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MADI AFRICAN TIMES

The Minerals Africa Development Institution (MADI) Limited is a social enterprise registered in Uganda as a company limited by guarantee with an aim of supporting African countries in sustainable mineral resources development. MADI de-risks the African minerals sector to ensure there are mutual social and economic benefits accruing equitably to all key stakeholders (public, private and communities) while protecting the environment.
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ANNOUNCING MADI E-CONFERENCE:

NEW EU LAW-REGULATION ON CONFLICT MINERALS *SIGNIFICANCE AND IMPACT ON AFRICA'S MINERAL SECTOR, ASM AND INTEGRATION PROCESSES*

February 11, 2021, 2 - 4 PM EAT
Pre-register:
https://ma-di.org/madi-e-conference-new-eu-regulations-on-conflict-minerals/

IN THIS ISSUE

MADI NEWS

As per 2020 Year-End Message from the MADI Chairman of the Board - Mr Frank Dixon Mugyenyi, in 2021 MADI will consolidate and grow its position as a unique African Think Tank and a Social Enterprise that prides itself in the independence of thought in its work. Its uniqueness is premised on the fact that it is **"the" only African owned, African led,** international organization whose primary goal is to find well researched and home grown African solutions to the numerous challenges: African and non-African, manmade and natural in nature that have characterized the African Minerals Sector for centuries, the challenges and bottlenecks that have hindered Africa from optimally benefiting from her vast natural resource endowments. The Chairman's Message announced a number of key and signature events for 2021, as described below:

TOP MADI EVENTS IN 2021

1. **Training and Capacity Building**: MADI will be launching the Training and Capacity Building programme. The Opening Course scheduled to commence at the end of January or beginning of February 2021 is the "Minerals and Sustainable Development of Africa". This Training Course and subsequent Courses will be delivered in partnership with African Legal Support Family Academy. Other training courses will be delivered in partnership with the Universities with which MADI has signed MoUs including the IST Institute of Dakar, Senegal and Makerere University Business School (MUBS), Kampala, Uganda.

2. **Africa Precious Stones and Metals Association – APSMA**. MADI will also be working with the Sub-Regional Associations of Chamber of Mines with a view to launching of the Africa Precious Stones and Metals Association (APSMA) in February. APSMA will be critical for the management of Africa's key and strategic minerals, including Precious stones such as Diamonds and Gemstones and Precious metals such as Gold and the 3Ts.

3. **Signature Event 1: MADI - MADINI Convention** under the hashtag #MADIMADINI2021 - to be held in April, this key event and will also include an Exhibition. Why MADI-MADINI? As we all know Africa's colonial languages - Anglophone for English Colonies, Francophone for the French colonies and so on and so forth are hindering Africa's integration Agenda. The only African Language recognized by the African Union besides English, French and Portuguese is Swahili. MADINI is a Swahili word that translates into Minerals in English and Rasilimali za Madini means Mineral Resources. So MADI-MADINI Convention means MADI Minerals Convention. This will be held annually in April following other major International Minerals Forums such as Investing in Africa Indaba that is held annually in Cape Town, South Africa and the PDAC that is held annually in March in Toronto, Canada.

4. **Signature Event 2: The 1st International Jewellery and Gemstone Convention (IJGC).** This Convention will be held in August and will be very important in the management and value addition of our minerals especially the precious Stones and metals such as Diamonds, Gemstones and Gold. MADI will be establishing Minerals Processing Hubs especially for women involved in Jewellery manufacturing.

5. **Signature Event 3: The 1st Investing in Africa Diaspora Summit (IADS)**. The Summit is planned for October or November 2021. This event aims at mobilizing Africa's Domestic Resource Mobilization and Investment in the Mineral's Sector focusing on the African Diaspora. There is far less African Investments in the Africa's minerals sector than those from other countries. While Foreign Direct Investments (FDI) are encouraging especially Responsible Investments, most of these investments are only in exploration and mining along the minerals value chain. Very few are interested in value addition on the continent. In order to promote minerals upstream and downstream value addition and beneficiation in Africa, FDI should leverage Africa's Investments. While African Private Equity is slowly growing, the African Diaspora has a potential to take the lead as they can access Private equity in their second homes.

CONTRIBUTION OF MINING COMPANIES TO LOCAL DEVELOPMENT FUND: IS THERE A MINING POLICY WAVE ACROSS WEST AFRICA? *(Part 1)*

Mining, undeniably has significant impact on the society and the environment in diverse ways. Some of these include job creation (*which is a positive impact most of the time*), the involuntary or voluntary relocation of the local people, *(which could be negative or positive, so neutral*) and damage to the environment *(which is always negative*). Taking these impacts into account, many mining companies are now finding a fair balance by adopting Corporate Social Responsibility (CSR) policies – which indeed is a voluntary action – engineered to engender a trust element in the relationship in order to facilitate the mining activity while attempting to voluntarily meet some of the needs of the people living in the mining communities.

In addition to the voluntary actions, there is also local content development obligations, which are part of regulatory frameworks aimed at strengthening national CSR policies, while supporting states in the development of their local authority policies. In this regard, there appears to be a wave of mining reforms across West Africa lately. A few examples include: Mali ***(Ordinance No. 2019-022/P-RM of September 27, 2019)***; Senegal (Law ***No. 2016-32 of November 8, 2016)*** and Burkina Faso (Decree ***No. 2015 - 885/PRES-TRANS enacting Law No. 036-2015/CNT of June 16, 2015***), which all have components of establishing a local content development fund, which in turn is a strong demonstration of the will of legislators to make mining a catalyst for micro-economic development through these funds. The main objective of the

mining development fund is to finance the social development projects of mining communities. However, under the principle of solidarity of local authorities, part of this fund is also allocated to other non-mining communities, some of which are not directly affected by mining activities whatsoever.

Although praised by states and civil society organizations in the extractive sector, it is important to note that the operationalization of the local development mining fund has been ineffective. There have been serious challenges along the collection, the distribution, the allocation and the monitoring-assessment value chain. By way of illustration, a report of the Court of Auditors of Burkina Faso (June 2020)[1] mentions these identified institutional and regulatory dysfunctions. Another challenge also is that, some companies are reluctant to contribute to the fund. They see these contributions to be recurring financial burdens that could impact their income and so would like a guarantee of fiscal stability put in place. To understand these companies, one needs to first understand the intricacies of Stabilization Clauses in agreements. Stabilization clauses are contractual protections often incorporated into long term investment or concession contracts between international investors and states.

Over the life of the contract, the laws and regulations applicable to it may change. Some changes may be adverse to the economics of the project. To mitigate such risk, investors (as well as project lenders) often require stabilization clauses to be incorporated into the principal project documents. The aim of stabilization clauses is to insulate the project from adverse changes to the legal and fiscal environment[2].

Therefore, from the very onset it must be clearly understood whether the contributions made by mining companies under the local development mining fund are subject to the tax stability clauses and if so, to what extent that contribution would be influenced or affected by the application of the tax stability clause.
(*TO BE CONTINUED*)

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THE PATH TO THE PRESIDENCY OF THE ASSOCIATION OF WOMEN IN MINING AFRICA (AWIMA)

In March 1995 when the International Gold Resources (Ghana) Ltd offered her a new and a challenging role to be the Administrative Officer, the damsel of 28 embraced it with an open mind. It was her foray into the extractive industry. So she braced herself up. She knew it wasn't going to be easy but she saw it as a great opportunity to learn, for she had a Bachelor's Degree in French with Linguistics and a postgraduate diploma in communications.

Accepting this role opened the door for her two years later to become the Administrative and Local Manager for Resource Services Group, (RSG) Global, Africa Pty.

The geologists and mining engineers she worked with were mostly men in those days. It didn't take long before she noticed the unique analytical and logical minds of these local young professionals. She was amazed. She therefore developed special relationships with her teams. Years later she came across a female extractive industry professional, she became even more excited about her new carrier, so she ventured to follow a Diploma in Mining programme herself at the University of Mines and Technology in Ghana. She then worked with Westernex. Subsequently, she started GBL, a mining support services provider in Ghana and in the West Africa sub region.

By 2011, the industry had suffered a downturn. Most of the extractive industry workers she had worked with had become redundant and unemployed. She decided to stay in touch with them because a special empathetic relationship had been developed. It was during this period that she had an idea for the existence of a platform that could engender a continuity of the relationship. She nurtured that idea and got like-minded friends on board. That idea gave birth to the Accra Mining Network, a platform of mining industry professionals to meet, learn and earn through advocacy, conferencing, training and fora.

