufacturing and construction), polymers (for manufacturing and agriculture), base metals (for manufacturing and construction), fossil fuels (for power and chemicals), fertilizer minerals (nitrogen, phosphorus and potassium for agriculture), cement (limestone and gypsum for construction), clays (for ceramics) and aggregate (for construction), among others. In addition, these linkages also leverage Africa's locational advantage for producing crude resources to establish resource-processing industries for higher-value exports to world markets for feedstocks or products

not currently in demand on the continent (e.g. cobalt for manufacturing lithium batteries and superalloys).

3. **Backward or upstream linkages (mining supply chains)**. Backward or upstream linkages arise from the use of the relatively large regional market for the resource sector to anchor the development of resource supply sectors, such as capital goods (machinery, equipment, plants, vehicles, etc.), consumables (explosives and caps, grinding media, wear parts and spares, chemicals and reagents, fuels and lubricants, etc.), services (drilling, exploration, finance, information and communications technologies, labour and skilling, engineering, analytics, logistics, environmental catering, security, etc.) and other inputs.

4. **Infrastructure (spatial) linkages**. Infrastructure linkages involve the collateral use of infrastructure for extracting high-rent resources to open up other resource potential, such as manufacturing, agriculture, forestry and tourism, to access zones of economic potential with lower returns (e.g. agriculture and processing) that cannot afford their own infrastructure. These linkages can sometimes be configured as so-called resource corridors[2] involving several member states that use the resource extraction 'anchor' to develop other sectors within the spatial footprint (catchment) of the resource infrastructure.

5. **Knowledge linkages (development of human capital and technology)**. The resource sector requires a wide range of competencies, particularly professional and technical skills for the exploitation and processing of resources and for the development of technology, since imported technologies generally need to be adapted to local conditions (e.g. climate, mineralogy, ore body dimensions), meaning that opportunities are available for the development of niche technological competencies in the resource input sector as backward or upstream linkages.

6. **Lateral or horizontal linkages**. The input sector, through backward linkages, tends to be knowledge-intensive, particularly in respect of capital goods and some services, and thus needs priming through investment in human resources and research and development. Furthermore, several studies have shown that this sector has the capacity to later reinvent itself outside the

2 Resource corridors are sometimes also called 'development corridors' or 'spatial development initiatives'.

resource sector through the lateral migration of technological competencies to produce new or adapted products for other markets (sectors).

7. **Consumption or income linkages**. The wages paid by mining and mineral processing firms, mineral input suppliers, mineral infrastructure operators (transport, power, water) and other associated industries are spent in local and regional economies, creating consumption linkages in other sectors, particularly employment in the retail and service sectors and their suppliers.

Successful experiences with equitable resource-based industrialization outside Africa indicate that there is a strong correlation with the development of linkages, particularly backward linkages, in terms of capital goods for the resource sector, which is in turn critically dependent on a robust supply of skills in science, technology, engineering and mathematics (STEM) and investment in technology development.

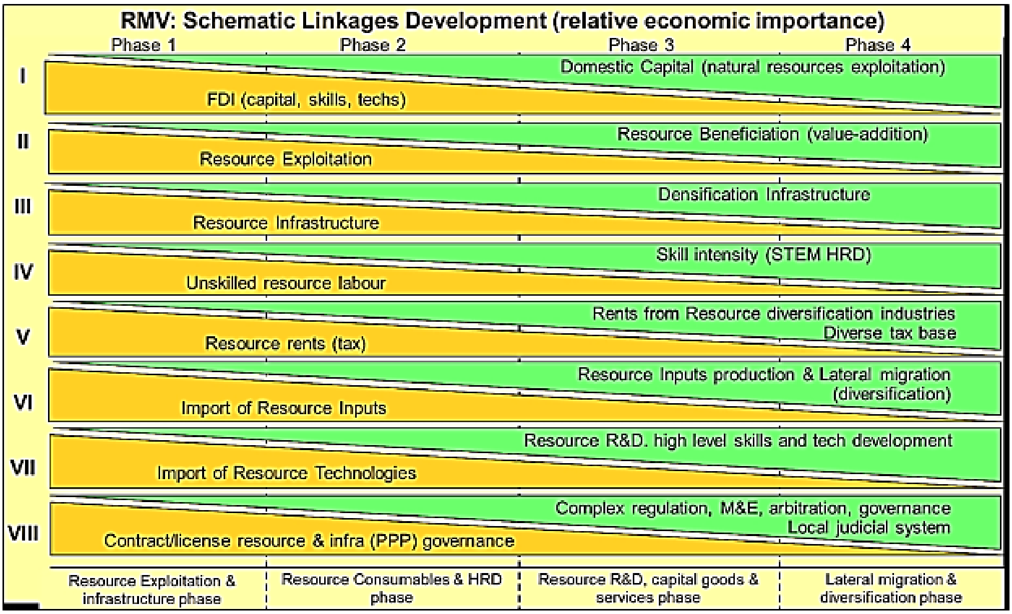
Figure 1.2 provides a schematic overview of the development of mineral linkages (of both decreasing and increasing economic importance) over time, as well as the source of capital (foreign direct investment or domestic investment), passing through the following phases: (a) resource exploitation and infrastructure; (b) resource consumables and human resource development; (c) research and development, capital goods and services; and (d) lateral migration and diversification.

The four phases would take place at different speeds in different countries. The objective of the AMV is to provide a blueprint to help all member states move progressively from phase 1 to phase 4 by realizing all of the mineral linkages and developing a strong local mining capital sector along all of the mineral value chains (local firms), underpinned by good governance.

1.1.2. **AMV constraints and success factors**

The AMV enumerates several critical constraints and success factors for its realization which also all apply, to varying degrees, to an analysis of the linkages between the mining industry and the rest of the economy. These linkages mainly pertain to the use of foreign direct investment, rather than domestic capital, to develop mineral resources and include the following:

Figure 1.2. **Development of mineral linkages over time**



Source: Adapted from African Union, 'Africa Mining Vision', February 2009, <https://au.int/en/documents/20100212/africa-mining-vision-amv>, accessed 7 December 2024

- *Resource rents*: As per the extensive 'resource curse' literature, this is the classical diversion of rents into short-term (imported) consumption and, often clandestine, [foreign exchange] outflows, resulting in low levels of reinvestment. However, the root cause is weak governance, particularly the lack of or ineffective appropriate institutions. This often also impacts on the state's share of the resource rents to the extent that African states with weak governance generally fail to impose resources tax regimes that ensure an equitable share of the rents, particularly windfall rents, due either to a lack of state capacity or the subversion of that capacity to produce overly investor friendly outcomes.

- *Collateral use of resource infrastructure*: To some extent, this is taken advantage by most resource-based African economies, but the development of the other sectors, particularly commercial agriculture, along and within the resource infrastructure 'catchments' is often severely constrained by the macro-economic impacts of a resource boom (strong currency or Dutch Disease) and by the failure to invest in and maintain the necessary feeder infrastructure linking to the resources infrastructure.

- *Downstream value addition*: The reasons for this failure are numerous and include the non-availability of other critical inputs, besides the crude resources, necessary for competitive beneficiation, such as energy, as well as the high entry barriers (economies of scale) of many beneficiation [processes] (e.g. iron & steel, alumina/aluminium & copper) and the global corporate beneficiation strategies of the [transnational corporations], who often prefer to send crude resources to a central beneficiation facility in another country, or have a policy of keeping to their 'core competence' of resource extraction, and then only make the semi-processed resource available to the local market at a monopoly price (import parity price[3]), if they have a monopoly or oligopoly position in the country concerned. This is arguably also a governance failure to impose minimum levels of beneficiation in the mineral extraction agreement, or to establish an effective competition authority/regulator.

- *Upstream value-addition*: The main failures here are the centralised purchasing strategies of most resource extraction [transnational corporations], the lack of a domestic business sector with the requisite capacity and access to capital to take up these opportunities and the lack of local human resources and technological expertise to establish these, generally knowledge-intensive, industries. Here again good governance is critical in ensuring local content minimums in the resource contracts/ licenses and investing in the appropriate HRD and technology development' (African Union 2009: 14–15).

The AMV thus provides a comprehensive framework and guiding principles for an analysis of the linkages between the mining industry and the rest of the African economy, to underpin mineral development nationally and in the region.

3 Import parity price is the international price of a product plus all import-related costs, including transport, insurance and trade tariffs. Regional economic integration increases local competition, reducing the scope for an import parity price.

