Policy Insights

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Digging Deeper: Embedding Minerals Sovereignty in Africa's Mining Value Chains

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African perspectives
Global insights

Executive summary

Africa's mining sector is a cornerstone of its economies, contributing to GDP, fiscal revenues and employment. However, systemic challenges, such as profit shifting, tax avoidance, environmental degradation and limited integration with regional industrial policies, undermine the sector's potential. Despite vast reserves of critical minerals such as lithium and rare earth elements, financial barriers – including commodity price volatility, infrastructure deficits and restricted access to capital – perpetuate energy poverty and hinder value chain development. Structural inequities in global economic governance exacerbate these challenges, trapping the continent in economic stagnation.

This policy insights examines how the African mining sector can transcend its reliance on multilateral development banks (MDBs) and international financial institutions (IFIs) by adopting a transformative approach grounded in economic, energy and mineral sovereignty.

Addressing these challenges requires coordinated regional strategies, supported by institutions such as the African Mineral Development Centre (AMDC). Strategic foresight is vital to navigating fiscal pressures, geopolitical dynamics and technological monopolies as Africa's minerals become essential for global decarbonisation.

Transforming the African mining sector

Africa faces some of the highest levels of income inequality globally, with economic prosperity often failing to translate into poverty reduction or inclusive development.[1] The mining sector, a cornerstone of many African economies, contributes significantly to GDP, fiscal revenues and employment. However, African governments lose an estimated $450 million to $730 million annually in mining tax revenues owing to profit shifting and tax avoidance,[2] primarily benefiting foreign investors and multinational corporations. Consequently, the sector struggles to adopt sustainable practices that benefit communities and stakeholders equitably. The limited integration of mining into regional industrial and trade policies constrains efforts to transition from exporting raw materials to producing high-value, knowledge-driven products and services. These challenges, compounded by environmental degradation, social displacement, economic vulnerabilities and fragmented national strategies, are exacerbated by rising nationalist protectionism and inadequate regional coordination. Collectively, these issues hinder the continent's ability to fully unlock its natural resource potential.

1 UN Economic Commission for Africa, *Drivers of Inclusive Growth in Africa*, Report (UNECA, 2017).

2 Giorgia Albertin, Boriana Yontcheva and Dan Devline, "Tax Avoidance in Sub-Saharan Africa's Mining Sector" (Paper DP/2021/022, International Monetary Fund, African and Fiscal Affairs Departments, 2021).

Despite vast reserves of critical minerals such as lithium and rare earth elements, Africa faces various financial barriers. These include commodity price volatility, infrastructure deficits,[3] limited access to capital[4] and high debt levels, all of which hinder investment in value chain development and delay the continent's transition to renewable energy sources. Structural inequities in global economic governance, including the limited capacity to pursue context-appropriate energy strategies,[5] further trap the continent in economic stagnation.

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Economic, mineral and energy sovereignty are interconnected but distinct concepts that collectively reinforce a nation's autonomy and its control over its resources and policies. Economic sovereignty is the foundation of self-determination in economic affairs, enabling countries to manage trade, financial systems and development strategies without external interference. Mineral sovereignty emphasises the ownership, management and equitable utilisation of a nation's mineral wealth, ensuring that resource exploitation supports local development and addresses historical injustices. Energy sovereignty is the right and ability of a nation to control its energy resources and policies independently, ensuring that energy production, distribution and consumption align with social, economic and environmental goals.[6] While these concepts differ in scope, they share a commitment to fostering national self-reliance, maximising local benefits and resisting external control, forming a cohesive framework for achieving sustainable development and resilience in a globalised world.

> Economic sovereignty depends on mineral and energy sovereignty and is critical for Africa's development

Economic sovereignty depends on mineral and energy sovereignty and is critical for Africa's development. It enables the continent to harness its abundant natural resources, drive economic and social wellbeing and achieve self-determination in energy production

3 Penelope Masilela, "What Are the Challenges in Africa's Mining Industry?", *Mining Review Africa*, January 8, 2024.
4 Kristin Long, "Impact of the AFCFTA Agreement on Mining Sector Trade Alliances", *African Mining Online*, February 1, 2024.
5 ActionAid International, *Fifty Years of Failure: The IMF, Debt and Austerity in Africa*, Report (ActionAid, October 2023).
6 Fadhel Kaboub, "Just Transition Q&A: What's at Stake for Africa at COP28?", African Arguments, November 29, 2023.

and consumption. Achieving energy sovereignty requires transforming the mining sector to dismantle post-colonial systems that perpetuate financial barriers, restrict access to capital and sustain energy poverty. This transformation demands addressing systemic inequalities,[7] such as unfulfilled financial commitments by developed economies. For example, the $100 billion annual pledge for climate-related initiatives, including mitigation and adaptation,[8] has not been met, with only a fraction of the promised amount delivered.

