



EU-AU Joint Session on Infrastructure for the Minerals Sector

Brussels, 19-20 March 2015

OUTCOME DOCUMENT

This Joint EU-AU Session took place within the framework of the Joint Africa-EU Strategy (JAES), the EU Raw Materials Diplomacy and follows up from the 4th EU-Africa Summit. It further contributes to the implementation of the EU Raw Material Initiative, the African Mining Vision and the JAES Roadmap 2014-17.

The Joint Session discussed the infrastructure needs of the minerals sector in Africa and identified ways in which those can find support in the broader context of existing and planned infrastructure projects and networks, including transport, ICT, water and energy as well as all other types of infrastructure necessary for the sector to play its transformative role. The Joint Session looked into existing support programmes for infrastructure and industrial development in Africa such as PIDA as well as on-going regional programmes and Development Corridors across Africa and for Accelerating Industrial Development of Africa AIDA.

The Joint Session agreed on the following outcomes, recommendations and follow-up actions:

- Mineral resources are a vital source of development finance to African countries. These revenues can be utilised to support infrastructural investments that facilitate industrial and structural transformation as enshrined in Agenda 2063.
- Infrastructure development is critical to the mining sector. It contributes most when it is developed as multifunctional and open to a multiplicity of operators.
- The development of infrastructure is key to the development of side stream linkages that are important for further industrialisation. Transformation and value addition to mineral resources goes hand in hand with economic diversification.
- The contribution of the mining companies to infrastructure is important but the development of infrastructure is the responsibility of the public sector in partnership with the private sector through Public Private Partnerships (PPPs) and the use of various financial instruments including mineral revenues.
- The public sector has a key role in i) developing general protocols; ii) engaging in PPPs in order to leverage on private funds and generate spill-overs into other economic sectors; iii) providing guarantees.
- Funding for infrastructure projects should take into account traditional and innovative approaches such as PPPs, blending of grants and loans (an example of which is provided by the EU regional blending facilities), official development assistance (ODA) as well as proper cost and risk allocation and the difference between social and economic

infrastructure. Mineral Royalty Backed Securities provide a possible alternative funding mechanism to generate upfront cash, from future revenue flows, needed to fund infrastructure projects. Resource for Infrastructure (R4I) is also a financing strategy which will create an opportunity to use part of Africa's resources to bridge the existing infrastructure gap.

- International partners could play a key role as independent brokers during contract negotiations between governments and private companies. Institutions such as the European Investment Bank (EIB), the African Development Bank (AfDB) through Africa Legal Support Facility (ALSF), International Financial Corporation (IFC) and others can provide that service and fill the trust gap currently existing.
- Infrastructure-related needs of the minerals sector are broad and include transport, energy, ICT, water etc. Infrastructure can provide benefits beyond the minerals sector, for example via power generation (including from renewable sources: hydro and geothermal power, solar and wind power) and transmission lines.
- It is important to identify the mining projects with significant infrastructure (logistics, transport, energy, etc.) component and understand how to integrate them into broader regional/continental programmes. These could serve as catalyst to spearhead a wider and diversified development of regions, unlocking further potentialities in agriculture, agribusiness, industrial developments, energy integration, multimodal transport integration.
- EU-Africa cooperation in this field could focus on competitive advantages of the two partners such as experience on regional economic integration, the development of integrated infrastructure networks (including lessons learned from the Trans-European networks) and also experience and cooperation on knowledge and geo-mapping and surveys.
- A vision for each investment region should be developed in a pragmatic and business viable way, thinking of exploring areas of global competitiveness, integrating into regional, continental and global value chains, combined with local development and consideration of local content, resulting in the creation of poles of economic development for the proposed area. This should be carried out in a time efficient manner. Cooperation aiming at improving Public Awareness, Acceptance and Trust of responsible and sustainable mining in Africa could be encouraged.
- The importance of geological knowledge and mapping was recognised as a pre-requisite to responsible management of mineral resources as well as investment in the sector and Africa should know the value and composition of its natural resources which will help member States acquire the bargaining position while negotiating mining contracts. To achieve this it is important that the capacity of national geological survey organizations and Regional Geoscience Institutions be strengthened.

Follow-up actions:

- Continued support to the implementation of the Programme for Infrastructure Development in Africa (PIDA) and the development corridors (via various financial instruments including the EU's Regional indicative Programmes and the Pan-African Programme);
- Continued dialogue between the two unions encompassing the African Mining Vision and the EU's Raw Materials Initiative as well as linkages with the Accelerated Industrial Development of Africa (AIDA), the Joint EU-Africa Strategy and the AU Agenda 2063.

- Ensure that an enabling environment, appropriate governance and regulatory framework are in place in order to attract investment in both minerals and infrastructure sectors.
- Enhance support to cooperation between Euro and African Geosurveys and capacity building of various national African geo-surveys.