1.2. **COUNTRY MINING VISIONS**

A Country Mining Vision Guidebook: Domesticating the Africa Mining Vision (UNECA 2014) states that:

> The CMV is a bottom-up and a top-down process rooted in collective national ownership. As a multi-stakeholder consultative process, the CMV allows for a critical review of different perceptions about what constitutes mineral benefits (e.g. maximization of revenue streams; fostering job creation, technology acquisition and skills development; enabling local processing and beneficiation; accelerating local content, linkages and resource-based industrialization and economic diversification; upholding the highest environmental standards and social norms; respecting human rights; and optimizing the use of resource-based infrastructure to [open up] opportunities in other sectors of the economy) (UNECA 2014: 19).

Country mining visions are about how these benefits can be best generated and optimally distributed to the benefit of all (Pedro 2015: 19). They facilitate 'the translation of the AMV tenets and national aspirations on the role of extractives in development into a social and political compact that generates benefits for all. [Country mining visions offer] a platform to [address] the two structural imperatives ..., namely the need to eliminate silos and the balkanisation of government functions in managing the extractive sector and improve inter-departmental coordination and the necessity to bring different stakeholders together to engage in collective action, balance and align their needs and views and create a "movement for change" at national level built on a shared vision and common purpose' (Pedro 2015).

> Country mining visions aim] to be a living and dynamic process that aspires to be responsive at the same time to geopolitics, the political economy of extractives and of change, societal pressures, market dynamics, business fundamentals and the concerns of today and tomorrow, which is not an easy task to accomplish. [They also aim] to provide country-specific and realistic pathways to transform long-term visions into reality across several political and electoral cycles. This is fundamental given the volatility that characterises the extractive sector and the long gestation periods of mining projects (Pedro 2015).

Furthermore, country mining visions also unpack and expand on several of the AMV's key elements: (a) the fiscal regime and the collection, management and deployment of revenue; (b) geological and mineral information systems; (c) building human and institutional capacities; and (d) artisanal and small-scale mining.

Although the AMV and country mining visions are the key guiding documents for the mineral sector in Africa, only a handful of countries have aligned their mineral regimes with them. Some regional economic communities (RECs) are gravitating towards the configuration of regional mining visions, and the member states' country mining visions would hopefully be aligned with their respective regional mining visions as the country strategies are configured or revised.

National mineral policies provide the basis for integrating the AMV and aspirations into domestic legal frameworks, making the policies enforceable through mining laws and regulations.

1.3. **AFRICAN MINERALS GOVERNANCE FRAMEWORK**

> The African Minerals Governance Framework has been designed to deepen the commitment to implementing the Africa Mining Vision by serving as a monitoring tool to help African countries to determine their progress with regard to realising the transformative ambitions of the Vision. Beyond serving as a monitoring and accountability tool for the Vision's implementation, the Framework is a home-grown, holistic and comprehensive instrument that responds to the specific challenges facing Africa's mineral sector.
> (UNECA n.d.)

Consequently, the AMGF is an extremely useful tool for exploring the linkages between the mining industry and the rest of an African economy, particularly its numerous AMV compliance checklists.

The 'African Minerals Governance Framework is intended to give clarity to the nature and progress of the Africa Mining Vision's incorporation and its contribution to the maximization of economic benefits for citizens, while also mitigating the associated social and environmental effects of mineral extraction' (AMDC 2017: 3)

1.4. **MAKING THE MOST OF AFRICA'S COMMODITIES**

UNECA's 2013 Economic Report on Africa, titled *Making the Most of Africa's Commodities: Industrializing for Growth, Jobs and Economic Transformation*, builds on the AMV's emphasis on developing mineral (commodity) linkages for equitable resource-based industrialization (see Figure 1.1) to call for 'commodity-based industrialization':

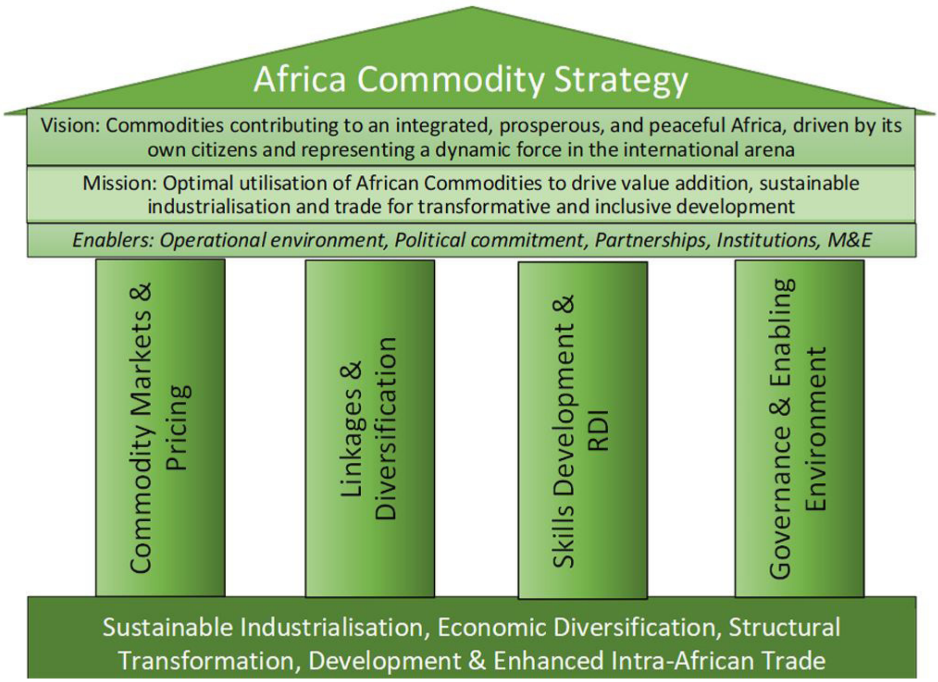
> On top of offering short- to medium-term comparative advantages, commodity-based industrialization can, with the right industrial policies, serve as a launching pad for long-term diversification and competitiveness in new and non-commodity sectors. (UNECA 2013: 9)

1.5. **AFRICAN COMMODITIES STRATEGY**

The African Commodities Strategy resonates both with the AMV and with UNECA's 2013 Economic Report on Africa, with its overall mission statement calling for '[o]ptimal utilisation of African commodities to drive value addition, sustainable industrialisation and trade for transformative and inclusive development' (AU, 2021). The Strategy also calls on member states to build on commodity linkages and diversification as well as skills development and research, development and innovation as two of its key pillars, alongside the equally important commodity markets and pricing as well as governance and the enabling environment.

The case for commodity-based industrialization is not restricted to Africa's mineral wealth alone; it is also applicable to many other parts of Africa's resource endowment. Other key value chains are wood (based on natural forests), marine products (fisheries), tourism (based on Africa's resources of fauna and flora, biomes, geomorphology, cultural diversity, etc.), telecommunications (based on the continent's electromagnetic spectrum), agricultural products (based on arable land and unique biomes), etc. All these endowments could potentially be used to leverage the building of value chain linkages and industrialization, particularly manufacturing, as per the AMV and the African Commodities Strategy (Morris, Kaplinsky and Kaplan 2012).

Figure 1.3. **African Commodities Strategy—vision, mission and pillars**

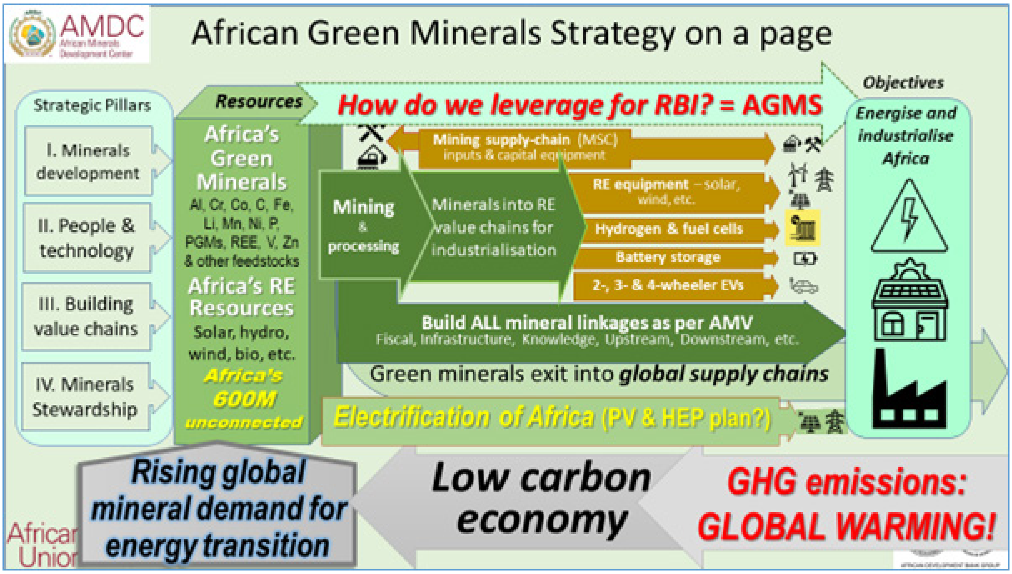


Source: African Union, *African Union Commodity Strategy* (Addis Ababa, Ethiopia: African Union, 2021a).