This policy insight examines how the African mining sector can transcend its reliance on institutions such as the International Monetary Fund (IMF), MDBs and IFIs by adopting a transformative approach grounded in energy, mineral and economic sovereignty. First, this is done by ensuring that resource extraction benefits member states. Second, we argue that the status quo cannot remain, and Africa should adopt a resource leverage strategy to renegotiate access to its mineral wealth in exchange for enhancing mining value chains and industrial capacity within the continent. Third, economic sovereignty should be unlocked by integrating mining strategies and regional collaboration with industrial and trade policies, impacting local and global just transitions. Fourth, we argue that the AMDC's African Minerals and Energy Resources Classification and Management System (AMREC) and Pan-African Resource Reporting Code (PARC) should be adopted to develop and strengthen African capital markets. Finally, we invite policymakers and stakeholders to implement the recommendations, which offer transformative pathways to achieving sovereignty, thereby fostering resilience, equity and economic wellbeing in an interconnected world.

Breaking the cycle: Mineral sovereignty for Africa's mining sector

The African mining sector is vital for achieving the continent's energy and development goals. Despite its abundant critical minerals essential for renewable energy, Africa faces systemic barriers that prevent full capitalisation of its wealth. With less than 2% of global renewable energy financing[9] directed to Africa, energy poverty affects over 730 million people on the continent,[10] predominantly in rural areas. This stark disparity reflects a systemic bias in global capital allocation,[11] compounded by high borrowing costs, inflated

7 Ben Chandler, *Addressing Africa's Energy Deficits: Climate Change, Renewables, and Gas*, Report (Mo Ibrahim Foundation, September 2022).

8 Center for Strategic & International Studies, "The Promises of COP28", January 11, 2024.

9 International Renewable Energy Agency, *The Renewable Energy Transition in Africa: Powering Access, Resilience and Prosperity*, Report (KfW Development Bank and IRENA, March 2021).

10 International Energy Agency, "Key Findings: Africa Energy Outlook 2022 – Analysis", accessed December 4, 2024, https://www.iea.org/reports/africa-energy-outlook-2022/key-findings.

11 Mark Swilling et al., *Global Markers in South Africa's Just Energy Transition*, Geopolitical Energy Futures Special Report 1 (SAIIA, October 2023).

risk perceptions, currency exposure[12] and inequitable financial systems.[13] Africa's debt burden – exceeding $1.15 trillion, with $163 billion in debt-servicing costs in 2024[14] – limits industrialisation and technological innovations.[15] Despite efforts to strengthen domestic financial markets, enhance transparency and foster public–private partnerships,[16] progress in advancing resource beneficiation has been slow.

Mineral sovereignty, as defined by Fadhel Kaboub, is Africa's right to manage its resources for local development, sustainability and economic independence.[17] However, exploitative practices, limited access to advanced technologies and technology monopolisation[18] by developed economies perpetuate resource and energy poverty across the continent.[19] Examples include patent and intellectual property restrictions and dependence on foreign suppliers, as well as data and communication restrictions.[20] High borrowing costs, fuelled by perceptions of Africa as a high-risk investment, further restrict infrastructure investments[21] and stymie efforts toward self-reliance.

The role of credit rating agencies in economic dependency

Credit rating agencies (CRAs) exacerbate financial challenges by imposing inflated risk premiums on African member states, leading to higher borrowing costs and economic dependency. Studies by the Brookings Institute and UNDP[22] highlight how subjective CRA methodologies fail to reflect African realities, costing governments nearly $75 billion annually in borrowing costs. Objective, fairer ratings could redirect these savings toward local development, reducing dependency[23] on foreign loans and promoting economic wellbeing.

Enhancing cooperation to transform finance and governance

Legislative reforms are key to addressing Africa's credit rating challenges. The African Continental Ratings Agency (AfCRA), endorsed by the AU and set to launch in January

12 Mathilda Moyo, "Africa Can Finance Its Development but Needs a Paradigm Shift", *Africa Renewal*, November 28, 2020.

13 UN Trade and Development, "High Cost of Finance Stifles Development, Deepens Inequalities: UN Trade and Development Chief", November 25, 2024.

