



AFRICAN DEVELOPMENT BANK GROUP



THE NORDIC
AFRICA INSTITUTE
NORDISKA AFRIKAINSTITUTET

Detailed Program for a Policy Dialogue on “Opportunities and Challenges for the Extractive Sector in Africa”

African Development Bank (Abidjan, Côte d’Ivoire), 6-7 May 2019

Introduction:

Many African countries are significantly reliant on extractive resources. The future of petroleum will most likely be affected by climate change, and the transition to low-carbon economies. Although this may present a fundamental challenge, it could also create opportunities for new technologies that can facilitate extraction and use of petroleum resources more efficiently. In addition, the renewable energy industry is also promoting battery minerals in the quest for cleaner energy.

The application of new technologies such as automation and artificial intelligence in the exploration and production of extractive resources will have a definitive impact on operations, production cycles, local economies and the overall policy environment.

The Africa Mining Vision (AMV) was adopted in February 2009 by the African Union Heads of State. It aimed to address the persistent concern that the continent’s extractive industry operated as an enclave economy with little economic and social links to the local and regional economies. The AMV ensures that Africa can fully maximise the development potentials of its mineral resources. The AMV contains strategies for African countries to: improve their capacity to negotiate contracts with extractive companies; generate and manage mineral rents; develop and govern the mineral sector; transform artisanal and small-scale mining; address major infrastructural constraints; and crucially, build an extractive sector that primarily serves the interests of local and regional economies, and contributes to shifting the continent from being primarily an extractive locale, to an emergent manufacturing base.

Given this background, the African Natural Resources Centre of the African Development Bank and the Nordic Africa Institute will bring together stakeholders at a policy dialogue on ‘Challenges and Opportunities for Africa’s Extractive Sector.’ At the dialogue, recent trends in Africa’s extractive sector will be discussed by researchers, development partners, policy makers and other stakeholders.

Day one

Keynote Address: Cosmas Milton Obote Ochieng, AfDB

Session 1:

What are the key economic, technological and political trends in the global extractive industry, and the implications for African countries?

How will the shifting geopolitics of petroleum and mineral resources – seen in the context of the waning influence of OPEC, the growing clout of the USA, Saudi Arabia and Russia alliance, and the competition from China – affect Africa’s key extractives economies for petroleum, battery minerals and uranium?

What are the local and regional implications for the growing competition for Africa’s natural resources from emerging players, and what is the role major extractive industry players, intermediate and junior operators in this new landscape?

How is the increased competition for the continent’s diminishing natural resources influencing national and regional extractive industries policies and frameworks. What are the opportunities for the Africa Continental Free Trade Agreement in boosting domestic value addition from its natural resources and resource based transformation? What are the implications of this resource competition on regional peace and stability; and on the conflicting ambitions of Africa’s emerging petroleum and mining producers? Further, considering the persistence of resource driven conflict in some African countries, how does the trends towards capital restructuring and divestment from high-risk countries play out in a context of increased competition?

Chair: Fred Kabanda, Manager Extractives, AfDB

Speakers:

- Charles Nyirahuku, Chief gas sector officer, AfDB
- Cristina Udelsmann Rodrigues (The Nordic Africa Institute)
- Patience Kabamba (Democratic Republic of Congo)
- Titus Gwemende, Oxfam Regional Extractives Policy Lead for Southern Africa

Session 2:

What would a clean energy transition look like in Africa, in view of African commitments to address climate change and pursue a low-carbon growth path?

Demographic and urbanisation trends indicate that by 2050, Africa’s population will almost double to total approximately 2.5 billion and that most Africans will be living in cities. These trends anticipate an attendant rise in domestic consumption of Africa’s natural resources, and unless addressed, an exponential rise in the continents energy footprint.