1.6. **DRAFT AFRICAN GREEN MINERALS STRATEGY**

The draft African Green Minerals Strategy, developed in 2023 by the African Minerals Development Centre and supported by the African Development Bank, essentially applies the AMV to green minerals (critical energy transition minerals), but it also includes continental electrification using renewable energy. It still requires adoption by the AU Summit in 2025.

Figure 1.4. **African Green Minerals Strategy**



Source: Compiled by the author.

1.7. THE AMV'S REGIONAL INTEGRATION IMPERATIVE

'By far the greatest wrong which the departing colonialists inflicted on us, and which we now continue to inflict on ourselves in our present state of disunity, was to leave us divided into economically unviable States which bear no possibility of real development' (Pan African Perspective n.d.).

The realization of mineral linkages is severely constrained in any individual member state by economies of scale for forward and backward linkages, limited local markets for backward and forward linkages, a limited range of minerals for key feedstocks for forward linkages and a lack of critical mass needed to develop capabilities and capacities for knowledge linkages. African regional strategies should take advantage of economic integration in order to:

- increase market size and scale economies for both mining inputs and outputs for both intermediate and semi-fabricated products (key feedstocks for local development);

- access a much wider range of mineral deposits in terms of quality and size for key strategic mineral feedstock requirements (see Figure 1.5);

- widen and strengthen skilling and capacity for research, development and innovation;

- improve regional geo-knowledge through cross-border collaboration in geological research and surveys to expand the resource base (quantity and quality of deposits) for key feedstocks;

- harmonize and align mineral regulations to create a uniform operating environment that supports the development of linkages;

- strengthen mineral sector oversight, auditing, revenue collection and deployment though collective self-reliance and regional best practices;

- enhance infrastructure capacity and efficacy through the harmonization and alignment of transport, power and water systems and resource-based development corridors for multiple member states;

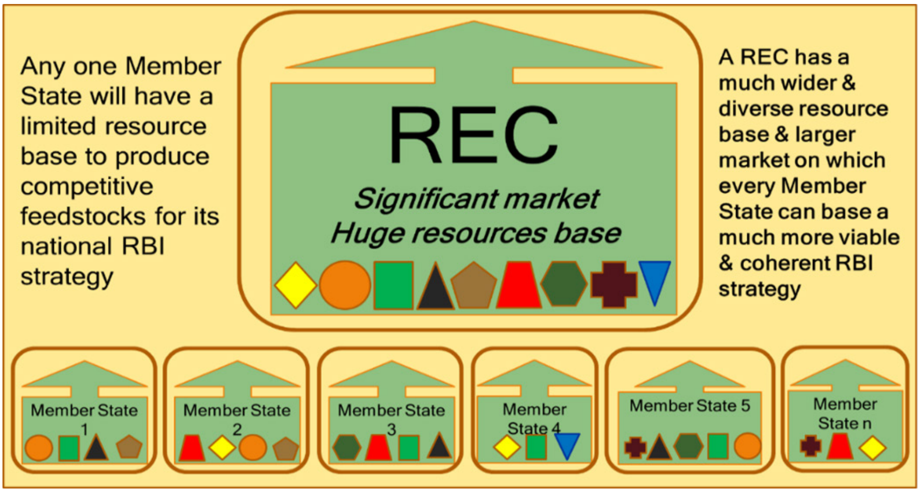
- enhance the local economic and social impacts of mineral projects through harmonized corporate social responsibility and investment mechanisms;

- improve the health and safety of workers through the alignment of codes based on regional best practices; and

- improve environmental sustainability through the alignment of codes based on regional best practices.

Regional mineral development strategies recognize that, in terms of opportunities and potential for economic development, the regional whole is much greater than the sum of its parts, but in order to effect regional benefits regional mining visions would need to incorporate mechanisms to promote equitable regional integration and create a level playing field for all regional economies. These mechanisms should account for varying levels of development and the adverse effects of industrial polarization, where the benefits of integration tend to favour stronger economies. These equalization mechanisms are critical to the success of any African regional mining vision.

Figure 1.5. **The regional integration imperative**



Source: Compiled by the author.

1.8. SADC REGIONAL MINING VISION

The SADC encompasses a major African mining region, underlying the need to implement its Regional Mining Vision. Since gaining independence, most southern African countries have made little progress in integrating their mineral sectors into their local economies, due in part to weak mineral prices from the mid-1970s to the early 2000s and inappropriate policies. The rise of demand from Asia (particularly China and India) and the global energy transition (new demand for critical transition minerals) provides new opportunities for the SADC to integrate its mineral sector into local, regional and continental economies by developing crucial mineral linkages. However, this integration will not happen through market forces alone; it requires a common strategy (e.g. the SADC's Regional Mining Vision) with regional buy-in, including appropriate interventions for the realization of the strategy (SADC 2019).

The AMV (see Figure 1.1) outlines strategies aimed at fostering mineral-based industrialization, manufacturing and the build-out of regional value chains in Africa. These strategies focus in particular on integrating strategic mineral feedstocks into regional manufacturing, infrastructure (construction), energy (including minerals for renewable energy) and agriculture (especially nitrogen, phosphorus and potassium fertilizers) and developing local and regional mining supply chains (inputs).

The SADC Regional Mining Vision aims to capitalize on the region's comparative advantages in mineral production to develop fully interconnected value chains. Possible policy mechanisms to achieve this aim include leveraging state assets (particularly minerals), rights and purchases, in addition to creating a conducive environment for investing in backward, forward and knowledge linkages (value chains) within the regional SADC market. This approach aims both to dramatically increase the potential market (through economies of scale) for products and broaden the range of mineral feedstocks for manufacturing, energy transition and industrial competitiveness. Common external tariffs for strategic feedstocks and inputs are needed to nurture regional value chains and, in order to tackle the varying levels of development among SADC member states, a compensation mechanism is proposed that is aimed at supporting the meaningful participation of economically weaker member states.

Successful experiences with equitable resource-based industrialisation outside Africa indicate that there is a strong correlation with the development of the backward linkages, particularly in terms of capital goods for the resource sector, which is in turn critically dependent on a robust supply of STEM skills investment in technology development. Consequently, a portion of mining revenue needs to be reinvested in STEM-related human resource development to underpin the realization of the linkages.

1.9. **ECOWAS STRATEGIC MINERALS FEEDSTOCKS AND INPUTS DEVELOPMENT STRATEGY**

The 2023 Economic Community of West African States (ECOWAS) Strategic Minerals Feedstocks and Inputs Development Strategy focuses, as the name suggests, on developing West African mineral value chains, and it is a proto–regional mining vision funded by the African Development Bank (AfDB/ECOWAS 2023). The Strategy outlines a viable AMV-aligned approach to achieving equitable resource-based industrialization in West Africa. However, it needs further work to be transformed into an ECOWAS regional mining vision and protocol that would require that member states facilitate regional industrialization, growth and job creation.

1.10. **AMREC AND PAN-AFRICAN RESOURCE REPORTING CODE**

In 2009, the AMV recommended that ‘Africa should look to the establishment of a continental system, or “AMREC” (African Mineral Resource Classification)’ (African Union 2009: 17). After several years of development and consultations, the AMDC published in 2019 a draft African Mineral and Energy Resources Classification and Management System, which includes the Pan-African Resource Reporting Code, for public disclosures, particularly for stock exchanges, most of which require sign-off by a competent official in line with a reporting code that is compliant with the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) (n.d.). PARC is apparently CRIRSCO-compliant but is still awaiting recognition. The African Union is in discussions with the with Association of Stock Exchanges in Africa concerning recognition.