14 African Development Bank, "Annual Meetings 2024: Old Debt Resolution for African Countries – the Cornerstone of Reforming the Global Financial Architecture", May 15, 2024.

15 UNCTAD, "High Cost of Finance".

16 IEA, "Doubling Energy Investment in Africa Requires Urgent Action to Bring down Financing Costs and Boost Access to Capital", September 6, 2023.

17 Kaboub, "Just Transition Q&A".

18 Joe Alexander, "Monopoly, Minerals and Mines: The US and China's Fight over Mineral Control in Sub-Saharan Africa", Young Diplomats Society, June 19, 2024.

19 Walter Leal Filho et al., "Energy Poverty in African Countries: An Assessment of Trends and Policies", *Energy Research & Social Science* 117 (November 2023).

20 Stephan Appt and Oliver Bustin, "Tech Suppliers Must Understand Risk in African Mining Project Opportunities", Pinsent Masons, May 4, 2023.

21 Eric Humphrey-Smith, Josephine Azoulay and Freda Owino, "Hard Infrastructure Investment in Africa Still Dragging Its Feet", Control Risks, September 1, 2023.

22 UNDP Regional Bureau for Africa, "Lowering the Cost of Borrowing in Africa: The Role of Sovereign Credit Ratings" (Policy Brief, UNDP, 2023).

23 IRENA, *The Renewable Energy Transition*.

2025, promises fairer ratings by accounting for local economic conditions and regional dynamics. This initiative aims to increase trust, improve access to capital and promote equitable development.

> The African Continental Ratings Agency endorsed by the AU and set to launch in January 2025, promises fairer ratings by accounting for local economic conditions and regional dynamics

The AfCRA's framework can also bolster the African Continental Free Trade Area, which aims to boost intra-African trade by reducing tariffs and non-tariff barriers. With intra-African exports at 17%, compared to 59% inside Asia and 68% inside Europe,[24] the potential for growth is immense. Integrating local economic realities and regional dynamics into credit rating agency methodologies could enhance economic indicators, improve credit ratings and attract more favourable investments.

Establishing the AfCRA requires overcoming the lack of a unified political and regulatory infrastructure. Added benefits include harmonised standards that are context-dependent and can secure increased African representation in global financial bodies such as the International Organization of Securities Commissions. As the debt crisis intensifies, the AfCRA is critical in fostering resilience, ensuring equitable financial practices and enabling Africa to break free from cycles of dependency.

The AU and regional economic communities (RECs) should prioritise strengthening their financial and institutional independence to harmonise resource management policies, address capacity constraints, enhance Africa's bargaining power and support sustainable development.

Recommendation

Pursue energy, mineral and economic sovereignty: Achieving sovereignty across these interconnected domains is essential for Africa's self-reliance and equitable growth. Policies that emphasise local ownership, sustainable practices and infrastructure development are vital for leveraging the continent's resources to meet domestic and global energy transition demands.

24 Caroline Kende-Robb, "6 Reasons Why Africa's New Free Trade Area Is a Global Game Changer", World Economic Forum, February 9, 2021.

Adopting a resource leverage strategy for technological access

Africa must integrate its mining sector with manufacturing, agriculture and renewable energy to diversify its economy towards sustainable development. However, the technological innovations required for this integration are concentrated in developed economies, creating significant development barriers for Africa's mining value chains. A small number of companies control critical advanced technologies such as microchips, limiting knowledge transfer to developing or emerging economies and thereby hindering innovation. For example, China's dominance in gallium production[25] is achieved by extraction from bauxite, which is mostly mined in Guinea and the Democratic Republic of Congo (DRC). By leveraging its monopoly on gallium, China has positioned itself as a key player in the semiconductor supply chain, capturing the most economic value while relegating developing countries to low-margin roles such as the export of raw minerals.

Table 1, although not exhaustive, illustrates how monopolistic companies in the mining sector leverage their scale to influence commodity prices and global supply chains, to their benefit.

