

AFRICAN UNION

الاتحاد الأفريقي



UNION AFRICAINE

UNIÃO AFRICANA

Addis Ababa, ETHIOPIA

P. O. Box 3243

Tel: +251 11-551 7700

Fax:

+251 11-551 7844

Website: www.au.int

Keynote address by the Chairperson of the
AU Commission
HE Dr. Nkosazana Dlamini Zuma
at the

Junior Indaba

Why Resources? Why Africa? Why now?

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**Thank you President of Chamber of Mines;
Chairperson of this gathering Mr Bernard Swanepol;
Excellency Deputy Minister of Mineral Resources of the Republic of
South Africa, Mr Godfrey Oliphant;
Chairpersons and Chief Executive Officers; and all the participants in
different formations
Paula the organiser**

I am honoured to address this second edition of the Junior Indaba. Although, I don't know why you have chosen to call yourselves junior.

This sector is so critical to Africa's development since the exploration of old and new deposits of minerals have the potential to catapult our growth and development to higher levels.

The theme of this plenary: ***Why Resources? Why Africa? Why now?*** presents relevant questions, which I hope your Indaba will help to answer since these questions are of concern to all of us and Africans from all walks of life.

It is no secret that Africa is rich in minerals and other natural resources, resources that have been commercially exploited for centuries.

Africa ranks first or second in the world's global reserves in bauxite, cobalt, coltan, phosphate rock, platinum, vermiculite, manganese, soda ash, and zirconium. The continent also has most other minerals and precious metals.

The continent also accounts for three-quarters of the world's platinum supply. Half of the world's diamonds and chromium comes from the continent, which also accounts for one-fifth of global gold and uranium supplies. Africa is also home to at least thirty-three countries with oil and gas.

With recent discoveries, its importance as producer of iron ore is growing.

At the same time, although expenditure on exploration has grown dramatically over the last decade¹, the continent remains amongst the least explored regions of the world.

And yet, despite these riches and potentials, the continent's people are amongst the poorest in the world and the continent has some of the most glaring inequalities.

This paradox of rich Africa, poor Africans is best characterized by the systematic inconsistency between a continent with a young, growing and fast urbanizing population, rich natural resources and productive land with the most diverse flora and fauna, and yet the countries that make up the continent are in the majority of the least developed economies in the world.

We have the collective responsibility to reverse this paradox.

Lessons from some of the most developed medium and large economies in the world show that most of these economies grew through the utilization of resources, even though most of those countries do not have the resources locally. But they used these resources.

One can therefore draw another paradox that has favoured the most developed economies. This paradox sees rich countries not having the resources but recording exceptional economic progress.

This second paradox is largely driven by the exploitation of the developing world, including Africa.

The paradox is also driven by the aid dependency discourse which often sees some of our ministers of finance discussing aid for breakfast, lunch and dinner, despite the fact that fuel and mineral exports from Africa are more than seven times the value of aid.

¹ By more than 700 per cent, according to Wilburn and Stanley, 2013, reaching \$3.1 billion in 2012.

We know no country that has ever developed through aid.

Our development ought to be informed by what is in our possession and comparative advantage --- in our case our riches lie in our abundant resources which include (1) human resources, which sees the continent having the world's youngest population, (2) renewable resources, which include water, forests, oceans, fauna, flora, diverse ecosystems and sunshine, and (3) non renewables, which include our mineral, gas, coal and oil resources.

Honourable President of the Chamber of Mines and Chairperson, Africa's abundant resources should be used to spur on our industrialization, economic modernization and diversification towards an integrated and peaceful Africa with shared prosperity.

In order to meet this objective we must address the factors that have perpetuated the paradox of a rich Africa, poor Africans by consistently and constantly changing the mind-set.

In order to change mind-sets and receive better benefits from our resources we must strengthen our knowledge on the resources available to us by (amongst others) strengthening our mapping systems so that we can explore our own resources in a more sustainable manner.

We must change the mind-sets so that we may move away from the current corrupt and rent seeking tendencies. This would ensure that we negotiate contracts that put African interests first and create sustainable linkages with local economies.

The mind-set change must increase the value add to our natural resources from 15% to at least 30% or more so that we can create jobs for millions of Africans who are currently excluded from the economy. In the end this will ensure that we cease to be a net exporter of raw materials. We will ensure

that we stop exporting jobs due to not processing our raw materials thus securing for us better economic opportunities and revenue generation.