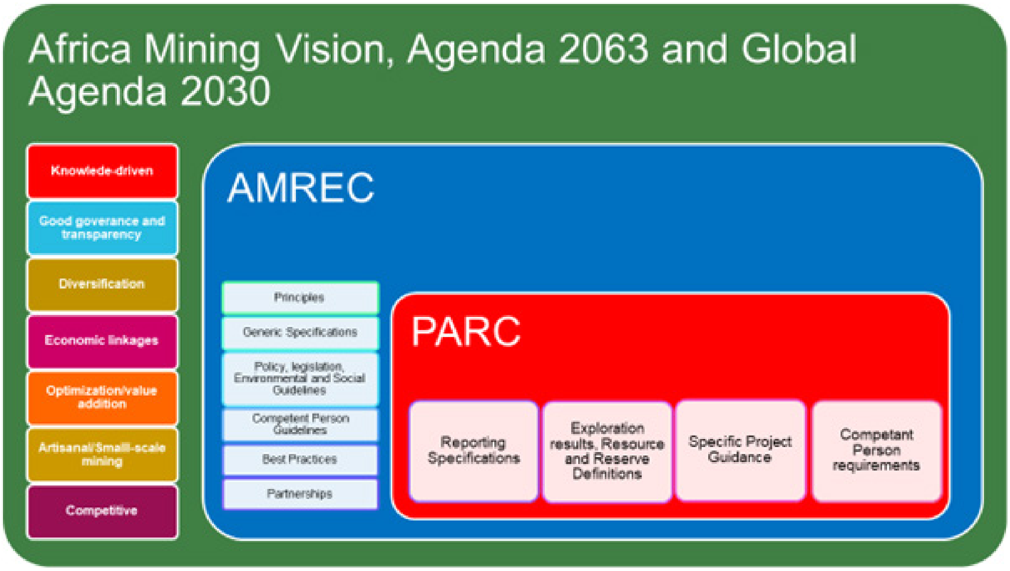
The AMREC is a continental system for managing Africa’s mineral and energy resources (AMDC 2019: 12). ‘The AMREC is based on United Nations Framework Classification for Resources (UNFC) Principles, Generic Specifications and Guidelines and is aligned [with the] Africa Mining Vision (AMV) and the Sustainable Development Goals (SDGs). Adapting to national or local needs, the AMREC provides the specifications and guidelines required for sustainable development of Africa’s mineral and energy resources’ (AMDC 2019, p. 12). Figure 1.6 provides an overview of the relationship between AMREC and PARC and the Africa Mining Vision, Agenda 2063 and the global 2030 Agenda for Sustainable Development.

1.11. **AFRICAN CONTINENTAL FREE TRADE AREA**

The establishment of the African Continental Free Trade Area (AfCFTA) could improve the ability of African strategies to maximize mineral linkages (value chains). By unlocking the significant African market for mineral value-chain industries (backward and forward), these strategies can benefit from economies of scale, supported by rules of origin that require a minimum African value addition in order to benefit from the free-trade area.

The AfCFTA envisages the creation of ‘a single market for goods, services, facilitated by movement of persons in order to deepen the economic integration of the African continent and in accordance with

Figure 1.6. **Structure of AMREC and PARC**



Source: AMDC, *African Mineral and Energy Resources Classification and Management System (AMREC)* (Addis Ababa, Ethiopia: AMDC, 2019), <https://au.int/sites/default/files/documents/44206-doc-AMREC_-_English_-document_.pdf>, accessed 23 December 2024.

the Pan African Vision of "An integrated, prosperous and peaceful Africa" enshrined in Agenda 2063' (African Union 2018: 4).

The AfCFTA will initially reduce trade barriers between African countries and RECs and will eventually use the RECs to build an Africa customs union with a common external tariff structure.

The AfCFTA has a direct impact on mineral trade governance and, more importantly, on the mineral linkages envisioned by the AMV, by facilitating intra-African trade in manufactured goods through backward (mining supply chains) and forward linkages (downstream mineral value chains) by reducing tariff and non-tariff barriers.

Chapter 2

STRATEGIES FOR FACILITATING THE ADOPTION OF AFRICAN FRAMEWORKS FOR MINERAL RESOURCE GOVERNANCE

Prior to the adoption of the AMV, in 2009, there was a dearth of African frameworks for governing mineral resources, as earlier strategies and frameworks mainly covered minerals as part of growth, development and industrialization strategies.

The AMV and the AMGF encapsulate all the other African frameworks and strategies outlined above, to varying degrees. Consequently, this chapter will mainly focus on the AMV and the AMGF but will bear the others in mind.

Alignment with African frameworks for mineral resource governance has been slow despite the publication of UNECA's guidebook on country mining visions.

Alignment with African frameworks for mineral resource governance has been slow despite the publication of UNECA's guidebook on country mining visions (UNECA 2014) over a decade ago. There are many reasons for this delay, including a lack of access to capital, the global economic and political hegemony of former colonialist countries,[4] weak African governance, captured African elites, fragmentation, a lack of human and fiscal resources, etc. Nevertheless, there has been a modicum of progress. The AMDC has conducted an AMGF assessment of five countries (the Democratic Republic of the Congo, Gabon, Ghana, Morocco and Zambia) and plans to carry out assessments of six more countries (Algeria, Cameroon, Madagascar, Nigeria, South Africa and Uganda) in 2025. Unsurprisingly, the results show generally slow progress towards alignment.

4 With the advent of the BRICS grouping, this economic and political hegemony is beginning to decline after 500 years of Western colonialism and neo-colonialism.

2.1. **RECOGNIZING, ELEVATING AND RESOURCING THE AMDC**

The African Minerals Development Centre was created by the Summit of the African Union Heads of State and Government in 2013 to 'coordinate and oversee the implementation of the Africa Mining Vision and its Action plan (being revised) to enable the minerals resource sector [to] play its role in the social and economic transformation, inclusive growth and sustainable development of African economies' (African Union n.d.) and was initially hosted by UNECA.

The governance of the AMDC could be enhanced by an advisory board drawn from the best African experts in the fields of mineral resource development and equitable resource-based industrialization. There is no shortage of world-class African expertise in these fields. Such a board would need to comprise Africa's top experts, not political appointments to balance countries, regions, colonial languages or religions, as often occurs. The appointment of such a board could possibly be achieved by identifying the key skill sets required and by using the relevant African professional associations and bodies to recommend a shortlist of candidates for each skill set for selection by the African Union Commission and confirmation by the heads of state. The board would need a secretary and a budget for quarterly meetings (mainly virtual) and contingencies.

Accordingly, the most important instrument to facilitate implementation of the AMV and the AMGF is to ensure that the AMDC is well resourced, managed and governed and that it has the requisite authority to carry out its crucial tasks. However, the AMDC has faced numerous problems and delays in becoming fully functional. The two main challenges have been determining where it is to be located (in 2018 the AU chose Guinea) and its recognition (signature and ratification) by at least 15 member states. Both challenges are interconnected, as countries may have been tardy in recognition while the determination of the host country was on hold due to the coup in Guinea in 2021.

The AU Commission and the AU Summit should either fast-track the AMDC's establishment in Guinea or choose a location elsewhere in Africa. A possible alternative would be to expand and repurpose the African Minerals and Geosciences Centre in Dar es Salaam, which already has a location and premises, core staff, infrastructure, etc. In addition, eight African countries are already members, which would need to agree to its fundamental repurposing under the AU. The decision to repurpose the Centre could possibly fast-track the establishment of a fully functional and resourced AMDC and increased AMV traction.

The most impactful intervention to facilitate implementation of the AMV and associated frameworks across the continent is to resolve the hosting and recognition issues in respect of the AMDC and to provide it with the necessary resources to undertake its urgent task, including expanded staff, budgets, responsibilities and regulations. The AMDC needs financial resources to bring in expertise as needed across Africa in order to make progress when it comes to AMV alignment. The AMDC is the key to progress when it comes to all the strategies proposed below.

2.2. **ACCESS TO CAPITAL FROM AFRICAN INVESTORS**

The AMV recognizes that access to capital is the key constraint to realizing the huge and dispersed economic opportunities for growth, employment and equitable resource-based industrialization arising from mineral extraction.

The AMV calls for the development of '[l]ocal independent capital markets (banks, stock exchange) and commodity markets. Here again regional institutions would increase viability by increasing the market size' (African Union 2009: 20). Further, the AMV recognizes that 'local capital is generally more likely to make the critical resource sector linkages into the local economy' (African Union 2009: 20). There are hardly any examples of successful equitable resource-based industrialization where minerals were developed by foreign capital (foreign direct investment). African capital is essential to the realization of the AMV and equitable resource-based industrialization.

The AMV emphasizes that 'the most important vehicle for building local capital are the foreign resource investors [transnational corporations] who have the requisite capital, skills and expertise, but are not naturally inclined to facilitating the growth of local competitors. Therefore, this needs to be built into the exploitation contract license through provisions ... which include:

- Local skills development (HRD);
- Local professional and managerial staff complement targets;

- Local purchasing targets;
- Local minority equity (ownership) targets;
- Local beneficiation targets/milestones;
- Local R&D targets and incentives; and
- *Establishment of local venture capital funds*'[5] (African Union 2009: 22).