TABLE 1 MONOPOLISED COMPANIES CONTROLLING CRITICAL ADVANCED TECHNOLOGY

Company Name	Critical Minerals	Critical Technologies	Impact on global value chains
China Molybdenum Co., Ltd (CMOC)[a]	Cobalt and copper mined in the DRC	Batteries used in electric vehicles (EVs)	Positioning China as a leader in renewable energy technologies.
Congo Dongfang Mining and Huayou Cobalt[a]	Cobalt mined in the DRC	EV batteries and other technologies	China controls an estimated 72% of cobalt mining operations in the DRC. Can influence the global cobalt market.
Chinalco[b]	Gallium extraction from bauxite	Microchips and advanced technologies	Supply chain risks for countries dependent on advanced semiconductor technologies.
Vale S.A.[a]	Nickel	Battery production in electric vehicles	Influence pricing and availability for manufacturers reliant on nickel.
Rio Tinto Group[a]	Titanium dioxide production	Pigments and coatings	The size of the market share influences prices and controls the supply chains for this sector.
BHP Group[a]	Iron ore and copper production	Iron ore and copper markets	The size of the market share influences prices and controls the supply chains impacting global manufacturing sectors.

a Heidi Vella, "Inside China's Move to Monopolise Cobalt", *Mining Technology*, June 4, 2018

b Matthew Funaiole, Aidan Powers-Riggs and Brian Hart, "Mineral Monopoly: China's Control over Gallium Is a National Security Threat", Center for Strategic and International Studies, July 18, 2023

Source: Compiled by authors

25 Matthew Funaiole, Aidan Powers-Riggs and Brian Hart, "Mineral Monopoly: China's Control over Gallium Is a National Security Threat", Center for Strategic and International Studies, July 18, 2023.

To counter monopolistic practices, African mining policymakers should use mineral resources strategically to secure access to refining, processing and manufacturing technologies by renegotiating mining contracts to prioritise local value addition. Renegotiating mining contracts in Africa, guided by strategic foresight, directly aligns with the objectives of the Pact for the Future, particularly its focus on intergenerational equity, sustainability, global cooperation and inclusive governance in resource management. A notable example of successful contract renegotiation is found in the DRC's efforts during the late 2000s. The government initiated a comprehensive review of all mining contracts signed during a transitional period marked by instability and corruption. The renegotiations aimed to ensure that local stakeholders received fairer terms, including provisions for social responsibility and increased government equity stakes.[26] Although challenges remained in fully achieving the desired outcomes, the process highlighted the potential for renegotiation to address historical imbalances in mining agreements.

The AU, together with member states, in collaboration with international partners, should integrate the principles of the Pact for the Future into mining contract renegotiations, to prioritise local development, aligned with global sustainability goals, to improve economic sovereignty.

Recommendation

Adopt a resource leverage strategy: African nations should adopt a unified resource leverage strategy to renegotiate mining contracts with global powers. This approach promotes technology transfer, local beneficiation and infrastructure investment while ensuring equitable access to global supply chains and manufacturing technologies.

Rationale and benefits of adopting a resource leverage strategy

Continental and regional policies, such as the African Mining Vision (AMV) and AMREC, were designed to enhance mineral governance across Africa. However, their effectiveness is undermined by persistent challenges, including gaps in implementation, limited stakeholder engagement, inadequate monitoring mechanisms and the dominance of export-oriented practices shaped by global market pressures. These obstacles highlight the need for alternative approaches.

As global demand for critical minerals grows, Africa should impose conditions for resource access on meaningful investment in local beneficiation and regional manufacturing infrastructure as part of its beneficiation strategy. This strategy incentivises major geopolitical blocs to establish production facilities in Africa, ensuring shared benefits across global supply chains. The resource leverage strategy does not aim to disrupt or close

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26 Nadegé Compaoré, "Unequal Terms in Africa's Mining Contracts: What to Do, and Whose Responsibility?", AfronomicsLaw.org, July 31, 2019.

existing manufacturing facilities abroad, which could lead to job losses and economic instability in global supply chains. Rather, it is aimed at expanding equitable opportunities by fostering localised beneficiation and manufacturing capabilities on the continent.

> As global demand for critical minerals grows, Africa should impose conditions for resource access on meaningful investment in local beneficiation and regional manufacturing infrastructure as part of its beneficiation strategy

The resource leverage strategy offers a win-win opportunity. Global manufacturers can secure long-term, stable access to the minerals they need while contributing to Africa's economic transformation. This approach avoids jeopardising existing supply chains while prioritising the equitable distribution of benefits and fostering global partnerships based on mutual respect and shared prosperity. The resource leverage strategy supports broader efforts to enhance geopolitical influence and address developmental gaps such as energy security and infrastructure development.

AU member states such as the DRC, Zambia, South Africa and Tanzania and development partners should adopt a unified resource leverage strategy with geopolitical blocs for fairer terms in global value chains, including technology transfer.

Recommendation

Strengthen regional cooperation: RECs and frameworks such as the AMV provide essential platforms for harmonising policies and addressing challenges. Enhanced regional collaboration can build resilience, streamline governance and advance Africa's role in global trade.