Today the Accra Mining Network has become the largest amorphous extractive industry professional groupings in the world.

Consequently, in 2015, she proceeded to using that experience from co-founding the Accra Mining Network as a blue print to forming Women-In-Mining Ghana.

Riding on such an experience, it didn't take too long for WIM-Ghana to garner gravitas and become an Internationally recognized extractive industry entity for women - a desire she had nurtured ever since entering the extractive industry.

So, the University of Mine and Technology, having followed her achievements and having plenty of regard for innovation, ingenuity, and hard work, conferred on her the Doctor of Science degree (Honoris Causa). She is a member of Executive Women

[1] https://www.cour-comptes.gov.bf/details-article?tx_news_pi1%5Baction%5D=detail&tx_news_pi1%5Bcontroller%5D=News&tx_news_pi1%5Bnews%5D=73&cHash=029ea988aefe84279bfb864cfa847c88

[2] https://www.lexology.com/library/detail.aspx?g=c5976193-1acd-4082-b9e7-87c0414b5328#:~:text=Stabilisation%20clauses%20are%20contractual%20protections,the%20economics%20of%20the%20project.

Network in Ghana, Stanford Mentor and the Invest in Africa Woman Entrepreneur of the Year Awardee.

It was therefore not surprising that women in mining across the entire continent of Africa, in 2019 elected her as the President of the Association of Women-In-Mining Africa (AWIMA).

Congratulations Dr (Mrs) Georgette Barnes Sakyi-Addo!

Filed by Raymond Kudzawu-D'Pherdd
Industry Value Addition and Beneficiation, ASM, Women & Youth, and Blue Economy MADI.

TRAINING COULD CONTRIBUTE TO BUSINESS AND PERSONAL SUCCESS OF THE ASM OPERATORS

Artisanal small scale miners are valuable within our communities, however lack of training and fore knowledge have led to conflict with other stakeholders such as law enforcement officers, farmers, and the affected communities. The call for formalization of artisanal miners is welcoming around the globe. It will have a positive impact on the miners themselves and stakeholders at large. A few basic steps that artisanal miners must be made aware of to achieve personal and community development could be the following.

Firstly, artisanal miners must be aware of the ***laws*** of the state and community and abide by them. Laws in terms of licensing, environment, conflict resolution, selling and possession of minerals including any other law relevant to their activities. When this is achieved, the conflict resolution mechanisms can then be introduced to resolve conflict between miners themselves or with other stakeholders such as farmers, to avoid the propensity of self-resolution which may attract even violence.

Secondly, ***financial literacy*** at a personal and business level to build sustainable businesses and their communities could go a long way in improving the artisanal miner. It can easily help them move from subsistence mining to commercialization. Financial Literacy can easily to be equipping the Artisanal miners with knowledge of the true value of extracted mineral, costs of operations with long term investment and cost of machinery as well as the concept of fair distribution of resources. This can eventually help Artisanal miners can to eventually establish community development projects such as low cost housing schemes. I will expect that when all these are in place, Co-operatives that include artisanal miners themselves,
government, non-governmental organizations and large mining corporations can be invited to contribute to such a model to improve the lifestyle of artisanal miners. Low cost projects such as clinics, schools and housing schemes can all spring up through such a model and someone must take the initiative. But because there are economic and financial demands placed on such a model, Governments must set the tone by creating such a collaborative environment in organising the artisanal miners first.

Historically, artisanal miners have easily been accused of prodigality, therefore aggravating poverty within families with little infrastructure and lack of water and energy in communities in some parts of Africa. Therefore, financial literacy for personal development, including the use of formal financial services such as banks must be extended to these artisanal miners to engender an all-inclusive economy.

To illustrate the practicality of implementing the above, in Kinsevere, Katanga, Democratic Republic of Congo the artisanal miners were in conflict with a large mining house. Artisanal miners were engaging in illegal mining activities that resulted in environmental and social ills, and as a way to resolving this crisis an agreement was established between the mining house in which the artisanal miners undertook to building a clinic, be involved in training sessions in the form of apprenticeship and also receiving financial literacy training. This example can be replicated.

Thirdly, artisanal miners must be made to own their communities and invest in their communities. But how do we get artisanal miners to be become ***positive social participants*** of their communities. In some communities of artisanal miners, the causes of social ills such as prostitution, drug abuse, violence and alcoholism including crime have been placed on the door steps of the miners. So artisanal miners must be made aware of their image and responsibility towards social development in communities, noting the risks and opportunities available. Education in alternative positive form of entertainment such as sport hubs, gymnasiums and nature resorts can also be very helpful in these communities.

Lastly, artisanal miners must be aware about ***environmental practises and their health and safety***. The number of deaths of artisanal miners trapped in mining trenches is alarming. Artisanal miners need to be educated on dangerous environmental practises especially those that are irreversible. Artisanal miners must be constantly reminded of the dangers of the chemicals they use to extract minerals, especially mercury which can damage the environment permanently. They must also be schooled in methods of rehabilitation and must be environmentally aware of their actions, and the long and short term effects of their practices. Artisanal miners should be exposed to health and safety precautions. They must be educated on the hazards of certain fumes that can be hazardous to the environment or their bodies, and it is good news that MADI is assisting UNDP in such a health, safety and Environment training in Namibia. Also, in Geita Tanzania, an awareness campaign under the Global Mercury Project is being promoted on how to reduce the use of mercury pollution and head towards cleaner technologies.
The question that begs an answer is: *Whose responsibility is to educate and train artisanal miners to make a positive impact?*

The government has a primary responsibility to ensure socio-economic development in mining communities. Large mining houses, civil society and non-governmental organizations can also play a vital role. It is time for artisanal miners not be viewed with disdain, but in fact be held in high regard like multi-national mining houses. Therefore, training will allow artisanal miners to work professionally and develop themselves on a personal level. However, it must be noted that one cannot be oblivious of the challenges that artisanal miners face that stifle their economic growth and social development such as interference from law enforcement agents, competition from mining houses and corruption. Nevertheless, artisanal miners still need to empowered to better their lives and make an impact.

Written by a citizen of Zimbabwe – a proud African woman whose heart is with mining communities and traveling Africa who loves engaging with the youth on pertinent issues affecting Africa, particularly in the mining sector. At a core of my heart is how Africans can improve their lives and livelihoods. I have been running a business that allows Africans to travel Africa and make an impact in the communities they visit. I enjoy writing and research on mining topics particularly artisanal miners how they can be the game changers for mining communities. I love identifying and solving problems and making a noticeable impact.

NYARADZO PRECIOUS CHAGWINYA - Intern and Research Officer, Industry Value Addition and Beneficiation, ASM, Women and Youth, Blue Economy, MADI

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THE EU – THE CONFLICT MINERALS REGULATION

https://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/regulation-explained/

On 1 January 2021 a new law came into full force across the EU – the Conflict Minerals Regulation. It aims to help stem the trade in four minerals – tin, tantalum, tungsten and gold – which sometimes finance armed conflict or are mined using forced labour.

The Regulation Explained

The Regulation aims to help stem the trade in four minerals – tin, tantalum, tungsten and gold – which sometimes finance armed conflict or are mined using forced labour.

What are 'conflict minerals'?

In politically unstable areas, the minerals trade can be used to finance armed groups, fuel forced labour and other human rights abuses, and support corruption and money laundering.

These so-called 'conflict minerals' such as tin, tungsten, tantalum and gold, also referred to as 3TG, can be used in everyday products such as mobile phones and cars or in jewellery.

It is difficult for consumers to know if a product they have bought is funding violence, human rights abuses or other crimes overseas.

Which countries do conflict minerals come from?

The countries or areas considered to be conflict-affected or high-risk are those:

- Whose natural resources include minerals which are in high demand, either locally, regionally of globally, *and*
- Are either suffering from armed-conflict, such as civil war, a state of fragile post-conflict, or witnessing weak or non-existing governance and systematic violations of international law, including human rights abuses.

Why does the EU promote the responsible sourcing of minerals among its companies?

There are several points in the 3TG minerals and metals supply chain (e.g.: extraction, refining, transportation) where money from the sale may go to armed groups or criminals.

This source of income can help perpetuate armed conflict, violence and human rights abuses, often in weak or unstable countries.

Making sure that these armed groups and criminals can no longer rely on the purchase of 3TG as a source of income is a way of:

- making it more difficult for them to continue their activities; and
- tackling human rights abuses.

The EU's new
Conflict Minerals Regulation
What it means for you

On 1 January 2021 a new law will apply across the EU – the Conflict Minerals Regulation.