The AMV emphasizes that '[a]ccess to capital (credit) is probably the most widespread constraint experienced by African businesses and, in addition to facilitating an independent and robust banking system, local and regional Development Finance Institutions (DFIs) could play an important role. DFIs with a clear shareholder mandate and non-political interference in day-to-day running have had a positive impact on the development of local capital' (African Union 2009: 21).

Furthermore, when it comes to capital mobilization, the AMV Framework for Action calls for '[g]overnments to harness the potential offered by [public–private partnerships]; governments to institute innovative approaches to improve domestic savings and channel domestic savings to finance national projects/programmes ... [and for] RECs to promote the establishment of sub-regional capital markets to mobilize regional capital to finance regional projects/programmes' (African Union 2009: 35).

Mineral value chain development fund

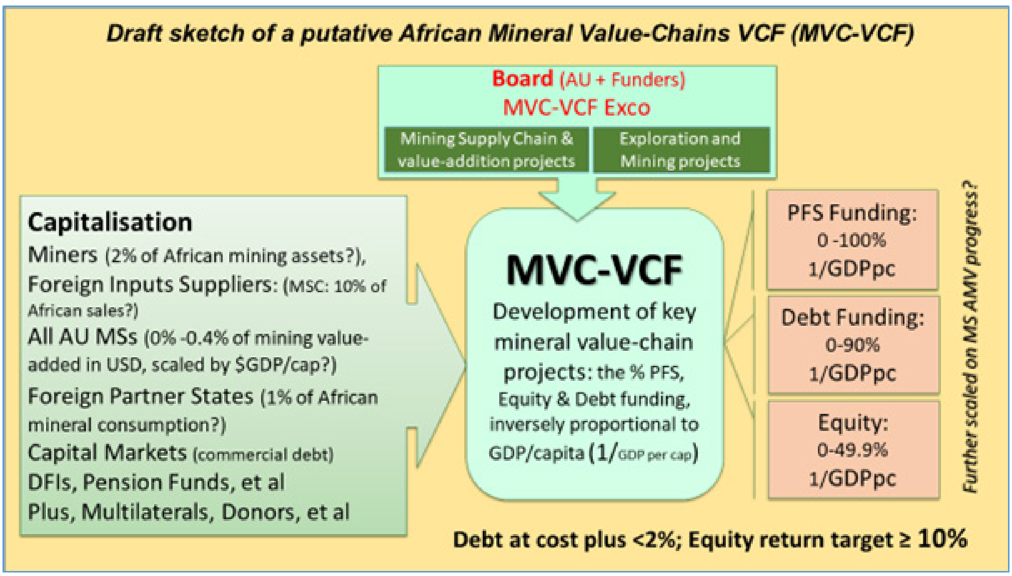
The SADC Regional Mining Vision calls for 'the development of a putative Regional Mineral Value Chains Finance Facility ... for funding inputs and key feedstocks [for] manufacturing projects, to enhance participation by Member States with less-developed value chains' (SADC 2019: 12).

The Regional Mining Vision also calls for the creation of a regional finance facility to address the lack of liquidity, high cost of capital and investment barriers in many of the less-developed member states. Such a facility would be aimed at supporting countries with weaker economies in order to ensure that the benefits of regional mineral value chains are shared equitably (SADC 2019: 67).

5 Emphasis added.

Similarly, in order to ameliorate constraints on raising capital across the continent, to favour weaker economies and to boost AMV alignment, an African venture capital fund to finance the development of mineral value chains could be created in partnership between the AMDC and investors.

Figure 2.1. **Concept for an African venture capital fund to finance the development of mineral value chains**



Source: Author's compilation.

2.2.1. **Should funding be linked to alignment with the AMV and the AMGF?**

Alignment with the AMV could be enhanced by limiting access to the above-mentioned venture capital fund to those member states that undertake to commit to alignment, with agreed timelines on selected elements of the AMGF and with regular AMDC and AMGF confirmation audits. The degree of funding (percentage of equity, debt, funding for a pre-feasibility study) could also be made proportional to alignment with the AMGF, to encourage commitment.

Funding should be restricted to mineral value chain projects that are majority-owned by African investors in order to build African capital.

The remaining shares could be held by the fund and foreign investors, who could be permitted to access a share of the project's output equal to their funding, especially in the case of green (critical) energy transition minerals, precursors and renewable energy products and components. As the fund divests its equity in mature projects to finance new investments, the foreign partners could increase their equity (as long as it remains below 50 per cent) and their access to products.

2.2.2. **VCF: Scope**

The venture capital fund should finance the entire mineral value chain, including exploration and mining, though investments in these activities should be managed by a separate division within the fund staffed by experts capable of managing geological risk. According to the AMV, 'it is probably preferable to establish a specialised exploration DFI [division] with the requisite earth science skills to partner [with] local [junior resource companies] in high risk exploration projects, such as was done in Quebec in the 1960's where a specialised DFI was established (Soquem) to build local French-speaking mining capital' (African Union 2009: 21), albeit that it was not focussed on developing indigenous capital, but rather a settler minority.

2.2.3. **VCF: Beneficiaries**

Mineral value chain projects could be eligible in all AU member states that are aligned with the AMV and the AMGF, and the benefits (a pre-feasibility study, equity, debt) could be scaled according to the achievement of AMV alignment targets and configured and moderated by the AMDC and the AMGF. The final amount of funding for a pre-feasibility study in addition to equity and debt could be further scaled by the inverse of the member states' GDP per capita (for the preceding year) within the following brackets: pre-feasibility study funding, 0.0–100.0 per cent; equity, 0.0–49.9 per cent; debt, 0.0–90.0 per cent (see Figure 2.1.). The member state with the lowest GDP per capita would be eligible for the top of the bracket; the member State with the highest GDP per capita, for the bottom of the bracket; and all other member states would fall in between on a pro rata basis.

2.2.4. **VCF: Capitalization**

The following is a notional suggestion for capitalizing the fund that would require extensive consultation and refinement:

1. *Foreign miners.* Foreign miners could contribute 2 per cent of the value of their African mining assets (based on the average value over the previous five years), subscribed over four years. Foreign miners would obtain the right to projects' mineral exports in line with their share of MVC-VCF financing of the project, as well as their equity share in the project.
2. *Foreign partner states.* Foreign partner states could contribute 1 per cent of their African mineral consumption (based on the average value over the previous five years), subscribed over five years. Foreign partner states would obtain the right to mineral exports from MVC-VCF funded projects in line with their share of the MVC-VCF capitalisation.
3. *Foreign input suppliers* could contribute 10 per cent of their imported African sales (based on the average value over the previous five years), subscribed over five years. They could cede their consequential proportionate right to MVC-VCF funded projects' output, to mineral product consumers.
4. *All AU member States.* AU member states could contribute 0.0–0.4 per cent of their mining value added in US dollars scaled by GDP per capita (ranging from 0.0 per cent to 0.4 per cent), for the previous year, subscribed over four years. They would obtain the right to mineral exports from projects financed by the venture capital fund in line with their share of the financing of the fund and the funds share of a project's financing.[6] They would also obtain the right to cash-in their share of the venture capital fund at the end of phase 1 (after 10 years).
5. *African development finance institutions (DFIs) and pension funds.* Development finance institutions and pension funds could contribute 0.5 per cent of their assets, subscribed over 10 years.
6. *Multilateral organizations,* donors and international DFIs.
7. *Capital markets (commercial debt)* could also be used to capitalise the fund.

The venture capital fund could be reconfigured after 10 years at which time the assets could be paid to contributors or rolled into a reconfigured fund, depending on an AU Summit decision, except for the contribution by member states, which could be redeemed after 10 years.

6 For example, if the Fund owned 49 per cent of a project's equity and the member state had contributed 10 per cent of the Fund's capitalization, the member state would have access to 4.9 per cent of the project's annual production.

2.2.5. **VCF: Governance**

One half of the fund's governing board could be appointed by the AMDC on behalf of the owners of the mineral resources (member states), in consultation with participating member states, and the other half could be appointed by the funders on a pro rata basis according to their share of the capitalization at the end of any year over the fund's 10-year life (phase 1).

The assessment and funding of potential investment projects could be outsourced to an African investment entity or fund manager initially, as directed by the board. The board would report to the AMDC annually and to the Summit every two years.

However, this proposal is but a putative concept, and if it gets traction, a detailed configuration would need to be drafted by a competent African entity or experts with appropriate skills and experience.

2.2.6. **VCF: Impact on AMV alignment**

If the proposed fund were successful in building African capital for developing mineral value chains, experience elsewhere indicates that African companies would be more likely to realize the critical AMV linkages (see Figure 1.1), thus significantly improving AMV alignment. The suggested contribution by foreign mining suppliers could boost African suppliers and local content (backward linkages) and the development of African mining supply chains (and AMV alignment). In addition, local mining companies would have less scope for illicit financial flows[7] (local companies are not registered abroad in tax havens), and consequently there could be a fiscal benefit.