Because every time we export raw material --- we export jobs

Ladies and Gentlemen, The changing of mind-sets will require strong institutions and management, which will strengthen our strategies and facilitate for cohesive policies and implementation. In this regard, we have also mooted an African Minerals Development Centre that will provide a framework for countries to negotiate better terms and contracts. This centre will also complement our Commodity Strategy.

Through strengthened institutions we will also ensure that we improve the picture in relation to domestic savings, resource mobilization, tax collection and the patterns of ownership in the sector.

These strong institutions will assist in reversing illicit financial flows.

Ultimately all these actions will improve the position of the fiscal base of African countries whilst facilitating for a more equitable redistribution of wealth and securing a better quality life for all Africans.

Ladies and Gentlemen, It is for these reasons that we developed and are implementing our fifty-year vision for the Africa we want, through Agenda 2063. As an overarching development framework, it seeks to focus on developing much needed skills so Africans can take charge of their own resources, and use them to industrialize our economies.

This will require that we provide energy to mines, industries, homes, farms, cities, businesses and rural areas. Through Agenda 2063 we will also connect Africans through ICT and transport networks; and we will improve the beneficiation and value addition to our natural resources.

More specifically, Agenda 2063 urges us to accelerate the implementation of the African Mining Vision, which advocates for “*transparent, equitable and optimal exploration of mineral resources to underpin broad-based sustainable growth and socio-economic development*”.

As Dr. Carlos Lopes, Executive Secretary of the UN Economic Commission for Africa wrote in his blog:

At the core of the African Mining Vision is the realization that Africa’s mineral resources can be better utilized to address the continents social and economic needs; the focus on environmental and social sustainability, the advantages of regional and international integration with attendant hard and soft infrastructure challenges, the emphasis of building of backward, forward and sideward linkages from the core mining sector and equitable principles of fairness in benefit sharing and use of resource revenues.

The business that Junior Miners are in can and must therefore contribute towards the realization of these aspirations, most specifically in the following areas:

- (1) The development of a critical mass of relevant African skills in the sector, the geologists, geophysicists and engineers so essential to Junior mining, but also towards all skills necessary not only for exploration, but production and value addition.
- (2) Linking the development of mining to the development of infrastructure. The classical picture of mining in Africa is that of a small island of efficiency (with water electricity, transport linkages) whilst communities around them are in the dark (no schools, no transport). In addition, the transport and other infrastructure it develop, are aimed at taking whatever its mines, out of the continent by the quickest possible route. We must move away from this model, and ensure that there are the backward and forward linkages to the local and regional economies.
- (3) The mining sector counts amongst those responsible for the illicit financial flows from the continent. You are in the sector and can help us to stem this tide of capital needed for developing the continent;

- (4) Last, but not least, the need to also focus on the link to beneficiation of all the resources we are currently exporting.

Let me also mention, that within Agenda 2063, we are also paying particular attention to Africa's blue economy. Within this, deep-sea exploration is of course one component. As you therefore look at exploration, we must not forget this important part of our common heritage.

As fellow Pan Africanists, I am sure these issues are close to your hearts, and I look forward to engaging with you as to how we resolve this paradox and all attendant questions.

Why now?

Today, We have a window of opportunity, where a number of economic, social and political factors have coincided and cohere in our favour.

We cannot expect to do the very same things over and over again and expect different results. We cannot afford to continue on the same path, which has treated our resource heritage inappropriately and without a common purpose or vision. We must instil a mind-set change away from the misuse of our resources towards seeking benefits for all our people: the poor and marginalized majority.

We must use these resources to the benefit of our countries, these resources must not only benefit the companies where the countries come from as these resources are our common heritage they are ours we must have a win-win situation.

We must use these resources towards a shared prosperity and inclusive development, as shown by the example of the "*so called*" Asian Tigers.

Fortunately, we now have a fifty-year vision that allows us to plan, not only for today, but also for the future.

I am glad that most countries are domesticating Agenda 2063 and making it part of their plans.

We also have energies and innovation of the youth and the energies of women, to drive the continent in a different direction.

Now is therefore the most appropriate time, since this generation has the responsibility to create a prosperous, peaceful and integrated Africa where all have access to quality education, skills especially in STEM jobs and public services.

So if we think together we can answer these questions and together we can plan together so that Africans can stop being poor....

The time is now for Africa to take charge of its own destiny....

I thank you.