It aims to help stem the trade in four minerals – tin, tantalum, tungsten and gold - which sometimes finance armed conflict or are mined using forced labour.

The regulation will mean changes for you and your business, whether you:

- import minerals or metals
- smelt or refine them, or
- own a due diligence scheme.

And you can start preparing now. Here's what you need to know.

The EU's new
Conflict Minerals Regulation
What it means for you

For **everyone involved** in the trade in tin, tantalum and tungsten and gold

The EU regulation focuses on conflict-affected or high-risk areas.

It defines these as:

- areas in a state of armed conflict, or
- fragile post-conflict areas, or
- areas with weak or non-existent governance and security, such as failed states; and
- in all cases, areas with widespread and systematic violations of international law, including human rights abuses.

The European Commission is preparing **guidelines** to help firms identify conflict-affected and high-risk areas. The guidelines should be ready by the end of 2017.

The Commission will also ask external experts to provide a **list of conflict-affected and high-risk areas**. It will be indicative, not exhaustive, and regularly updated.

This list will also include **useful information** for companies carrying out due diligence. It should be ready in 2019.

What does the new EU regulation do?
The **EU regulation** aims to:

- ensure that EU importers of 3TG (tin, tungsten, tantalum and gold) meet international responsible sourcing standards, set by the Organisation for Economic Co-operation and Development (OECD);
- ensure that global and EU smelters and refiners of 3TG source responsibly;
- help break the link between conflict and the illegal exploitation of minerals; and
- help put an end to the exploitation and abuse of local communities, including mine workers, and support local development.

The regulation covers minerals and metals of:

- gold;
- tin;
- tungsten; and
- tantalum

The regulation requires EU companies in the supply chain to ensure they import these minerals and metals from responsible and conflict-free sources only.

When will the EU's new regulation come into force?
The regulation was signed into law in June 2017. The requirements for EU importers apply from 1 January 2021.

Why does the EU regulation only cover four minerals?
The EU regulation covers tin, tantalum, tungsten and gold because these are the four minerals that are most often linked to armed-conflicts
and related human rights abuses, so it makes sense to focus on them.
The regulation also draws on well-established rules to help stem the trade in conflict minerals. These have been drawn up by experts at the Organisation for Economic Co-operation and Development (OECD), a group of 35 developed countries, in collaboration with industry, civil
society and other governments.
They are set out in a document called 'Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas'. The guidance has two sections dealing specifically with tin, tantalum and tungsten, and with gold.
The US also has legislation on conflict minerals: Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Act of 2010. It covers the
same four products.

Does the EU's regulation solve the problem of conflict minerals?
As the world's largest trading bloc, the EU is a major market, so the regulation marks a big step in tackling trade in conflict minerals.
Countries around the world buy products containing these minerals, though, so it is important to encourage others to put in place similar
measures as well. Once laws are in place, they also need to be properly implemented.

The EU is working:

- in international fora such as the Organisation for Economic Co-operation and Development (OECD) to promote the international guidelines on conflict minerals; and
- to get countries that are the main suppliers and buyers of the minerals in question to take measures to combat conflict minerals.

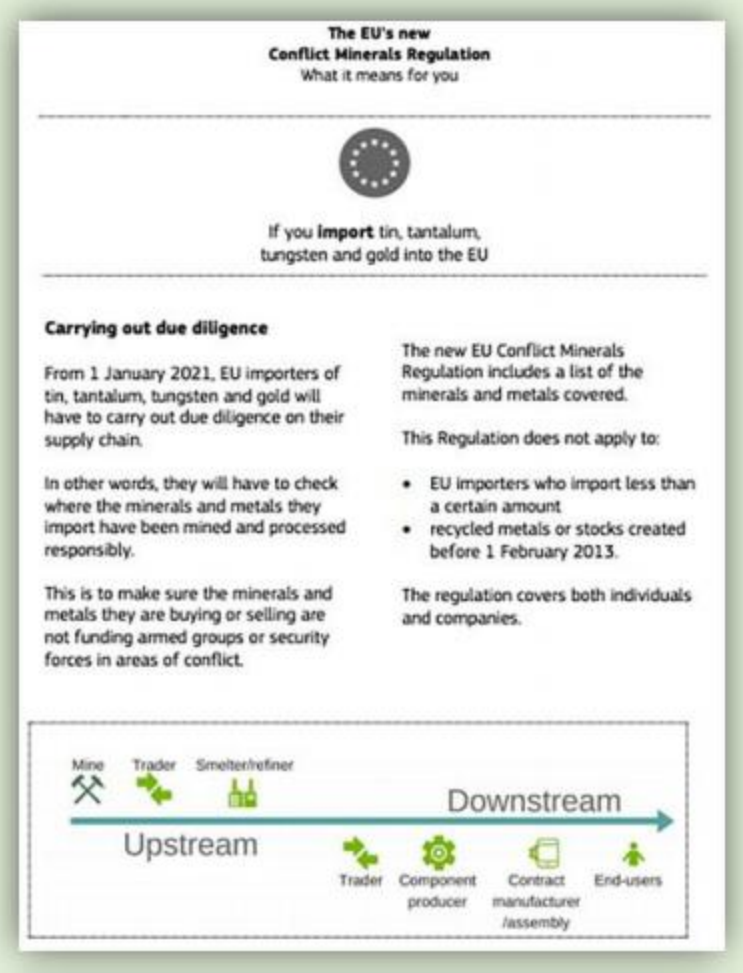
Which countries are concerned by the EU regulation?
The EU regulation will directly apply to companies that import tin, tungsten, tantalum and gold minerals and metals into the EU, no matter where they originate.
The European Commission will task a group of external experts to provide a list of conflict-affected and high-risk areas, which it will regularly update. The list will be:

- indicative – it will give an indication of areas that are currently or could be affected by conflict and other related illegal activities; and
- non-exhaustive – it won't necessarily include every area in the world affected by conflict, which means that companies will have to comply with the regulation when operating in conflict-affected areas that aren't listed.

How many companies does the regulation affect?
The regulation applies directly to between 600 and 1,000 EU importers. It will indirectly affect about 500 smelters and refiners of tin, tantalum, tungsten and gold, whether they are based inside the EU or not.

Will the regulation only apply to companies based in the EU?
Directly, yes. The regulation will only apply directly to EU-based importers of tin, tantalum, tungsten and gold, whether these are in the form of mineral ores, concentrates or processed metals.
Indirectly, the regulation will also promote the responsible sourcing of smelters and refiners of tin, tantalum, tungsten and gold, whether they

are based inside the EU or not. This is because EU importers will be required to identify the smelters and refiners in their supply chains and check whether they have the correct due diligence practices in place. Whenever EU importers find smelters and refiners' practices to be insufficient or associated with risks, they will have to manage and report on this.



The EU's new
Conflict Minerals Regulation
What it means for you

If you **import** tin, tantalum, tungsten and gold into the EU

Carrying out due diligence

From 1 January 2021, EU importers of tin, tantalum, tungsten and gold will have to carry out due diligence on their supply chain.

In other words, they will have to check where the minerals and metals they import have been mined and processed responsibly.

This is to make sure the minerals and metals they are buying or selling are not funding armed groups or security forces in areas of conflict.

The new EU Conflict Minerals Regulation includes a list of the minerals and metals covered.

This Regulation does not apply to:

- EU importers who import less than a certain amount
- recycled metals or stocks created before 1 February 2013.

The regulation covers both individuals and companies.

The EU's new
Conflict Minerals Regulation
What it means for you

For **smelters and refiners** inside and outside the EU

Indirectly, the **regulation affects smelters and refiners** of tin, tantalum, tungsten and gold, both inside and outside the EU.

This is because EU importers of minerals and metals will need to make sure they source from responsible smelters and refiners.

The Commission will produce a '**global list of responsible smelters and refiners**' that are deemed to fulfil the requirements of the regulation.

The list will include responsible smelters and refiners that apply supply chain due diligence schemes which the European Commission recognises.

For supply chain **due diligence scheme owners**

A **supply chain due diligence scheme** (also known as an 'industry scheme') is a set of voluntary procedures, tools and mechanisms, for carrying out supply chain due diligence.

Governments, industry associations or other organisations can own, develop and oversee such schemes.

Owners of these schemes can apply to the European Commission to **have their schemes recognised** as equivalent to the five-step requirements set out in the regulation.

To help companies, the European Commission will create a so-called 'white list' of global smelters and refiners which source responsibly.

