

Industry players and ministers concur on harmonized approaches to mining

ECA Press Release No. 68/2012

Addis Ababa, 09 May 2012 (ECA) – On the sidelines of the World Economic Forum, an Industry Partnership session for Mining and Metals underscored today that mining companies must work closely with governments and civil society on the basis of established legal frameworks in order to boost development. A cross-section of global mining companies, including Rio Tinto and Anglo-American, mining ministers and civil society concurred that the time has come for the mining industry to operate on the basis of a more harmonized approach that clarifies the nature and process of mining activities for the benefit of the companies, government and communities.

The session was organized by the World Economic Forum's Responsible Mineral Development Initiative (RMDI), the United Nations Economic Commission for Africa (ECA) and the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF).

Speaking at the session, Wilfred Lombe, who heads the Infrastructure and Natural Resources Development Section at the ECA, elaborated on the Africa Mining Vision (AMV), which he said, advocates "transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development."

Adopted in 2009 by the African Union Heads of State Summit, AMV is Africa's own response to tackling the paradox of great mineral wealth existing side by side with pervasive poverty. AMV goes beyond the 'mining box' thinking that has constrained the integration of the sector into countries' long term development goals – it goes beyond optimizing tax revenues.

"There is a need to open mining's enclave status so that Africa can move from its historic role as an exporter of cheap raw materials to manufacturer and supplier of value-added goods - it is about integrating mining much better into development policies," said Lombe.

To support increasing calls by countries to assist navigating the myriad of complexities surrounding the sector, including contract negotiations, member states agreed in December 2011, to an AMV Action Plan that proposes, among others, the setting up of a Minerals Development Centre. In this regard, a study is currently underway that will provide a comprehensive view of the capacities and resources needed for Centre's establishment and sustainability.

"It is time for Africa to change its narrative on mining, one that moves away from the colonial 'enclave and extraction' mentality to one that is truly investing in value-addition for the development of its people - we cannot be spectators of our own development," emphasized mining ministers from Guinea, Zambia and Zimbabwe.

"A harmonized approach," agreed a representative from Rio Tinto, "would go a long way to benefit companies, governments and the communities these resources are found. We cannot meet everyone's expectations, but we seek to reduce negative impacts."

The session made recommendations to be reflected upon more concretely at the October 2011 African Development Forum on Harnessing and Governing Africa's Natural Resources. They underscored the need to build skills and capacity for value-addition and the need to prioritize infrastructure financing, which hampers optimal contribution of the sector to broader development goals.

Experts at the ECA and the African Union Commission note that the continent's infrastructure funding gap is believed to be well over \$40 billion a year, mostly in the energy sector. These findings have led to recommendations proposed for improving

infrastructure in Africa, most notably, the pursuit of regional integration to reduce infrastructure costs, taking a spatial view of infrastructure development priorities and closing the infrastructure funding gap.

They note that "tying mineral exploitation (private investment) to infrastructure development (public investment) through innovative financing and management arrangements is a practical alternative to achieving this challenging, but not insurmountable endeavor."

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