However, such a fund would mainly have an impact on AMV alignment by making capital available for African companies that are part of mining supply chains, to invest in backward linkages, and for African companies that add value to invest in downstream manufacturing. This could be strengthened by member states implementing local content, local spending on research, development and innovation and local skilling obligations in their mining licenses. Member states could also include obligations in their mining licences requiring that companies invest in research, development and innovation, as well as tax breaks for such expenditure.

7 Illicit financial flows refer to over-pricing inputs and under-pricing outputs in order to move profit to a lower tax jurisdiction.

It is important to keep in mind that the fund described above is merely a concept. Before any further steps are taken, much more rigorous work would be needed to assess its feasibility.

2.2.7. Development of African capital markets

The largest capital markets globally are currency markets, followed by bond markets, equities markets and over-the-counter derivatives markets. Access to capital markets on the continent would greatly assist African mineral value chain investors, but these markets are weak or non-existent in most African countries, although the southern African states that comprise the Common Monetary Area (Eswatini, Lesotho, Namibia and South Africa) are an exception. The development of liquid African capital markets could go a long way towards providing African investors with access to capital. However, key to developing such markets is the establishment of an African convertible common currency (or linked currency) which could build upon the foundation of the AfCFTA and the development of an intra-African trading platform such as the new BRICS distributed ledger technology. However, a prerequisite would appear to be an African reserve bank or the use of a member state's reserve bank under various bilateral agreements. The strategies for the development of an African common currency and reserve bank are beyond the scope of this report, but they are nevertheless important.

2.3. LEGISLATIVE SUPPORT TO HELP MEMBER STATES ALIGN LAWS WITH THE AMV

In many African countries, the state's capacity to draft or amend legislation is weak, and legislators are often unfamiliar with the principles of the AMV. Although some countries are eager to align their legislation with continental frameworks on mineral governance, they lack the expertise and resources needed to draft the necessary amendments.

Instead of each member state grappling with this problem in isolation, the AU Commission's Department of Economic Development, Trade, Tourism, Industry and Minerals has commissioned the development of an AMV-aligned model African mining law. The model law could provide a template for member states to amend their mining legislation to ensure AMV alignment, though other amendments would likely also be needed to laws pertaining to manufacturing, human capital development and technology development to cover the AMV’s backward, forward and knowledge linkages (see Figure 1.1).

Consequently, a useful strategy to facilitate AMV and AMGF alignment would be to provide the AMDC with the necessary resources to assist member states in drafting the requisite legislative changes, to cascade the model mining law into model amendments and to convene regional workshops on legislative alignment, facilitated by an AMDC expert, where member states could learn from each other (best practices).

The minimum financial resources needed for this alignment strategy would be the costs of a professional post for a legal expert at the AMDC plus the cost of at least two workshops per year, which would cluster neighbouring countries to reduce costs. Total annual costs would be approximately USD 100,000; however, sourcing these funds from member states could be difficult, and donor funds or a secondment may be a more viable option.

The African Legal Support Facility (ALSF), hosted by the African Development Bank, could assist the AMDC in helping member states and regional economic communities with alignment with the Africa Mining Vision and the African Minerals Governance Framework, as ‘the ALSF’s approach involves the development of model laws tailored specifically to the needs of the continent. These model laws are designed to facilitate the implementation of the Africa Mining Vision (AMV) by providing African nations with a reliable legal framework that encompasses the entire value chain of mineral resources’ (AfDB n.d.). In this regard, the African Legal Support Facility may be open to supporting a secondment at the AMDC.

2.4. **COHERENT NATIONAL GOVERNANCE OF MINERAL VALUE CHAINS**

2.4.1. Governance of mineral assets

All the African mineral governance frameworks discussed in this document call for the realization of substantial mineral linkage opportunities (see Figure 1.1) to underpin equitable resource-based industrialization and job creation. However, the opportunities for linkages lie in sectors other than mining, particularly manufacturing (backward, forward and lateral linkages), skilling and technology development (knowledge linkages), infrastructure (spatial linkages), state revenue (fiscal linkages), etc. Consequently, governance would fall under the remit of several different ministries or departments, and it would be disjointed and at times dysfunctional, making AMV alignment (the realization of linkages) extremely difficult.

In general, the main ministries and departments that need to ensure close coordination in order to align with the AMV and the AMGF are those responsible for mining, industry, tertiary skilling, technology development, taxation and infrastructure (transport, energy, water, telecommunications, etc.). However, the key ministries and departments for advancing AMV alignment are those responsible for mining, industry, energy and STEM skilling.

Most of the countries—all industrialized—that have managed to realize economic linkages in respect of their mineral resources combine the governance of minerals and industry. Examples include Finland (Ministry of Economic Affairs and Employment) and Norway (Ministry of Trade, Industry and Fisheries, which incorporates the Geological Survey Department and the Directorate of Mines) and Sweden (Ministry of Climate and Enterprise). Mineral resource governance in Africa is generally seriously compromised by the lack of coordination and strategy alignment between the ministries responsible for mining and those responsible for industry, which has probably been the main reason for the lack of progress in realizing the backward and forward linkages (AMV alignment) and their job creation potential.

Many countries have addressed this disconnect by combining mineral governance with industry governance in order to maximize national industrial benefits and create jobs through the extraction and processing of mineral resources (equitable resource-based industrialization).

2.4.2. Best practice: Coherent mineral governance

In order to maximize resource linkages with the rest of the economy, much greater alignment in government is needed, which could be attained if ministries of trade and industry, mining, energy and science and technology were merged. The creation of such a comprehensive ministry would be a vital first step in tackling Africa’s enormous unemployment challenge, by ensuring that the developmental impacts of the continent’s resources are maximized in upstream and downstream industries, energy, knowledge and economic development.

These resources could be maximized in these areas in two stages. First, a coordinating ministry could be designated immediately that would lead the new ministerial cluster and oversee the merger. Stage 2 would involve the operations of the new 'super-ministry'. If they failed to create such an entity, African countries should at a minimum merge their ministries of mining, energy and industry (as in the Nordic countries) to facilitate coherent governance of mineral resources in a way that is aligned with the AMV. If such a merger could not be carried out, then a ministerial cluster of mines, trade and industry, and energy should be configured, and the president or prime minister of the respective country should designate a cluster chair with powers to bring the other ministers into line to ensure coherent and integrated strategies that are aligned with the AMV.

A continental strategy to achieve such a merger is difficult to devise, as the configuration of ministries is often highly politicized, especially in coalition governments, where ministerial responsibilities are allocated to balance the coalition's interests and agendas, or even those in the ruling party. The only way to achieve the desired outcome would be to clearly demonstrate the advantages of merging the ministries responsible for mines, energy, trade and industry in a few member states in the hope that other countries would emulate the merger. However, in order for there to be an example to follow, at least one African country would have to be the trailblazer. Thus, one possible strategy would be for stakeholders (the AMDC, civil society organizations, other non-government organizations, unions, etc.) to persuade at least one member state with a substantial mining sector to merge the above-mentioned ministries/departments.

2.5. **REGIONAL MINING VISIONS**

The configuration of regional mining visions is important, as the realization of forward and backward linkages is generally constrained by the lack of economies of scale in any one country. For example, a viable market for mining machinery (backward linkages), such as bulldozers, requires the consumption of about 1,000 units per year, but there are hardly any national markets in Africa with this level of consumption. However, most regions are capable of this level of consumption and would be candidates for a bulldozer manufacturing plant (if the regional market were accessible, with no trade barriers). Similarly, many downstream industries have high minimum economic scales, such as integrated steel mills, polymer manufacturing plants, automobile plants, ammonia plants (for fertilizers and explosives), etc. Consumption is insufficient for a viable plant in most African countries but would be sufficient for a viable plant in a regional market.

Furthermore, few African countries have adequate mineral resources for the key feedstocks needed for equitable resource-based industrialization, but most regional economic communities have large and diverse mineral resources that could underpin industrial growth and development. Hence, regional strategies are essential, in tandem with free-trade areas (FTAs) and common external tariffs (CETs), for the free flow of feedstocks and products, and regional mining visions are a first step towards achieving equitable resource-based industrialization.

The SADC has developed a regional mining vision but has not yet adopted the attendant regional protocol, so the regional vision has not as yet resulted in greater AMV alignment across the region. However, the adoption of regional mining visions, with clear timelines and milestones, could assist with AMV alignment in member states.