What does 'due diligence' mean?
The term 'due diligence' means acting with reasonable care and investigating an issue before making a decision. In other words, it is an
on-going, proactive and reactive process through which companies put in place systems and processes to make sure they are able to identify, manage and report on risks in their supply chain.
For the minerals which the regulation covers, this means companies must check that what they buy is sourced responsibly and does not
contribute to conflict or other related illegal activities.
Companies that practise due diligence first check how risky it is to source raw materials from a fragile or conflict-affected area. They assess
the likelihood that those raw materials could be financing conflict, forced labour or other risks set out in the regulation.
By checking their supply chains, they can then make sure that they manage those risks responsibly.

How does the new EU system of due diligence work?
EU importers of tin, tantalum, tungsten and gold must check what they are buying, to ensure it has not been produced in a way that funds
conflict or other related illegal practices.
The regulation requires importers to follow a five-step framework, which the Organisation for Economic Co-operation and Development (OECD) has laid out in a document called 'Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas' (OECD Guidance).
These steps require an importer to:

- establish strong company management systems;
- identify and assess risk in the supply chain;
- design and implement a strategy to respond to identified risks;
- carry out an independent third-party audit of supply chain due diligence; and
- report annually on supply chain due diligence.

Why are there different requirements for different companies?
Production of goods often involves many different companies engaged in various types of activity along the supply chain.
Firms that extract, process and refine raw materials are called '**upstream**' companies. The EU regulation identifies as upstream companies:

- mining companies;
- raw material traders;
- smelters; and
- refiners.

Other firms, which we call 'downstream' companies, further process metals produced during the upstream stage into a finished product. The **downstream** stage includes the sale of the product to other businesses, governments or private individuals.

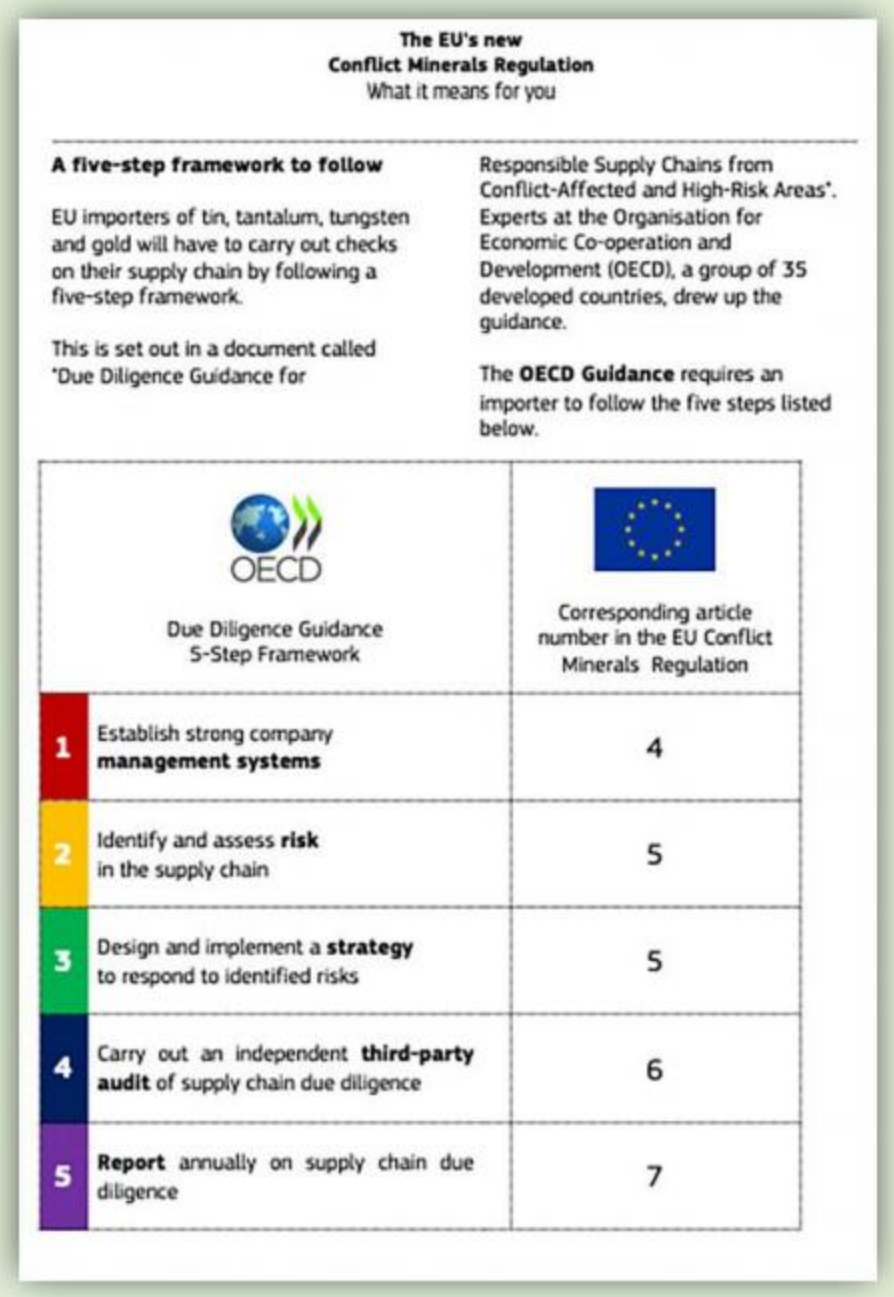
The EU regulation sets out different rules for upstream and for downstream companies:

- Upstream companies have to comply with mandatory rules on due diligence when they import, as this is the most risky part of the supply chain.
- Downstream companies fall into two categories:
  - those importing metal-stage products also have to meet mandatory due diligence rules; and
  - those operating beyond the metal stage do not have obligations under the regulation, but they are expected to use reporting and other tools to make their due diligence more transparent, including, for many large companies, those in the non-financial reporting directive.

Do all companies in the EU carry out due diligence?
At the moment not all companies in the EU carry out due diligence – but we expect more companies to do so in the coming years, thanks to this new regulation.

Who checks whether companies comply with the regulation? And how?
Each EU Member State must check whether EU importers comply with the regulation.
Member States' authorities will examine documents and audit reports. If needed, they can carry out on-the-spot inspections of an importer's premises.

How is it possible to know whether or not a mineral has been responsibly sourced?



The EU's new
Conflict Minerals Regulation
What it means for you

A five-step framework to follow

EU importers of tin, tantalum, tungsten and gold will have to carry out checks on their supply chain by following a five-step framework.

This is set out in a document called 'Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas'. Experts at the Organisation for Economic Co-operation and Development (OECD), a group of 35 developed countries, drew up the guidance.

The **OECD Guidance** requires an importer to follow the five steps listed below.

Due Diligence Guidance 5-Step Framework	Corresponding article number in the EU Conflict Minerals Regulation
1 Establish strong company **management systems**	4
2 Identify and assess **risk** in the supply chain	5
3 Design and implement a **strategy** to respond to identified risks	5
4 Carry out an independent **third-party audit** of supply chain due diligence	6
5 **Report** annually on supply chain due diligence	7

EU importers must put in place internal systems and processes that provide the following information.
For example, *importers of minerals* should:

- indicate which country the minerals come from; and
- indicate the quantities imported and when they were mined.

And both *importers of minerals and metals should:*

- list the minerals they're importing by trade name and type; and
- provide the names and addresses of their suppliers.

They must do so as part of their internal management system, and provide supporting documents.
When minerals come from conflict-affected and high-risk areas, importers must provide extra information on:

- the mine the minerals came from;
- where the minerals were consolidated, traded and processed; and
- the taxes, fees and royalties paid.

What happens if a company doesn't comply with the regulation?
If a Member State finds an EU importer has not complied with the regulation, it will:

- order the firm to address the problem within a given deadline and
- follow up to make sure it does so.

Who was involved in drafting and passing the new EU regulation?
As the EU's executive body, the European Commission was in charge of drafting the regulation. In doing so, it worked closely with the Council of the EU, where representatives of the governments of the EU's Member States sit, and the European Parliament.
The Council and the European Parliament had the final say on approving the regulation.
The European Commission also consulted:

- civil society, including non-governmental organisations and groups campaigning for action to tackle the trade in conflict minerals;
- mining companies;
- traders, i.e. exporters and importers;
- smelters, refiners and manufacturers;
- countries in which mining and smelting takes place;
- companies operating downstream; and
- the Organisation for Economic Cooperation and Development (OECD).

The EU's new
Conflict Minerals Regulation
What it means for you

EU importers must identify and address actual and potential risks linked to conflict-affected and high-risk-areas when they carry out due diligence of their supply chain.

The EU Regulation requires them to do so by adhering to the due diligence recommendations of the OECD Guidance, including its Annex II.