The continent's abundant reserves are essential for the global transition to renewable energy and advanced manufacturing. African countries can collaborate through regional agreements to strategically control access to these resources. By renegotiating reciprocal agreements through the resource leverage strategy with global powers such as the EU, US and China for access to the monopolised beneficiation technologies, this approach can benefit the African mining sector in the following ways:

- **Technological transfer and infrastructure development:** Exchange mineral access for local manufacturing facilities, technical training and knowledge-sharing partnerships to bolster industrial capacity. These initiatives will enhance industrial capacity and foster long-term economic sustainability.

- **Economic diversification and job creation:** Integrating mining with high-value industries reduces dependency on raw material exports.[27] For example, the Kibali gold mine in the DRC employs advanced automation while engaging local suppliers, contributing $3.4 billion to the local economy between 2010 and 2020, with 94% of its workforce being Congolese nationals.[28] This demonstrates the potential for creating a diversified and inclusive economy.
- **Reduced debt reliance:** Domestic beneficiation retains more economic value within Africa by reducing reliance on foreign capital. For instance, South Africa's Manganese Metal Company processes domestic manganese into electrolytic manganese, adding value locally and fostering economic resilience.[29]
- **Enhanced trade equity:** Leveraging economies of scale can ensure that the benefits of mineral wealth are distributed equitably across geopolitical blocs rather than being concentrated in developed economies. Local beneficiation efforts, such as Kumba Iron Ore's support for domestic steel production, illustrate how Africa's resources can contribute to regional industrialisation and global trade equity. Additionally, scaling back manufacturing in developed economies aligns with shifting demographic trends and promotes a more balanced global industrial landscape.
- **Environmental impacts:** It is important to prioritise efficient resource management and the sustainable use of natural resources, as exemplified by Zimbabwe's lithium projects, which focus on establishing local lithium refining operations. This approach leverages global demand for battery materials while positioning Africa as a future manufacturing hub for critical minerals.[30]

African governments should adopt a coordinated, unified, resource-leverage strategy to use their critical mineral reserves as bargaining tools in renegotiating reciprocal agreements with global powers. This strategy should prioritise domestic beneficiation, technological transfer and sustainable resource management while fostering economic diversification, job creation and equitable trade. Regional frameworks should emphasise local capacity building to ensure that Africa's resource wealth catalyses industrial development and global economic rebalancing.

Recommendation

Promote sustainability and just transitions: By integrating circular economy principles, Africa can address environmental degradation and resource inefficiencies. Prioritising local processing and sustainable resource management ensures that mineral wealth supports both local development and global energy transitions.

27 African Development Bank Group, "Mining Industry Prospects in Africa", Our Africa, Our Thoughts (blog), December 20, 2012.
28 Martin Creamer, "DRC's Green and Automated Kibali Gold Operation Highlighted as Mining Role Model", *Mining Weekly*, January 30, 2024.
29 Ed Stoddard, "Mbombela Manganese Plant Emblematic of SA's Potholed Industrial Journey", *Daily Maverick*, September 11, 2023.
30 Kristin Long, "Zimbabwe Goes for Gold – and Lithium", *African Mining*, July 1, 2024.

Unlocking Africa's mineral and economic sovereignty through integrated mining strategies and regional collaboration

Africa's vast mineral resources are predominantly controlled by a handful of multinational companies, largely based in the Global North, while China's influence is steadily expanding in critical minerals such as copper, bauxite and cobalt mining (see Table 2).[31] In 2018, companies such as Anglo American, Glencore and First Quantum dominated African mining ownership, while Chinese companies owned about 7% of the continent's mining production.[32] However, China's share has since increased, particularly in mineral-rich countries such as the DRC and Zambia.[33]

TABLE 2 LEADING COUNTRIES IN BENEFICIATION OF CRITICAL MINERALS (IN THE SHARE OF GLOBAL VOLUMES)

