



## Maximizing Africa's Potential: Leveraging Demand for Critical Minerals to Boost Inclusive Growth and Sustainable Development

UNCTAD's 60th anniversary pre-event in Addis Ababa, Ethiopia  
Co-organized by ECA and AMDC

United Nations Conference Centre Banquet Hall, 4 June 2024  
**CONCEPT NOTE**

### Background

UNCTAD supports developing countries to access the benefits of a globalized economy more fairly and effectively equips them with strategies and evidence-based policies to respond to the potential trade and development challenges of greater economic integration. It provides data-driven analysis, facilitates consensus-building, and offers technical assistance to help developing countries use trade, investment, finance, and technology as vehicles for inclusive and sustainable development. Since its establishment in 1964, UNCTAD has contributed to economic development in Africa through research, policy analysis and guidance, technical cooperation, and by facilitating consensus on global issues affecting Africa's development.

In recent years, UNCTAD has supported the African Union Commission and its member States in negotiations on the African Continental Free Trade Area (AfCFTA) Agreement, and in building their capacities to integrate regionally and into the world economy on an equitable basis.

Furthermore, UNCTAD published reports and research papers<sup>1</sup> on critical minerals and how these resources can contribute to sustainable development. To maximize the potential development benefits from a renewed global interest in the use of critical minerals, UNCTAD advocates for a collaborative and inclusive approach involving governments, companies, and institutions with geoscientific archives working together to develop natural resources data banks.

<sup>1</sup> <https://unctad.org/publication/commodities-and-development-report-2023>  
<https://unctad.org/publication/economic-development-africa-report-2023>  
<https://unctad.org/publication/economic-development-africa-report-2020>

In June 2024, UNCTAD will celebrate its 60th anniversary with a Global Leaders Forum to be held in Geneva, Switzerland under the theme “Charting a New Development Course in a Changing World”. The Forum will be opened by the UN Secretary General and will feature a two-day programme with high-level participation from Heads of State and Government, Heads of Institution, Think-Tanks and leading economists and experts who will engage in a dynamic reflection on innovative approaches to addressing sustainable development challenges and enhancing UNCTAD’s role and impact in changing global socioeconomic and geopolitical landscapes.

ECA’s mandate is to promote the economic and social development of its member States, foster intra-regional integration and promote cooperation for Africa’s development. This includes a focus on fostering industrialization and economic transformation, and providing support in the form of technical guidance, capacity building, trainings, policy recommendations and other activities at the regional level. ECA supported the creation of the Africa Mining Vision and continues to engage member States on issues of mineral-based development, in coordination with regional partners.

## Objective

This proposed UNCTAD-ECA joint pre-event will bring together leaders from Africa to discuss the course of development in a world where prosperity for all remains central and fundamental. The pre-event will be held under the theme, “Maximizing Africa’s Potential: Leveraging Demand for Critical Minerals to Boost Inclusive Growth and Sustainable Development”. Outcomes and recommendations from this proposed pre-event to be held in Addis Ababa on 4 June 2024 will inform the discussions at the Forum.

This pre-event will therefore explore the opportunities and resources in the critical minerals sector for supporting Africa’s development. It will build on established frameworks agreed by member States to maximize the developmental impact of mineral endowments, namely the Africa Mining Vision, Africa Green Minerals Strategy, and various sub-regional and national policies. It will examine the current critical minerals boom to fuel the global energy transition in the context of Africa’s own energy and mineral-industrialization needs. The event will discuss the challenges associated with raising revenues and promoting value addition in the minerals sector and how UNCTAD, ECA and other key partners can position themselves to respond to these challenges as they continue to assist African countries in addressing macro-level development challenges, making the most of their natural resource endowments and limiting their exposure to financial volatility and debt.

## Expected outcomes of the discussion

- To reflect on contributions to promote the integration of African countries into the world economy in pursuit of sustainable development during the past six decades and its future role on the continent.
- To deliberate on key emerging challenges and opportunities for sustainable development and provide recommendations on the way forward, with a special focus on critical minerals.



ECA



## Africa's Development Context

The African continent is endowed with vast deposits of mineral resources. Africa is home to around 55% of the global cobalt reserves; 47.65% of global manganese reserves; 21.6% of global natural graphite reserves; 5.9% of global copper reserves; 5.6% of global nickel reserves 1% of global lithium reserves and 0.6% of global iron ore reserves. More specifically, the Democratic Republic of Congo (DRC) produces more than two-thirds of the world's current cobalt output, South Africa has the world's largest reserves of manganese and Botswana is a front-runner in the global supply of diamonds (more than 30% of total diamond supply from Africa). Other African countries such as Burkina Faso, Guinea, Mauritania, Mozambique, Namibia, Niger, the United Republic of Tanzania, and Zambia also possess varying amounts of mineral endowments.

African countries face numerous challenges in their quest to achieve sustainable development, including resource-based economic transformation. Key among these challenges is limited and volatile development finance, which slows down progress towards achieving the Sustainable Development Goals (SDGs). UNCTAD estimates that the financing gap for developing countries to meet the SDGs is about US\$ 4 trillion annually, and this figure keeps increasing. It is clear that in order to bridge this financing gap, all sources of finance, including public and private, internal and external, need to be scaled up. This also means that African countries need to ensure that they maximize financial and development benefits from their natural resources. Indeed, adding value to minerals and moving up critical mineral value chains will require significant investments in capital, infrastructure, and skills.

The global energy transition that is necessary to address the climate crisis is expected to lead to a surge in demand for minerals, which are fundamental inputs in renewable energy technologies, electric vehicles, and advanced electronics. In this regard, Africa's mineral endowments present an opportunity for linking with new sectors that can create jobs and generate incomes and revenues for financing development. In 2021, for example, mining accounted for over 15% of total government revenue in Guinea and Zambia, while in Botswana, it constituted approximately 35% of government revenue. However, the World Bank estimates that African countries generate only about 40% of the revenue they could potentially collect from natural resources. Capturing this value would require both addressing transfer pricing, base erosion and profit shifting and other practices, as well as processing minerals into more finished products to gain a larger share of the global market. Such processing will also help diversify these countries' export baskets and make them less vulnerable to commodity price fluctuations.

In the context of the current multiple crises, limited fiscal space, slow growth, and high debt, there is potential for countries to increase revenues from critical minerals. However, in order to maximize the developmental impact of the surge in demand for critical minerals this must be accompanied by the implementation of the Africa Mining Vision that includes the promotion of domestic value addition and diversification, regional integration, and investments in human capital. Furthermore, reforms are needed for better fiscal administration, good governance of extractive sectors, and address infrastructure constraints. In other words, it is critical that African countries use the opportunity presented by the critical minerals boom to overcome commodity dependence and redefine the role of the minerals sector as a driver of structural transformation that promotes productivity growth, job creation, and rising living standards.