This should help prevent or mitigate any negative impact their sourcing activities might have on people in areas affected by conflict.

EU Member States are responsible for checking that EU importers respect the requirements which the regulation sets out.

What are others doing to promote responsible sourcing?
In 2011 **United Nations members** unanimously endorsed Guiding Principles for Business and Human Rights. The Guiding Principles state that companies have a responsibility to make sure their activities do not contribute to harm and abuses. The Guiding Principles recommend risk-based due diligence as a practical and effective way for companies to meet this responsibility.
Since 2011 the **Organisation of Economic Co-operation and Development** (OECD) – an intergovernmental economic body of 35 developed countries – has issued guidance on responsible sourcing for companies operating in its member countries. The OECD Due Diligence Guidance is referenced as the international standard to help companies carry out their obligations.
In 2010 the **US** passed legislation, known as the Dodd Frank Act Section 1502. It requires US-listed companies to carry out due diligence on minerals sourced from the Democratic Republic of Congo, and neighbouring countries.

Several **African countries**, including the Democratic Republic of Congo and Rwanda, have passed laws requiring companies to check their supply chains.

In **China**, the CCCMC (China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters), which is a subordinate unit of the Ministry of Commerce of China, has embarked on developing Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains.

MARKET REPORT
RARE EARTH ELEMENTS (REE)

Introduction

Although rare earth elements were discovered in the late 18th century, they only became popular from 1965 (Ishino, 1963); thus, arousing the interest of investors, manufacturers, explorers and the world at large. Rare earth elements (REE), rare earth metals (REM) and rare earth oxides (REO) are terms that refer to 17 strategic crucial elements in the periodic table (Owen, 2020). Amongst these are: cerium, dysprosium, erbium, europium, gadolinium, holmium, lanthanum, lutetium, neodymium, praseodymium, promethium, samarium, scandium, terbium, thulium, ytterbium and yttrium (Humphries, 2010). Altogether they are called lanthanides, and they are further divided into heavy (HREE), which are considered more valuable and light (LREE), which are more abundant (Owen, 2020).

This report provides an overview of REE, touching on the dynamics that are anticipated to drive or restrain the growth of these metals in the market. Thereafter, it provides an outline of the significant segments of the global REE market and the significant occurrences in Africa.

Major End Uses and Application

REEs are predominantly used for military and national defense (jet fighter engines and missiles); in the production of clean and renewable energy (solar and wind turbine technologies); to make catalysts and magnets for the automotive industry; and to manufacture consumer electronics (Owen, 2020). **See Table 1** for selected REE major end uses.

Table 1: Rare Earth Elements (Lanthanides): Selected End Uses (Humphries, 2010)

Light Rare Earths (more abundant)	Major End Use	Heavy Rare Earth (less abundant)	Major End Use
Lanthanum	Hybrid engines, metal alloys	Terbium	Phosphors, permanent magnets
Cerium	Auto catalyst, petroleum refining, metal alloys	Dysprosium	Permanent magnets, hybrid engines
Praseodymium	magnets	Erbium	phosphors
Neodymium	Auto catalyst, petroleum refining, hard drives in laptops, headphones, hybrid engines	Yttrium	Red color, fluorescent lamps, ceramics, metal alloy agent
Samarium	magnets	Holmium	Glass coloring, lasers
Europium	Red color for television and computer screens	Thulium	medical x-ray units
Gadolinium	magnets	Lutetium	Catalysts in petroleum refining
		Ytterbium	Laser, steel alloys

Types of REE Deposits

REE occur in different geological and tectonic environments (**Figure 1**). The most common setting is a basin, where REs are deposited as placers (marine or fluvial) in host rock such as sand and mudstone. Magmatic deposits also host REE that originate from tectonic shields, mobile belts, volcanic domes, intracratonic setting, or rifting. In general, they are found in hard rock deposits or placer deposits of primary or secondary origin, respectively (Wayne Jackson and Christiansen, 1993).

LREE occur in carbonatites within minerals like bastnaesite, allanite and apatite in places such as Karonge (Burundi), Transvaal (South Africa), and Rangwa/Ruri/Homa (Kenya) (Jackson and Christiansen, 1993). HREE occur in pegmatites as granitic magma cools in monazite and allanite; they also occur as placer deposits in xenotime and monazite containing high uranium and thorium or phosphates like the uranium at Elliot Lake (Canada) or the phosphorites in Mangyshlak (Kazakhstan), respectively (Chakhmouradian and Wall, 2012).

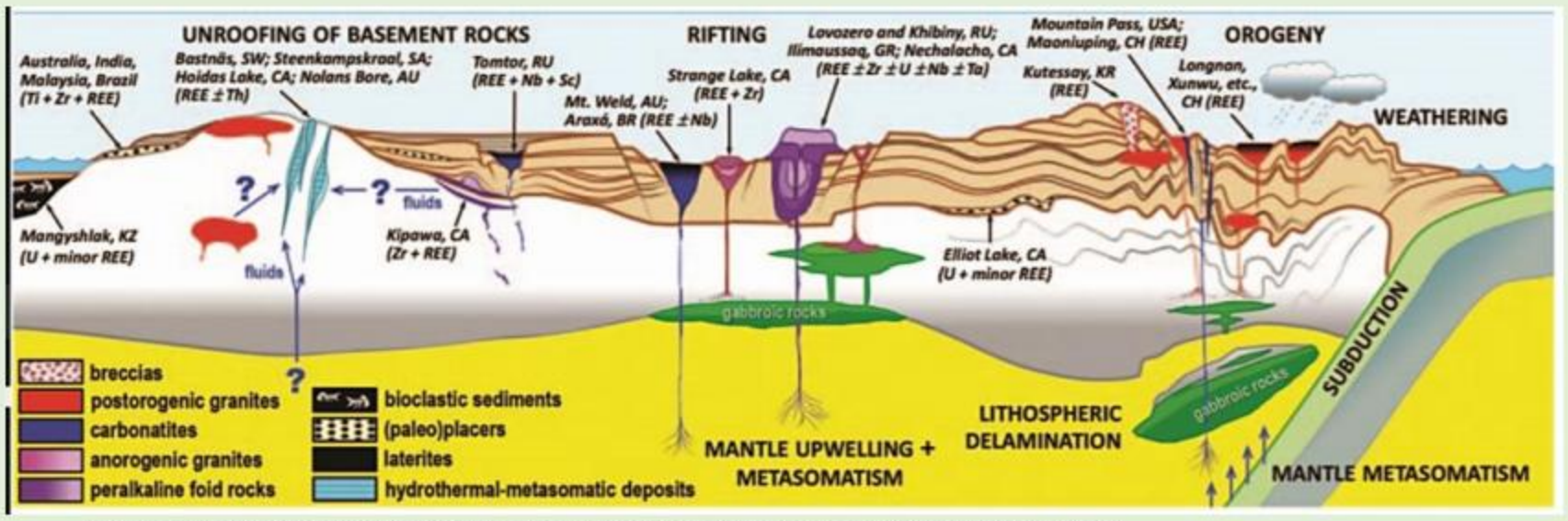


Figure 1 Major REE Deposit Types in a Tectonic Context (Chakhmouradian and Wall, 2012)

Global production and reserves

Prior to 1985, the United States was the leading producer of REE followed by Australia (Wayne Jackson and Christiansen, 1993). When China's economy picked up, it turned the REE market around and become the leading producer by 1988 with control over the supply chain and affecting global prices and potential innovative projects (Wayne Jackson and Christiansen, 1993). From 1988 to 2013 China increased its production by 237% and produced 80% of Global REE by 2017 (Javed and Dubois, 2019). Currently, China is the largest producing country (61.97%) followed by the United States (12.2%), Burma (Myanmar, 10.32%) and Australia (9.85%) (**Figure 2).** The mine and smelting-separation production quotas for China for 2019 were 132,000 tons and 127,000 respectively (Ministry of Industry and Information Technology, 2019). The United States increased its production by 44% from 2018 to 2019, producing 18,000 tons and 26,000 tons respectively (Gambogi, 2020). This is extracted from a 1.4 Mt domestic reserve operated by MP Mine operation in California's Mountain Pass mine (McLead, 2019). Australia's output mine production in 2018 and 2019 was around 21,000 tons (Gambogi, 2020). It's rare earth reserve is estimated to be 3.3 Mt countrywide; Lynas Corporation operates at Mount Weld mine in Western Australia and processes the REO at Gebeng, Pahang in Malaysia (Coghlan et al., 2019). In Africa, the major contributor of REO production is Madagascar with an estimated reserve of 562,000 tons. In the year 2018 and 2019, it recorded the extraction of 2000 tons from the Tantalus rare earth project. Other major and minor contributors to the production of REE are summarized in **Table 2**