Country	Refined cobalt	Copper smelting	Copper refining	Refined nickel	Nickel products	Alumina	Aluminium	Iron	Steel	Ferro-manganese	Ferro-chromium	Zinc smelting	Position	Lead producer	Second-largest producer	Third-largest producer
China	68%	43%	38%		36%	54%	58%	59%	53%	58%	41%	48%	World beneficiator	11		
Indonesia				20%	9%				1%		2%		Lead beneficiator	1	1	
India						5%	6%	8%	6%	17%	8%	6%	Lead beneficiator		4	1
Japan	3%	7%	6%		8%			5%	5%	2%		4%	Secondary beneficiator		1	4
Russia		5%	4%	15%	7%	2%	5%	4%	4%	3%		1%	Secondary beneficiator		1	2
Chile		5%	9%										Secondary beneficiator		1	1
South Africa					2%		1%			1%	26%		Tertiary beneficiator		1	
Australia	3%			5%	5%	15%	2%					3%	Tertiary beneficiator		1	
Finland	12%			9%	3%						4%	2%	Tertiary beneficiator		1	
South Korea		3%	3%		2%			3%	4%	2%		7%	Tertiary beneficiator		1	
Canada	5%			14%	5%		5%	1%	1%			5%	Tertiary beneficiator			2
Kazakhstan											12%	2%	Tertiary beneficiator			1
Brazil					2%	8%	1%	2%	2%	1%	1%	2%	Tertiary beneficiator			1
Philippines				14%									Tertiary beneficiator			
Rest of the world	10%	37%	41%	23%	20%	16%	22%	18%	25%	15%	8%	19%				

Source: Gaylor Montmasson-Clair, Lauren Hermanus and Anthony Dane, "Navigating the African Opportunity Landscape for Value Chain Upgrading in the Global Scramble for Critical Minerals" (Policy Paper, Southern Transitions, October 2024)

31 Gaylor Montmasson-Clair, Lauren Hermanus and Anthony Dane, "Navigating the African Opportunity Landscape for Value Chain Upgrading in the Global Scramble for Critical Minerals" (Policy Paper, Southern Transitions, October 2024).

32 Montmasson-Clair, Hermanus and Dane, "Navigating the African Opportunity Landscape".

33 Montmasson-Clair, Hermanus and Dane, "Navigating the African Opportunity Landscape".

To reclaim sovereignty over its resources and drive economic transformation, Africa should leverage RECs, including ECOWAS, SADC and the East African Community. They have a unique capacity to draw on the continent's legacy of innovative and indigenous approaches to development, rejecting structures that perpetuate post-colonial dependencies. To avoid replicating new forms of dependency, strengthening the financial and institutional independence of the AU and RECs is crucial. RECs' influence should extend beyond Africa, challenging the global economic status quo to make it more sustainable, equitable and prosperous.

Simon Michaux argues that the transition to renewable energy technologies will create an unexpected demand for critical minerals, emphasising that the current known global reserves of critical minerals may not be sufficient to meet future demands.[34] The sheer scale of mineral demand to support the Global North's decarbonisation threatens to overshadow Africa's efforts to develop its renewable energy infrastructure. This imbalance highlights the need for Africa to assert sovereignty over its critical minerals, ensuring these resources are used for domestic development rather than being extracted primarily for external benefit. Put simply, the numbers do not add up.

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Countries such as Zimbabwe, Namibia, Ghana and Nigeria have implemented policies banning unrefined mineral exports to encourage local beneficiation. These measures are proactive steps toward building institutional capacity, enhancing skills and strengthening systems for mineral and economic sovereignty. However, progress remains fragmented owing to the absence of cohesive regional strategies, insufficient infrastructure and the lack of clear political mandates to drive industrialisation.

Simultaneously, the Global North should shift its decarbonisation strategies from high-consumption models exemplified by individual electric vehicles toward mass transportation systems and sustainable urban planning. A global just transition requires equitable resource allocation and degrowth-oriented policies that reduce material throughput while enhancing wellbeing. In essence, a truly just transition requires

34 Simon P. Michaux, *Assessment of the Extra Capacity Required of Alternative Energy Electrical Power Systems to Completely Replace Fossil Fuels*, Technical Report (Circular Economy Solutions, Geological Survey of Finland, 2021).

a rebalancing of global priorities to enable Africa to achieve economic sovereignty, sustainable development and economic resilience without being overshadowed by the resource demands of the Global North.

Recommendation

Unlock Africa's mining potential: Africa's mining sector holds the key to economic transformation, but challenges such as profit shifting, tax avoidance and insufficient value addition hinder its ability to realise its full potential. With vast reserves of the critical minerals essential for renewable energy, the continent must prioritise mineral beneficiation and industrial integration to foster inclusive development and global competitiveness.