ECOWAS has a proto–regional mining vision, funded by the African Development Bank (AfDB and ECOWAS 2023), that configures a viable AMV-aligned strategy for equitable resource-based industrialization for West Africa. The proto-vision needs to be transformed into a formal regional mining vision and protocol that compels ECOWAS member states to facilitate regional industrialization, growth and job creation.

The AMV alignment strategy for all African regions would be to secure resources to develop regional mining visions alongside the removal of trade barriers (the establishment of free-trade areas), preferably with common external tariffs and the eventual creation of a regional customs union. The regional mining visions would have to be configured to comply with the regional protocols for binding agreements. The establishment of the African Continental Free Trade Area has played an increasingly important role in supporting regional mining visions as well as the Africa Mining Vision thereby promoting alignment with continental frameworks on mineral resource governance.

2.6. **AMV AND AMGF AWARENESS-RAISING AND ALIGNMENT CAMPAIGN**

Public awareness in Africa of the huge benefits of implementing the AMV and the AMGF, in terms of achieving equitable resource-based industrialization, development and employment, is generally low, particularly among parliamentarians (due to their high turnover) and officials at industry and mining ministries. Although several workshops and other events have been held over the years, little has been done to promote the benefits of alignment with the AMV and the AMGF. A decade ago, parliamentary workshops were held under the auspices of the SADC Parliamentary Forum (SADC PF), and International IDEA organized several Pan-African Parliament sessions in 2018–2019, but these sessions need to be repeated every few years due to the high turnover among parliamentarians. Hence, a potentially viable strategy to get traction could be to develop an AMV and AMGF outreach strategy targeting:

- the African public (through African media platforms, social media, events and publicity materials);
- government officials in the relevant ministries and departments (mining, industry, finance, STEM education, science and technology);
- parliamentarians (particularly parliamentary committees for mining, industry, finance, STEM skilling and technology) and parliamentary staff;
- political parties (leadership, shadow ministers for mining and for industry, etc.);
- ministers of mines, of energy, of industry and of STEM skilling;
- civil society organizations and other non-governmental organizations operating in this space;
- professional associations—engineers (mining and metallurgy, manufacturing), earth scientists, researchers, etc.;
- industry associations (mining, processing, manufacturing, skilling, technology);
- unions (mining and manufacturing);

- academics (development economics, mining, manufacturing, engineering, business administration, etc.); and
- other constituencies.

An AMV alignment and transition consortium made up of relevant civil society organizations and other non-governmental organizations, coordinated by the AMDC or a civil society organization delegated by the AMDC, could be created to promote the AMV, the AMGF, AMREC, etc. and to develop promotional and educational materials customized for different regions and countries, in the requisite languages. The civil society organizations may be willing to agree to focus on particular regions. Greater use could be made of virtual courses, forums and workshops using resources such as the African Institute for Development and Planning and civil society organizations that can offer the requisite skills.

The development of a strategy to promote the AMV and AMGF would likely be best undertaken on a short-term contract by a specialized African marketing and publicity firm with experience and expertise in this field.

Accordingly, the first step in developing an alignment strategy could be for the AMDC and its civil society partners to convene a meeting (an in-person and virtual summit) for all African civil society organizations operating in the fields of mining, economic growth and development, taxation and skilling to develop a plan for raising awareness of the AMV and its huge potential benefits for the nations and people of Africa. Hopefully, some civil society organizations would take responsibility for developing and providing the necessary resources for implementation of the strategy.

2.7. **ADOPTION OF AMREC AND PARC**

At the level of mining projects, the AMREC and PARC framework advances the AMV and other African mineral governance frameworks (see Figure 1.6). However, this framework needs recognition on the part of African stock exchanges (for sign-off on companies' declarations of their resources and reserves), and the AU Commission is apparently in consultations with the Association of African Stock Exchanges in Africa. Recognition by CRIRSCO is being sought for recognition by stock exchanges.

If all exploration and mining projects to be financed by the mining value chain venture capital fund comply with the AU's AMREC and PARC system, AMV alignment will be enhanced, as AMREC includes key elements of the AMV (see Figure 1.6). The obvious alignment strategy in this regard would be to advance CRIRSCO recognition of AMREC-PARC and its acceptance by African stock exchanges. Once AMREC-PARC is accepted by CRIRSCO, member states could insist that all exploration and mining companies adopt AMREC-PARC reporting standards for their projects on the continent, which would have a an AMV alignment dimension at the mining project level.

2.8. **RESOURCING AMV AND AMGF ALIGNMENT STRATEGIES**

The options available to increase resources for a major campaign aimed at facilitating AMV alignment are limited, as the current budgets and contributions from the AU Commission (the AMDC and its programmes), UNECA and other UN agencies, the African Development Bank, member states, civil society organizations, the European Union, donors, etc. are constrained. The main sources of funding could include the following:

1. *The AU Commission*. The Commission's potential is limited, as it is already cash-strapped.

2. *UNECA*. From the outset, UNECA has been a major AU partner and stalwart in developing and applying the mineral governance policies and strategies outlined in the AMV. However, there appears to have been a slight move away from this focus area under UNECA's previous executive secretary, and the commitment of the new head is still not clear. Nevertheless, the possibility of UNECA funding should be pursued.

3. *Other UN agencies (UN Development Programme, UNECA's IDEP, etc.).* Other UN agencies also have budget constraints, and given the increasing polarization between the West and the rest of the world (the BRICS countries, the Group of 77, the Non-Aligned Movement, etc.), there may be a further reduction in the resources at their disposal.

4. *The EU*. The EU has limited fiscal resources, but the increasing competition for African mineral resources (especially critical energy transition minerals) may offer opportunities for Africa

to leverage funding for AMV alignment. However, the AMV framework for mineral resource governance frameworks aims to address the EU's current neo-colonial,[8] asymmetrical relationship with Africa. It could thus be argued that, although the AMV is aligned with the EU's long-term interests, it does not serve its short-term goals, which may explain why the EU has not funded the AMV in the past.

5. *Other Western donors*. The situation with other Western donors is generally similar to that of the EU, but the European offshoots with a large exploration and mining presence in Africa (Australia and Canada) have funded AMV and AMDC programmes in the past. These countries could be possible sources of funding that are worth further exploration given the huge benefits that they derive from African mining.

6. *The African Development Bank*. The Bank has supported the AMV through a range of AMV and AMV-related interventions, mainly for studies, consultancies and AMDC initiatives, but it has not provided core budget support directly to the AU Commission's Department of Economic Development, Trade, Tourism, Industry and Minerals. This situation may change and needs to be explored, possibly in the form of secondments.

7. *The Arab Bank for Economic Development in Africa.* The Bank has not funded the development of African mineral governance frameworks previously, but given its mandate to provide the technical assistance required for the development of Africa, it may be worthwhile approaching the Bank in this regard given that Arab states generally do not currently have a neo-colonial relationship with Africa (their relationship mainly involves trade in commodities).

8. *African Union member states.* Almost all AU member states are facing fiscal challenges, and many of them struggle to meet their obligations to the AU, but, nevertheless, the few with strong positive trade balances could be approached to provide resources to drive AMV alignment in their regions and the rest of Africa.

9. *Civil society organizations*. Many civil society organizations, particularly the Third World Network, have supported AMV alignment since its adoption, but these organizations generally

8 Low-value-added African resources are exported to the EU, and high-value-added EU products are shipped to Africa.

have limited resources, and many of them have to abide by the agendas of their international funders. Nevertheless, they have been reliable supporters overall, though they have not provided budget support for the AMDC. That said, they could play a major role in promoting the AMV and providing related training (see 2.6: AMV and AMGF awareness-raising and alignment campaign), among other things.

2.8.1. **Resources from illicit financial flows**

Africa has been the victim of substantial illicit financial flows, stemming mainly from mining companies registered in low-tax jurisdictions (tax havens) that inflate the price of imported inputs and underprice exported minerals through trade mispricing. The amount of lost fiscal revenue is almost impossible to determine, as these flows are illicit by definition and often operate in secretive domains. Nevertheless, these flows are likely substantial (African Union and Economic Commission for Africa 2015). One speculative, and likely controversial, idea for resourcing the AU Commission, including its Department of Economic Development, Trade, Tourism, Industry and Minerals, and the AMDC and for facilitating AMV alignment is to establish an African mineral audit capacity, under the auspices of the African Union, to recover revenue from illicit financial flows. The reclaimed income (along with fines) could be shared equally between the affected nation and the African Union.

If an African mineral audit capacity were established, it could initially be outsourced to a competent African forensic auditor that would earn a small percentage of the amount recovered annually. If this initiative were successful, the AU could consider building its own arm's-length capacity if so desired. Given that most illicit financial flows are from foreign mining companies, the bulk of the AU's share could go to boosting AMV alignment, throttling future flows and financing the proposed venture capital fund for mining value chains (see 2.2: Access to capital from African investors). This suggestion would need extensive consultation and investigation before a proposal is embarked upon.