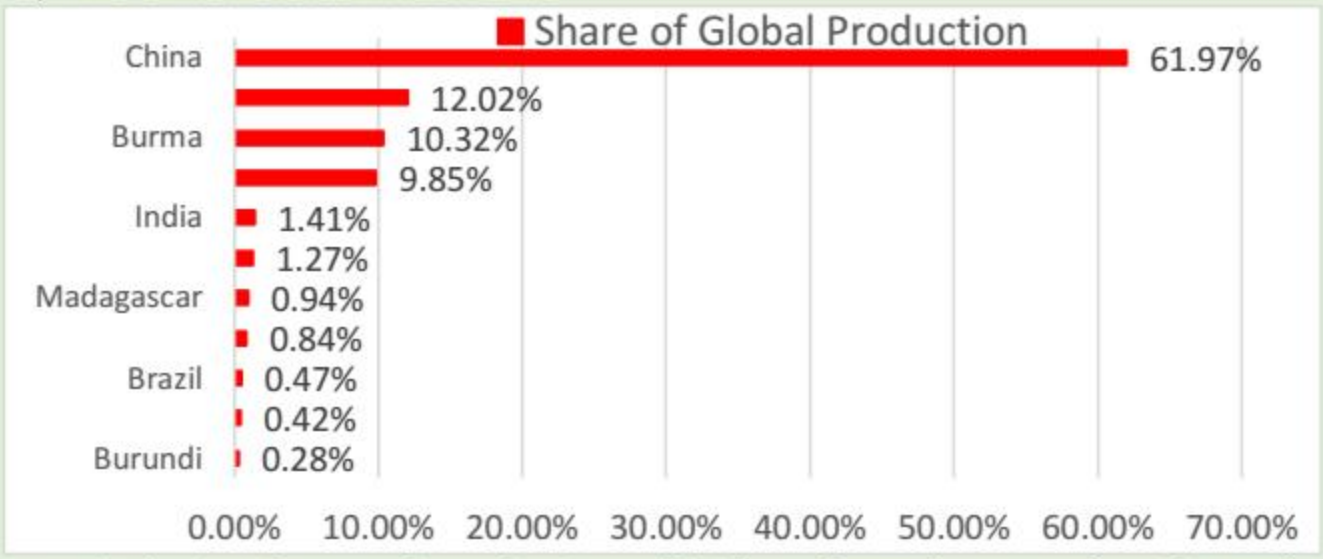


Figure 2 Distribution of rare earths production worldwide as of 2019, by country (Garside, 2020).

Table 2: The world mine production and reserves for 2018 and 2019 (modified after Gambogi, 2020).

Countries	Mine Production [e]		Reserves[1]
	2018	2019	
United States	18,000	26,000	1,400,000
Australia	21,000	21,000	[2] 3,300,000
Brazil	1,100	1,000	22,000,000
Burma (Myanmar)	19,000	22,000	NA
Burundi	630	600	NA
Canada	-	-	830,000
China	[3]120,000	[3]132,000	44,000,000
Greenland	-	-	1,500,000
India	2,900	3,000	6,900,000
Madagascar	2,000	2,000	NA
Russia	2,700	2,700	12,000,000
South Africa	-	-	790,000
Tanzania	-	-	890,000
Thailand	1,000	1,800	NA
Vietnam	920	900	22,000,000
Other countries	60	-	310,000
World total (rounded)	190,000	210,000	120,000,000

Reserves for Canada, Greenland, Tanzania, and South Africa were previously included with "Other countries." e Estimated. – Zero. NA Not available.

1 Some countries have specific definitions for reserves data, and reserves for each country are assessed separately, based on reported data and definitions.

2 For Australia, Joint Ore Reserves Committee-compliant reserves were 1.9 million tons.

3 Production quotas; does not include undocumented production.

Demand and supply for REE

In general, the demand for REEs does not grow or decline homogeneously for the individual elements. The demand is dependent on the growth of the product which is produced in the market. Therefore, if the demand of missiles and bombs increases than the demand of neodymium will increase making

the resource and the end product's demand directly proportional. On the other hand, the supply of REEs resembles the changes in the supply chain since these elements are found in the same deposit they are mined and processed together ("Rare Earth Elements Supply and Demand" 2016).

In 2010 the world demand for REEs was around 125 000 tons and the current global demand in 2020 is around 210 000 tons (**Figure 3**); there has been an overall increasing demand for rare earths. The global supply from 2010 to 2020 (estimated) shows an overall increase from 120 000 tons to 255 000 tons. In 2019, there was a slight decline of supply due to the trade war between the US and China during the second quarter; China alluded to limit its exports to the US as a response to an ongoing feud with president Donald Trump for his changing tariff list; hence as a result, the prices for REE soared (Williams, 2019a). Nevertheless, it has currently picked up.

Over the next few decades the demand for REEs is estimated to increase significantly due to military applications and the exponential growth application of permanent magnets in electric vehicles (Energy, 2011). Currently neodymium and dysprosium are at a higher demand in comparison to the other rare earths, hence by 2030 it is predicted that a gap between supply and demand will be hard to compensate (Williams, 2019a). This is clearly shown by **Figure 4** and **Figure 5**, which makes a projection of the demand and supply of these two critical metals that are typically sold as oxides.

By 2047 the world is expected to have a billion electric cars on the roads in comparison to the current 4 million (Mills, 2020). As for the supply chain, new regulations have been instituted by the Chinese legislatives to eradicate illegal mining encouraging quality processing and restricting Chinese rare earth exports (Williams, 2019b) (Mills, 2020). Other countries like the US and Australia have been working on increasing their domestic supply of REE in order to decrease the impacts of the Chinese monopoly over these elements and modernize their military, ultimately leading to less dependence from China and reduced world supply by China (Mills, 2020).

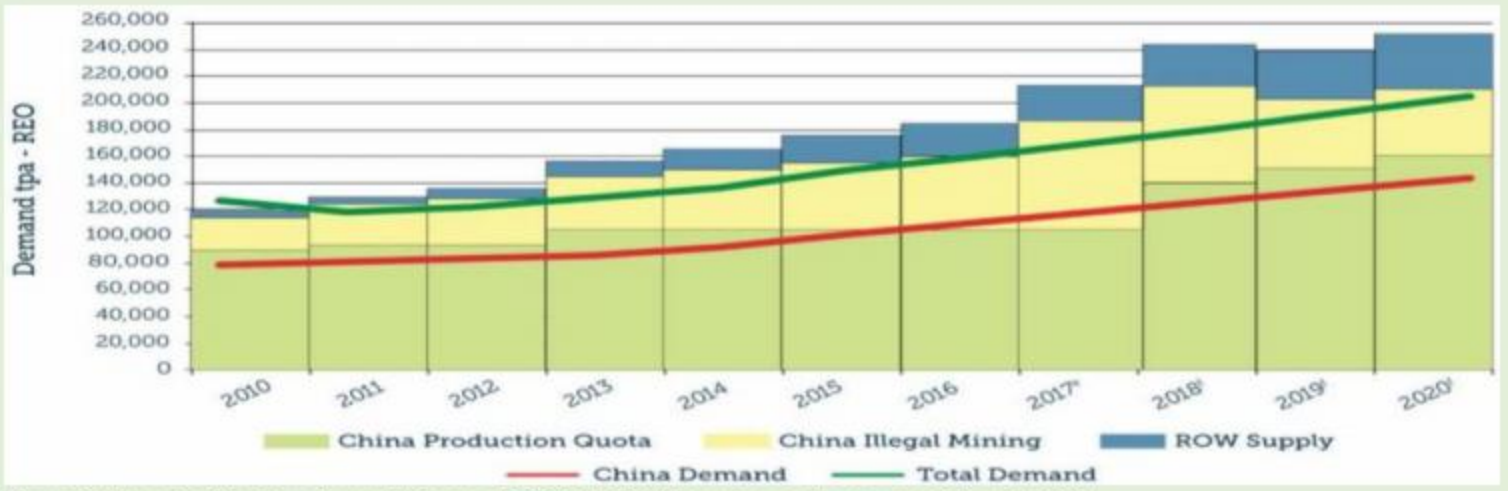


Figure 3 Rare Earths Supply and Demand 2010-2020 (Commerce Resources Corp, 2019)