Strategic opportunities for global influence

Geopolitical developments such as the proposed 100% tariffs on BRICS nations[35] by the US for potentially moving away from the US dollar as the preferred currency of international trade underscore the need for AU member states to proactively navigate risks and seize opportunities. South Africa's G20 presidency[36] is a platform to amplify Africa's voice in global economic negotiations. By collaborating with the AU Commission, South Africa can champion policies that advance economic and mineral sovereignty, including:

- **Promoting local processing:** Strengthen local beneficiation policies to ensure that resource-rich nations retain greater economic value and foster industrial development.
- **Mobilising sustainable finance:** Secure funding for renewable energy infrastructure and industrialisation projects through global partnerships and innovative financing mechanisms to support just transitions.
- **Advocating fair credit ratings:** Address systemic biases in international credit rating systems to attract investments under equitable terms.
- **Enhancing governance:** Develop robust policy and regulatory frameworks to promote transparency, accountability and sustainable mining practices.

By leveraging the G20 platform, South Africa and the AU Commission should reposition cooperation as an interlocking system of policy tools and collective self-reliance strategies aimed at enhancing regional resilience to external shocks.[37] They can reduce excessive dependence by leveraging RECs to adopt coordinated and forward-looking strategies. Examples include:

35 Ben Berkowitz, "Trump Threatens 100% Tariffs on BRICS Nations if They Move Away from the Dollar", Axios, November 30, 2024.
36 Mkhululi Chimoio, "South Africa's G20 Presidency in 2025: A Pivotal Moment for the Country and Africa", *Africa Renewal*, November 4, 2024.
37 Simon Michaux, "Minerals and Materials Blindness", *YouTube*, The Great Simplification #19, 2022.

- Regional collective bargaining power can be exercised in purchasing agreements with global suppliers of critical items such as food, pharmaceuticals and farming supplies to reduce the cost of imports. A portion of the savings can be used to fund and strengthen RECs and AU institutions.[38]
- RECs, together with central banks, can provide swap lines in national currencies to member states to minimise the use of dollars and euros in intra-regional trade and so enhance regional economic integration and reduce dependency on external currencies.[39]
- RECs should use partnerships with China and other global powers to advance regional industrialisation, including value addition, while advancing African and global climate goals.
- RECs can support responsible mining practices by influencing how society approaches mineral resource management and implements more sustainable approaches that consider environmental impacts and resource limitations.[40] This may require the Global North to adopt degrowth-oriented approaches such as prioritising mass public transportation systems, sustainable urban planning and circular economic models to reduce resource demand and avoid externalising emissions to the Global South.
- RECs, together with member states and global partners, can develop global frameworks to balance the mineral demands of the Global North's energy transition with Africa's renewable energy and development goals.

The AUC and the South African presidency should agree on how the G20 presidency can help shape and support mineral and economic sovereignty for the continent to enable global energy transitions while supporting Africa's development needs.

Recommendation

Leadership for global partnerships: Africa's transformation requires bold leadership and international support. Fair trade agreements, equitable financing and collaborative technology-sharing initiatives are essential for fostering global sustainability while enabling Africa to achieve long-term resilience and prosperity.

Strengthening Africa's mining sector through integrated capital markets

The transformation of global capital markets is accelerating, driven by shifting economic dynamics and evolving investor behaviour. Emerging markets, particularly China and India, are expected to dominate the IPO[41] landscape, challenging the historical

38 Michaux, "Minerals and Materials Blindness".
39 European Central Bank, "What Are Currency Swap Lines?", May 18, 2022.
40 Michaux, "Minerals and Materials Blindness".
41 Initial public offering.

dominance of developed markets such as New York and London.[42] The integration of environmental, social and governance factors into investment strategies is reshaping capital allocation and promoting more responsible and sustainable practices. Amid ongoing geopolitical tensions and regulatory changes, capital market participants should adopt strategic foresight capacities and proactively develop advanced risk management strategies, including derivatives and innovative financial instruments, to navigate potential volatility effectively.

AMREC-PARC provides a unified framework for resource classification and management, aligning with global standards.[43] These frameworks ensure consistent resource estimation, thereby enhancing valuation accuracy, and improve transparency across the continent, thereby increasing investor confidence and attracting both regional and global investments.[44] Importantly, AMREC-PARC also creates pathways for artisanal and small-scale miners to access capital markets, fostering broader economic inclusion and reducing financial marginalisation.

