

# **Integrating mining into the economies of Africa**

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# Integrating mining into the economies of Africa

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## Abstract



Africa's abundant mineral resources offer opportunities for its countries' governments to work with mining companies so that minerals exploitation can benefit both company and country. Well-managed mineral exploitation can underpin broad-based sustainable growth and socio-economic development, in the words of the Africa Mining Vision (AMV) of 2009. An *Action Plan for Implementing the AMV* (2011) has set out strategies for developing mineral management systems and institutions through which Africa can benefit from its mineral resources, and it is now being implemented by the African Minerals Development

Centre which has begun work in Addis Ababa, Ethiopia, within the UN Economic Commission for Africa (UNECA). The Centre's task is to build strategies and policies to support sustainable development. Stakeholder relations, both with investing companies and affected communities, are critical, as also is careful forethought about social and environmental impacts, legislation, infrastructure and adaptation of technologies to bring modern tools and practices to African agriculture.

This talk first gives a little background about the mining sector in Africa, and then a few observations about sustainability and community development.

In the mid-1990s we started looking into the question of why Africa is not benefiting from its mineral resources. In 2009, the Africa Mining Vision was crafted and adopted. The Africa Mining Vision simply stated that you need transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development.

An international study group studied the opportunities offered by the mineral resources of Africa, and also how Africa was positioned and its development problems. The group's report was entitled *Minerals and Africa's development* (UNECA 2011). It is available on the Internet.

Based on that report the Africa Mining Vision (AMV) had to be translated into an action plan. I had the privilege of participating in the drafting of the *Action Plan for Implementing the AMV* that was approved and adopted in 2011 (AUC et al. 2011). The Action Plan has nine themes:

- (i) Mining revenues and mineral rents management;
- (ii) Geological and mining information systems;
- (iii) Building human and institutional capacities;
- (iv) Artisanal and small-scale mining;

- (v) Mineral sector governance;
- (vi) Research and development;
- (vii) Environment and social issues;
- (viii) Linkages and diversification;
- (ix) Mobilising mining and infrastructure investment.

All these nine issues are also being discussed at this conference.

Narrowing these issues down to a few words, what was acknowledged as coming out of the Action Plan was that Africa needs to develop mineral management systems and institutions in order for it to benefit from its mineral resources.

A new institution, the African Minerals Development Centre, has been set up to drive and implement the Africa Mining Vision and the Action Plan. The Centre is within the United Nations Economic Commission for Africa (UNECA) and the Organization of African Unity (OAU) in Addis Ababa, Ethiopia, and is currently recruiting staff. The theme of this conference session, 'Strategies and policies to support sustainable community development', reflects some of the Centre's roles.

The Centre understands the roles of investors in the concept of corporate social responsibility. Different investors have different approaches, but in general governments do appreciate and understand the roles that they are playing and are appreciative of their contributions. In fact, relations have progressed from a completely business attitude to a stakeholder–partnership attitude. This does not mean that governments will devolve their responsibilities; it does mean that governments should provide a clear mandate to investors, showing what is expected of them. Communicating to communities is also important because there is often a very big breakdown in communication between the various stakeholders. The Centre must also work at integrating the mineral sector into the local economies.

Another matter that relates specifically to sustainable community development is the management of impacts of the mineral resources sector on communities. As is acknowledged by the AMV, it is important that the benefits be deliberately considered and pursued, from the start of the project. In other words, consider the project long before it begins: after all, exploration takes five years or thereabouts, so everybody is aware of where the mining project will be, and therefore there is no reason why everybody should not start preparing early for eventual negotiations.

A critical item, which normally receives little serious attention, is how to address the environmental and social impacts — right from the start of the project until after its closure. This is where we stand at the moment, at a cross-roads, because we are promoting mineral resources development in Africa, and the effects of our efforts in promotion will be seen 15 or 20 years in the future. If we can think through and act decisively now, right up front, then we will be doing ourselves a great service. We specifically need to think with reference to strengthening legislative frameworks, and also about the capacity of institutions to implement decisions.

What is at issue and where we need to move forward is in critically integrating mineral policy with the overall development policy of the country. As is being said over and over again, we are thinking in silos and not integrating the minerals sector with the other sectors of the economy, including agriculture. We need to look at the whole value-chain upstream, the inputs to the value-chain downstream and sideways, and lateral migration.

Lateral migration involves moving technologies from the mineral sector to agriculture and other sectors of the economy: can that be done? We need R&D and this is where training is very important. Surely there must be technologies that can move from mining to agriculture? There are farmers who are still using the hoe in a number of places in Africa!

The sideways direction includes energy and transport. Regional integration through corridor development is under discussion. In terms of infrastructure, energy and transport, we need to see how we can configure mining projects and the energy and the transport that are specifically for the mineral sector. The mineral sector is able to generate sufficient revenue to pay for the infrastructure, and surely the level of infrastructure can be configured on a slightly larger scale in order to take care of the other sectors of the economy including agriculture — with that extra, that larger-scale infrastructure, being paid for by donors or by government.

## References

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Dr Hudson Mtegha has worked in the southern African mining industry for over 30 years and is a qualified mining engineer and mineral economist. He has held senior positions in the private sector, and has spent over 10 years in public mining administration where he has been employed by Malawi government and regional mining bodies. He was Chief Mining Engineer with the Malawi Government and Mineral Economist with the Southern African Development Community (SADC) Mining Coordinating Unit. He has also acted as independent mining consultant at various points in his career. Hudson was with Johannesburg-based Mineral and Energy Policy Centre for five years. He was a senior mineral economist at Mintek in its Mineral Economics and Strategy Unit for two years. He has worked extensively on policy issues of the mineral sector of the SADC and the African continental Mining Vision. Currently he is a senior lecturer at the University of the Witwatersrand in the School of Mining Engineering. His area of specialisation is mineral policy.

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