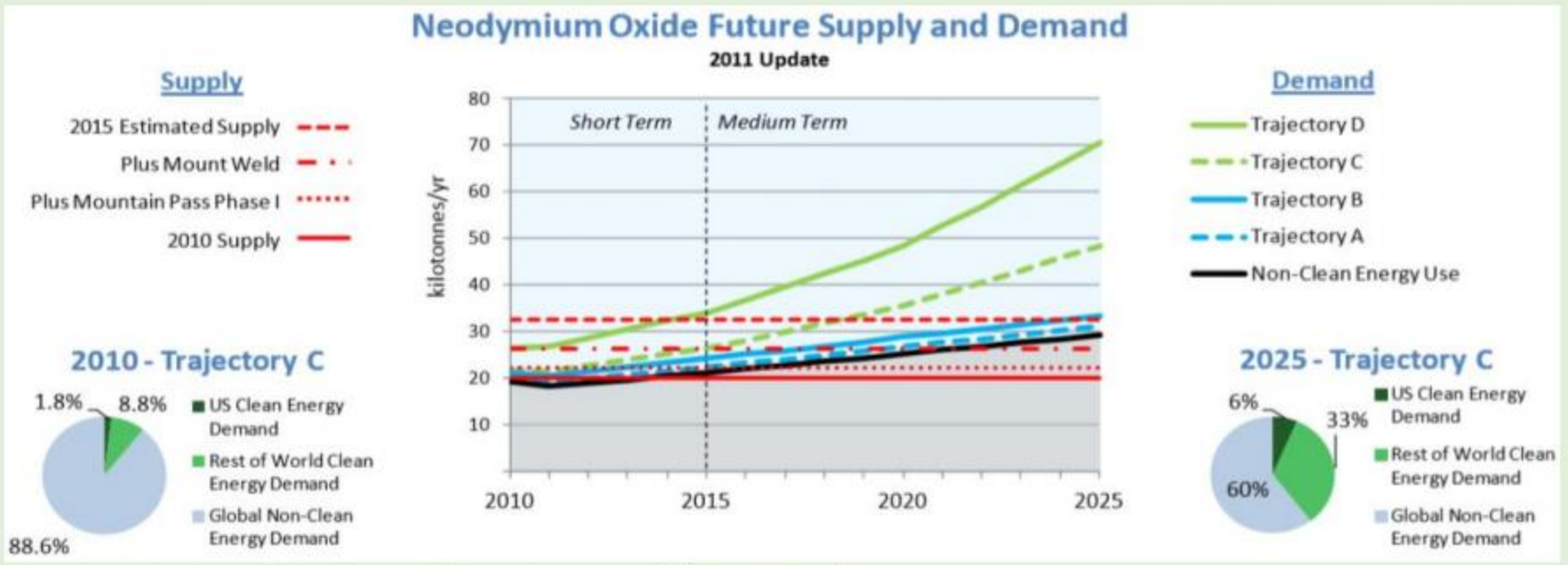


Figure 4 shows future supply and demand for Neodymium Oxide (Energy, 2011)

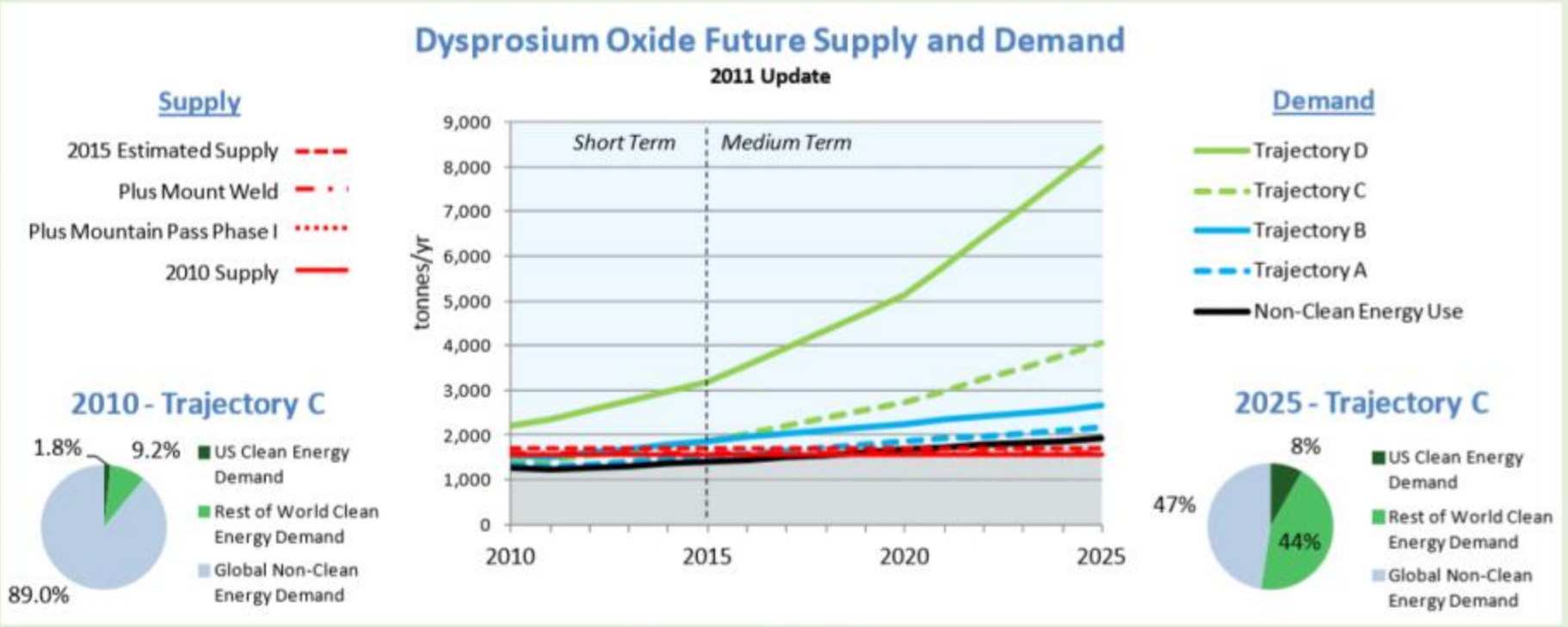


Figure 5 shows future supply and demand for Dysprosium Oxide (Energy, 2011)

REE Prices

In general, the prices of metals are controlled by the demand and supply. In the case of rare earths, China is the main driver of the element prices and market. In 2010 and 2011 the prices spiked when China suspended the exportation of REEs after an incident with Japan. During the first quarter, Q1, of 2019 the prices of magnet elements dropped because of a demand decrease in China. During the second quarter, Q2, the prices soared due to the ongoing trade war. From Q1 to Q2 neodymium increased by 40%, praseodymium by 16%, dysprosium by 34% and terbium by 15% (Williams, 2019a).

Africa Opportunities and Projects

There are several REE projects in Africa that are either in the early mining stages or prospective stage. These are found all over Central, Eastern and Southern Africa in places like Namibia (Lofdal), Kenya (Mrima Hill), Mozambique (Xiluvo) South Africa (Zandkopsdrift, Steenkampskraal and Glenover), Burundi (Gakara), Malawi (Songwe and Kangankunde), Zambia (Nkombwa Hill), and Tanzania (Wigu Hill and Ngualla Hill) (**Figure 6).** If properly executed, these projects can become major contributors to the REE global production.