The adoption of AMREC-PARC reflects a commitment by member states to manage their natural resources sustainably and equitably. Endorsed by African heads of state in February 2022, these frameworks are designed to ensure that natural resources contribute meaningfully to socio-economic development across the continent. Several countries have begun implementing AMREC-PARC:

- Namibia has actively tested the framework through case studies and participated in the 2023 Continental Deployment and Implementation Workshop;[45]
- Uganda has initiated pilot projects to enhance transparency and efficiency in managing its mineral resources;[46] and
- Nigeria is integrating AMREC-PARC into its national frameworks, emphasising governance improvements through standardised reporting mechanisms.[47]

These efforts pave the way for innovative financial products, such as energy derivatives[48] related to critical minerals. Such products provide African markets with unique opportunities to improve risk management by offering investors diversified portfolios

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42 Iheanyi Nwachukwu, "Revisiting Factors Can Distort IPO Prospects in 2025", *BusinessDay NG*, January 7, 2025.

43 Mkhululi Ncube Nkosilamandla, "AMREC-PARC: Unlocking African Capital Markets through Resource Classification", Substack, November 15, 2024.

44 Ncube, "AMREC-PARC: Unlocking African".

45 African Minerals Development Centre, "The Pan African Public Reporting Standard for Minerals and Energy Resources" (AMDC, 2023).

46 Muhammad Usman, "AMDC Host East Africa Launch of Pan African Resource Reporting Code (PARC)", *African Newspage*, April 7, 2024.

47 Nigerian Economic Summit Group, Manufacturing and Mining Policy Commission, "Transforming Nigeria's Mining Industry" (Policy Brief, Nigerian Economic Summit Group, October 2024).

48 Clarksons, "Understanding Battery Metals Derivatives: A Comprehensive Guide", accessed November 25, 2024, https://www.clarksons.com/glossary/understanding-battery-metals-derivatives-a-comprehensive-guide/. Critical or green energy derivatives refer to financial instruments that derive their value from the prices of minerals essential for technologies used in renewable energy products.

and tools while mitigating commodity-specific risks. Over time, the adoption of these frameworks is expected to reduce reliance on external capital markets such as the London Metal Exchange and the New York Mercantile Exchange, positioning the continent as an attractive destination for local and foreign investors.

The implementation of AMREC-PARC is further supported by the African Green Minerals Observatory (AGMO), which addresses information asymmetries by centralising mineral data and democratising access to mineral data. By enhancing transparency, member states and local stakeholders can make informed decisions about resource management, reducing undue influence from external actors. AGMO also provides essential geological data to improve resource planning and governance, helping mining communities reclaim control over their resources. This combination of transparency, data-driven decision-making and equitable resource management lays the foundation for a sustainable and prosperous future for Africa's mining sector. By aligning its capital markets with integrated frameworks such as AMREC-PARC and AGMO, Africa can position itself in global capital markets as a key emerging market.

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The AMDC, in collaboration with the African Development Bank, development partners and private investors, should drive the development of African capital markets to support the transition toward emerging market economies.

Recommendation

Adopt innovative financial mechanisms: The establishment of the AfCRA and adoption of frameworks such as AMREC-PARC can enhance transparency, attract investment and reduce dependency on external capital markets. These initiatives position Africa to lead in sustainable and inclusive development.

Unified pathways towards mineral, energy and economic sovereignty

As Africa moves forward, the transition to a sovereign and self-reliant mining sector represents a historic opportunity to redefine its role in the global economy. This requires bold leadership, regional cooperation and a commitment to prioritise long-term sustainability over short-term gains. Policymakers, RECs, private sector stakeholders and civil society must work together to overcome the systemic barriers that have constrained Africa's potential for decades.

By embracing an integrated approach to mining, industrialisation and trade, Africa can unlock unprecedented economic opportunities while developing resilience against external shocks. The proposed strategies, including leveraging mineral resources for technological transfer, fostering local beneficiation and enhancing intra-African trade, offer a clear path toward economic diversification and sustainability. Additionally, initiatives such as the AfCRA and AMREC-PARC are crucial in establishing a foundation for transparent governance, fair financial systems and regional cohesion.

> This transformative vision requires unwavering commitment and action from all stakeholders

This transformative vision requires unwavering commitment and action from all stakeholders. The global community also has a critical role to play by supporting Africa's sovereignty and equitable development through fair trade agreements, technology-sharing initiatives and financing mechanisms that respect the continent's priorities. A just transition is not only a moral imperative but also a strategic necessity for achieving global sustainability and economic balance.

In conclusion, the African mining sector holds immense potential. However, achieving this potential requires intentional efforts to dismantle the structural inequalities embedded in global financial and trade systems, necessitating a redefinition of resource management paradigms. The policy recommendations provide a transformative roadmap for fostering sovereignty, equity and resilience. Africa stands at the cusp of a new era, and the choices made today will shape the continent's trajectory for generations to come.

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