2.9. **MONITORING AND EVALUATION**

The key instrument for monitoring and evaluation is the AMGF. However, AMGF assessments need to cover many more countries, provide more in-depth analysis and be published more frequently.

The AMDC should develop an accessible, web-based AMV alignment dashboard of key alignment indices (covering imports of mining inputs; exports of raw and processed minerals; investments in human resource development, research and development, geo-knowledge and mining supply chains; as well as value addition) to aid real-time monitoring and evaluation. The AMDC would need additional resources to undertake this important task.

Ideally, all member countries and regional economic communities should develop the necessary capacity to monitor and evaluate AMV alignment, in close collaboration with the AMDC. Where applicable, country reports under the Extractive Industries Transparency Initiative could include a section on AMV and AMGF alignment.

Chapter 3

CONCLUSIONS

The adoption and domestication of continental frameworks on mineral resource governance in Africa has been slow and requires additional effort. This report presents a variety of strategies to accelerate the adoption and domestication of the AMV and the AMGF and to realize the growth, development, industrialization and employment opportunities associated with mineral extraction, including through the following actions:

- ensuring that the AMDC finds a host country, gains recognition and is provided with the resources necessary to implement a strategy aimed at achieving broader adoption of Africa's mineral governance frameworks—an essential prerequisite for facilitating AMV and AMGF alignment across Africa;

- lifting the constraints on accessing capital by African investors in order for local capital to play a larger role along mineral value chains and to thereby enhance alignment with the AMV and the AMGF by realizing critical mineral linkages;

- assisting member states in drafting legislation that is in alignment with the AMV and the AMGF and continuing to fine-tune a draft African model mining law that covers the development of mining and mineral value chains and that is fully compliant with the AMV and the AMGF;

- improving member states' governance of national mineral value chains that straddle mining and manufacturing (backward forward linkages) with the help of strategies that merge and consolidate the governance of mining and industry to realize all linkage opportunities associated with the mineral value chain and, thereby, greater AMV alignment;

- promoting the development of regional mining visions that are compatible with regional realities and opportunities, where each regional economic community can gather and disseminate alignment best practices from their member countries;

- developing a wide-ranging awareness-raising and skilling campaign concerning the AMV and the AMDC, with user-friendly materials and a range of portals and forums, in partnership with African civil society and non-governmental organizations active in this field;

- encouraging African stock exchanges to recognize and adopt the AMREC–PARC framework and to apply it to all new mineral investments; and

- identifying innovative ways to provide the resources necessary to implement strategies for AMV and AMGF alignment.

Africa urgently needs to realize the vast and diverse opportunities linked to the extraction of its mineral resources, which could drive substantial and much-needed growth, development and employment through AMV-aligned equitable resource-based industrialization.

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WEBSITE DATABASES

GOXI: General resource site for extractives governance	<http://goxi.org> (open library of resources)
World Bank—Data Bank	<https://data.worldbank.org>
Trade Law Centre	<https://www.Traclac.org>
UN Comtrade	<https://comtrade.un.org>
FAO Statistics:	<http://www.fao.org/faostat/en>
International Trade Centre	<https://www.trademap.org>
SADC Documentation and Data sets	<https://www.sadc.int>
Country Economy (based on World Bank Data):	<https://countryeconomy.com>
Bilaterals is a collaborative space to share information	<https://www.bilaterals.org>

SELECTED RESOURCES

Africa

ACET—Africa Centre for Economic Transformation	<https://acetforafrica.org>
AfCFTA—Africa Continental Free Trade Area	<https://au.int/en/cfta>
AMDC— African Minerals Development Centre	<http://www.uneca.org/amdc>
AMV—Africa Mining Vision	<https://au.int/en/ti/amv/about>, <http://www.africaminingvision.org>
ANRC: African Natural Resources Centre (AfDB)	<https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/african-natural-resources-centre>
African Union—Department of Trade and Industry	<https://au.int/en/directorates/about-trade-and-industry-dti>
EAC—East African Community	<https://www.eac.int/industry>
ECOWAS—Economic Community of West African States	<https://www.ecowas.int>
International IDEA (Africa)	<https://www.idea.int/our-work/where-we-work/africa-west-asia>

SADC—Southern African Development Community	<https://www.sadc.int/themes/trade-industry>
SARW— Southern Africa Resource Watch	<https://www.sarwatch.co.za>
Tralac—Trade Law Centre	<https://www.tralac.org>
TWN Africa—Third World Network	<http://twnafrica.org/indexx.html>
UNECA—United Nations Economic Commission for Africa	<https://www.uneca.org>

World

BGR: Bundesanstalt für Geowissenschaften und Rohstoffe	<https://www.bgr.bund.de/EN/Home/homepage_node_en.html>
CCSI: Columbia Centre on Sustainable Investment	<http://ccsi.columbia.edu>
CEPMLP: Centre for Energy, Petroleum and Mineral Law and Policy	<https://www.dundee.ac.uk/cepmlp>
Comtrade: UN Comtrade Database	<https://comtrade.un.org/data>
CONNEX	<http://connex-unit.org>
ECDPM:	<https://ecdpm.org>
ECLASS Standard (UNSPSC)	<https://www.eclass.eu/en/index.html>
EITI: Extractive Industries Transparency Initiative	<https://eiti.org>
EWB: Engineers Without Borders Canada	<https://www.ewb.ca/en>
Extractives and Development	<https://public.tableau.com/profile/extractivesanddevelopment#!/>
GOXI—Resources	<https://goxi.org/resources>
GS1:	<https://www.gs1.org>
ICMM: International Council on Mining and Metals	<https://www.icmm.com>
IIED: International Institute for Environment and Development	<https://www.iied.org>
IISD: International Institute for Sustainable Development	<https://www.iisd.org>
ITC Market Access Map	<https://www.macmap.org>
ITC Trade Map	<https://www.trademap.org>
LPI: World Bank—Logistics Performance Index	<https://lpi.worldbank.org>

MSV: Mining Shared Value	<https://miningsharedvalue.org>
NRGI: Natural Resource Governance Institute	<https://resourcegovernance.org>
OfD: Oil for Development	<https://www.norad.no/en/front/thematic-areas/oil-for-development>
UN International Trade Statistics Knowledgebase	<https://unstats.un.org/unsd/tradekb>
United Nations Development Programme—Sustainable Development Goals	<https://www.undp.org/content/undp/en/home/sustainable-development-goals.html>
UNEP—IRP: International Resource Panel	<https://www.resourcepanel.org>
UNSPSC: UN Standard Products and Services Code	<https://www.unspsc.org>
World Bank Open Data	<https://databank.worldbank.org/home>

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Paul Jourdan, PhD, is an Africa integrated development expert specialising in resource-based and spatial development strategies. He has wide experience working on economic growth and development in the SADC, West and East Africa. He's the former President of Mintek, and former Deputy Director-General (DDG) in the Department of Trade and Industry (DTIC). He was a major contributor to the African Union's 'Africa Mining Vision' (2009) and 'Country Mining Vision' (2014) as well as the SADC Regional Mining Vision (RMV). He is currently finalising the draft African Green Minerals Strategy (AGMS) for the AU and recently configured a Critical Raw Materials (CRM) Position Paper for the OACPS. He has developed numerous strategies for the development of Africa's minerals, as well as several strategies on building local mineral supply chains (for the DTIC RCGDS (2015), the SADC (2016) and ECOWAS (2022)). He sits on the Board of MEMSA (Mining Equipment Manufacturers of SA) and the SAMERDI Steering Committee (SA Mineral Extraction RDI) and in 2023 delivered an online IDEP (UNECA) course on developing African mining/processing supply chains. He has worked as a geologist, geophysicist, mineral and development economist, researcher and manager in several African institutions. He's a graduate of UCT (BSc, BA), ITC (PGDip), Wits (MSc), Leeds (PhD), Wits (MEng).

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Despite its impressive natural resources, Africa has failed to realize equitable resource-based industrialization, remaining imprisoned in the neo-colonial paradigm of supplying the world with low-value-added primary commodities and importing high-value-added products and services. In 2009, the African Union's Africa Mining Vision (AMV) outlined a vision and path for member states to pursue equitable resource-based industrialization. The adoption and domestication of continental frameworks on mineral resource governance in Africa such as the African Mining Vision, the African Minerals Governance Framework, the Country Mining Vision Guidebook, the African Commodities Strategy, has been slow and requires additional effort.

This report presents a wide variety of strategies to accelerate the adoption and domestication of these frameworks, in order to realize the growth, development, industrialization and employment opportunities associated with mineral extraction.

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