All the continent’s 54 countries ratified the Paris Climate Agreement pointing to a commitment to a low-carbon transition, and importantly the Sustainable Development Goals (SDGs), African Union’s Agenda 2063 and AfDB High 5s insist on a development path for the continent that is climate resilient. How do these commitments translate into practice? How are African countries gearing for low- carbon growth and the clean energy transition? What are the anticipated impacts of this transition on other natural resources beyond oil, gas and coal? Despite the commitment to green growth, the continent has seen a surge in exploration for onshore and offshore fossil fuel resources - what is driving this trend? On the other hand, there are growing calls to keep Africa’s extractive resources in the ground to mitigate the risk of ‘stranded’ carbon assets due to the clean energy transition. How are African countries

addressing the competing demands of developing their extractive industries and designing their nationally determined contributions for climate action?

Chair: Patience Mususa (The Nordic Africa Institute)

Speakers:

- Anthony Nyong, Director for Climate Change and Green Growth, AfDB
- Rose Mwebaza, Chief Natural Resource Management Officer, AfDB
- Angèle Luh Sy, UNEP Regional Office, Abidjan
- Kojo Busia, Chief, Natural Resources Management Section, UNECA

Day two

Keynote Address: Victor Adetula, The Nordic Africa Institute

Session 3:

Ranging from artisanal to automatized and digital mining, what are the socio-economic and environmental impacts of mining technologies in Africa?

While Africa's large-scale mining industry shifts towards automation, in its mining processes and the increased use of digital data, there has been a significant growth in artisanal and small-scale mining (ASM), which largely relies on manual techniques and local environmental knowledge. These diametrically opposed activities have a strong influence on how mining contributes to local and regional development; its environmental impacts, and importantly on jobs. What do the mineral value chains of artisanal, small-scale mining productions look like in comparison to automated and large mineral production? What are the gendered dimensions of these mining production systems? What are the impacts on the numbers, structure and quality of local and regional jobs by these processes? What kinds of dynamics are likely to emerge between large-scale automated mining and the often adjacent artisanal and small-scale mining operations? How will African states seek to reconcile and shape the regulatory environment for these processes of extraction?

Chair: Cristiano Lanzano, The Nordic Africa Institute

Speakers:

- Jerry Kwame Ahadjie, Chief Minerals Officer, AfDB
- Nneoma Nwogu, World Bank
- Zainab Usman, World Bank
- Jonathan Hamisi, SGU - Geological Survey of Sweden

Session 4:

Extractive revenues, debt sustainability, infrastructure development and their contribution to local and regional development

African countries are pushing towards reviewing contracts and agreements for extractive sector investments. Significant investments in infrastructure projects in areas such as transport and energy has seen African countries accrue debt for these projects, which are expected to lead towards greater economic growth and development, but have also contributed to fiscal pressures on governments and raised concerns on debt accumulation. These dynamics have increased calls for better management of extractive revenues and stronger actions to stem tax evasion and illicit financial flows from the sector. How are

governments and companies responding to these policy concerns? How does the cyclical nature of commodity prices influence African countries long-term development plans? What macroeconomic policies should be adopted in a high-risk, low (commodity) price environment to drive growth and keep national debt at sustainable levels?

The persistence of poverty, high unemployment and inequality in Africa's resource-rich countries has also led to calls for diversification and creating better linkages between local and regional economies. Addressing these issues requires infrastructure development and investment, but of what kind? Are the current major investments in infrastructure on the continent simply subsidising an extractive industry geared towards external markets, at the expense of productive sectors such as in agriculture, manufacturing and services? Is a focus on infrastructure neglecting other aspects such as investment in human capital?

Chair: Vanessa Ushie, Manager Policy Analysis, AfDB

Speakers:

- Jörgen Levin, The Nordic Africa Institute
- Benjamin Aryee, Technical Adviser, Ministry of Lands & Natural Resources,
- Paul Msoma, Head Mining Unit, AUC
- Silas Olang, (NRGI)

Closing: roundtable chaired by Victor Adetula, The Nordic Africa Institute

There will be a discussion on the next steps for recommendations from the event. This includes further discussion about opportunities for future collaboration among the stakeholders, and dissemination of the outcomes of the policy dialogue.