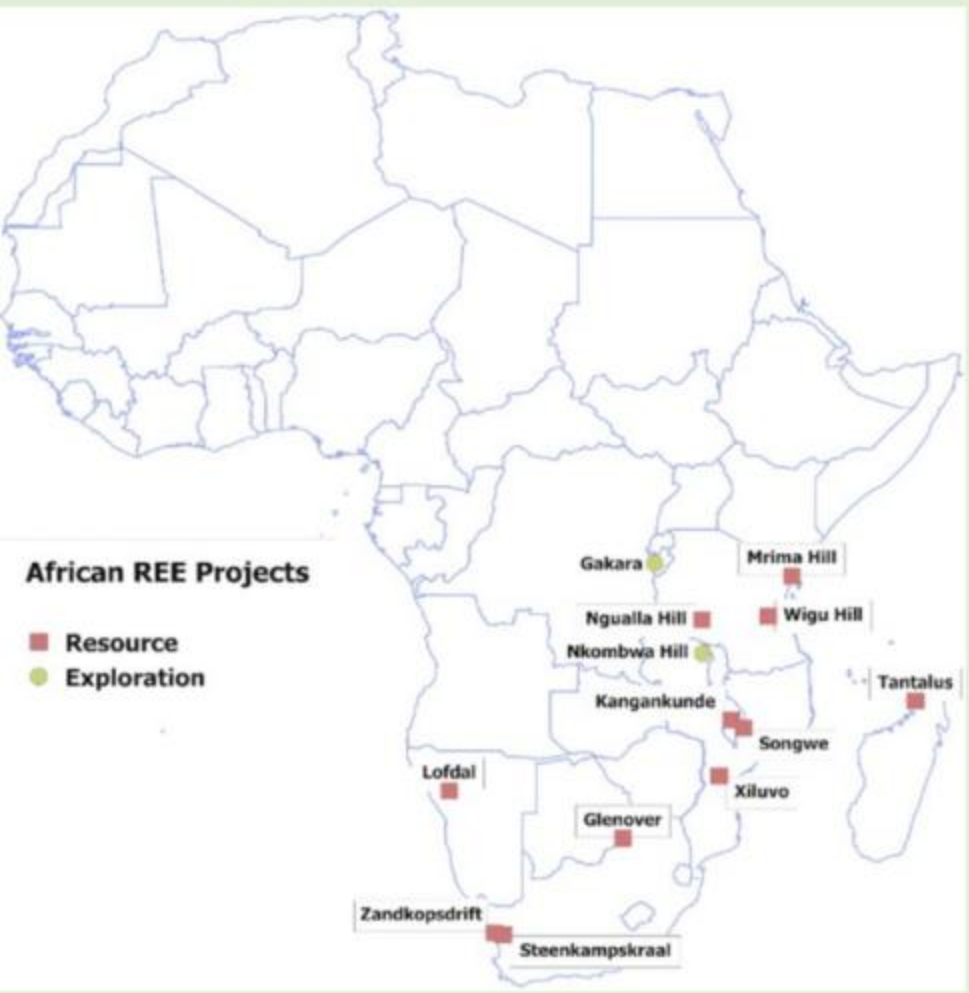


Figure 6 Map of showing location of African countries with REE projects

Lofdal Heavy Rare Earths Project, Namibia

The Lofdal Heavy Rare Earths Project in Namibia contain mineralization at Area 4 within discrete carbonatite dykes, structural zones and plugs. This deposit is estimated to be 2.88-3.28 million tons with low mineral resource grade of 0.27-0.32% total REO (Namibia Critical Metals Inc., n.d.). Although the grade is relatively low, HREE enrichment (greater than 50%) may deliver substantial tonnages of HREOs. The elements to be produced from this mineral resource are terbium, yttrium, gadolinium, and dysprosium. This project can potentially produce 1,500 tonnes per annum of separated REO generating US$259M of cumulative cash flow after-tax (Namibia Critical Metals Inc., n.d.).

Steenkampskraal Mine Project, South Africa

The world's highest- grade REE mine is located in South Africa in Steenkampskraal mine. The mineralization is found in monazite vein within granite-gneisses, granites, paragneisses and granulite-facies ortho. These veins host other minerals such as quartz, monazite, ilmenite, sulphides, ferruginous chlorite, and iron oxide minerals. An estimation of 799,700 tons of the proven and probable reserve has been made, graded at 8.68% (NS Energy, n.d.). This reserve holds 64,400 tons of REE, of which neodymium, dysprosium, yttrium, praseodymium, and terbium are the main elements of interest (NS Energy, n.d.). This project is anticipated to produce nearly 30,000 tons of ore per annum,

2,700 tons of REEs per annum (NS Energy, n.d.). It is also expected to have a mine life of 30 years.

Wigu Hill project, Tanzania

The Wigu Hill project is under the development of Montero Mining & Exploration Ltd. This LREE deposit comprises of a large carbonite complex with bastnaesite mineralization. The inferred resource is estimated to be 3.3Mt at a grade of 2.6% of LREO which include 510,000t at 4.4% of LREO on 2 of 10 possible drill targets which leaves a significant portion of the deposit as yet unexplored.

Conclusion

The REE market is anticipated to grow as these elements are pursued for their distinct technological applications. In 2019 the prices for HREE were volatile because of the supply constraints, but they are expected to increase along with their consumption. REE crustal shortage implies that the fortunate nations containing them hold substantial control over global supply.

The supply is not only affected by the production but by the ability to access or replace reserves, environmental concerns, political instability, and others. As a response to supply shortages and price instability users may reduce the use in non-essential applications or divert to substitutes which are less effective. Countries like USA and Australia are working on methods of separating REE without solvents in an environmentally friendly way to become less dependent of Chinese imports. Although African nations have the potential to become major global producers of REE, seeing their recent emergence as viable alternative suppliers of the rare earth minerals, it comes with challenges as it may prolong the Chinese monopoly on these critical resources as most of these nations are in debt distress.

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FROM OTHER SOURCES

FACTS AND FIGURES OF AFRICA FREE TRADE – AfCFTA

https://www.vanguardngr.com/2020/12/facts-and-figures-of-africa-free-trade-afcfta/

The Africa Continental Free Trade Agreement (AfCFTA), which will commence in the next two weeks, was designed to create the largest free trade area in the world measured by the number of countries participating.

The pact is to connect 1.3 billion people across 55 countries with a combined gross domestic product (GDP) valued at 3.4 trillion dollars. The agreement initially requires members to remove tariffs from 90 per cent of goods, allowing free access to commodities, goods and services across the continent. The United Nations Economic Commission for Africa estimates that the agreement will boost intra-African trade by 52 per cent by 2022. The 55 member states of the Africa Union (AU) are establishing the AfCFTA to create a single continent-wide market for goods and services and to promote the movement of capital and natural persons. The agreement has the potential to become a game changer and bring some great opportunities for entrepreneurs, such as: Improving the intra-African trade landscape and export structure; creating a sound global economic impact and developing better policy frameworks. The potential impact of the agreement includes boosting intra-Africa trade, manufacturing exports, job creation for youths and poverty alleviation in Africa. However, while some countries are yet to ratify the agreement, the 36 countries that have ratified the agreement include, Nigeria, Kenya, Ghana, Rwanda, Niger, Chad, Eswatini, Guinea, Uganda, Cote d'Ivoire. Others are, South Africa, Sierra Leone, Mali, Senegal, Namibia, Congo Republic, Togo, Mauritania, Djibouti, Egypt, Ethiopia, Gambia, Sahara Republic, Zimbabwe, Burkina Faso, Sao Tome and Principe, Gabon, Equatorial Guinea, Mauritius, Algeria, Somalia, Zambia, Angola, Lesotho, Tunisia and Cameroon. On July 7, 2019 Nigeria signed the AfCFTA agreement in Niamey during the 12th extraordinary session of the Assembly of the African Union; the Federal Executive Council (FEC) ratified the agreement on Nov. 11, 2020. However, the trade agreement is meant to touch every sector of the economy, including oil and natural resources which could be found in every country in Africa continent. Looking at some countries blessed with abundant minerals in the continent, the agreement might become a game changer that could impact greatly to their Gross Domestic Products (GDP)

1. Ghana – One of the Continent's top gold mining countries, grabbed the top spot from South Africa after mining more than 142 metric tonnes of the precious metal in 2019. The minerals mined in Ghana account for 37 per cent of the country's total exports, with gold comprising 90 per cent of total mineral exports. Ghana's gold reserves is estimated to be 1,000 metric tonnes.
2. South Africa –Declining gold ore grades in South Africa over the past eight decades have seen the country lose its African top spot to Ghana. In 2019, gold production of Ghana fell to 118 metric tonnes from 137 metric tonnes in the previous year. In spite of diminishing gold reserves, South Africa is still estimated to possess 6,000 metric tonnes (second-largest in the world), according to 2018 Mining Global data.
3. Mali – The north-west African country of Mali produced more than 71 metric tonnes of gold in 2019, a sizeable jump from the 61.2 tonnes in 2018 — placing it on fourth in list of the continent's top gold producers. Mali's gold mining operations not only involve large mining companies, but also artisanal miners, who have also produced a sizeable chunk of gold and made a significant contribution to the country's economy. Mali is estimated to have 800 metric tonnes of gold reserves, according to Norwegian website Eiti.org.
4. Tanzania has a wide variety of minerals including diamonds, gold, base metals, gemstones (including the unique Tanzanite) and a variety of industrial minerals (such as phosphates, mica, gypsum, limestone, graphite). Tanzania mining makes up more than 50 per cent of the country's total exports, of which a large part comes from gold. The country has gold reserves of 45 million ounces, generating revenue of over a billion USD. Diamonds are also found in significant amounts. Such large reserves of natural resources available in the continent would definitely serve as a bolster to the take-off of the world largest free trade area in the coming months and years.

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