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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.

**JUNE 2021**

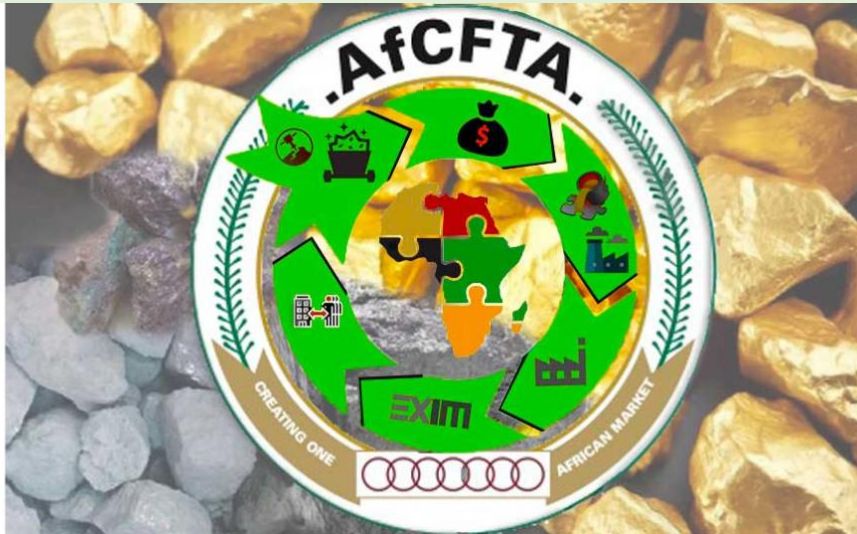
Tel: +256 41 237532 Email: [info@ma-di.org](mailto:info@ma-di.org) [www.ma-di.org](http://www.ma-di.org)

## MADI MADINI™ SIGNATURE EVENT: AUGUST 19 AND 20, 2021

CONTEXTUALIZING AFRICA'S MINERALS VALUE CHAIN IN THE AFRICA CONTINENTAL FREE TRADE AREA

### MADI MADINI™

Signature Event



PROMOTING  
MINERALS REGIONAL  
VALUE CHAIN  
WITHIN  
THE AfCFTA CONTEXT:  
FROM RAW COMMODITIES  
TO BENEFICIATION

August 2021

THEME: FROM RAW MATERIALS TO BENEFICIATION - PROMOTING THE MINERAL VALUE CHAIN IN AFRICA IN THE AfCFTA

## WEBINAR



02 July 2021-11:00am to 13:00pm GMT zoom  
Understanding the legal and regulatory  
framework in the minerals resource sector

AFRICAN LEGAL SUPPORT  
FACILITY (ALSF) – MINERALS  
AFRICA DEVELOPMENT  
INSTITUTION (MADI) LTD

### MINERAL RESOURCES WEBINARS PROGRAMME

REGISTER FOR WEBINAR 1: Understanding  
the Legal and regulatory framework in the  
minerals resource sector to be held on  
July 2, 2021 11:00 AM in Universal Time UTC

Register at:

### Webinar 1

[https://afdb.zoom.us/webinar/register/WN\\_raxYQiquSryPZ1vLnUIr3Q](https://afdb.zoom.us/webinar/register/WN_raxYQiquSryPZ1vLnUIr3Q)

# AFRICAN LEGAL SUPPORT FACILITY (ALSF) – MINERALS AFRICA DEVELOPMENT INSTITUTION (MADI) LTD

## MINERAL RESOURCES WEBINARS PROGRAMME

The ALSF and MADI are pleased to present the 2021 webinar series focused on sustainable mineral resource development in Africa. The objective of the series is to improve participants' knowledge and expertise in sustainable mineral resources management and development on the African Continent for inclusive growth and sustainable development of African economies. This 2021 webinar series will be comprised of the six individual webinars outlined below, each moderated and instructed by African and international legal and technical experts in the field of African mineral development.

<b>Webinar 1</b>	<b>Understanding the legal and regulatory framework in the minerals resource sector</b>
<b>Date</b>	02 July 2021 – 11:00am to 13:00pm GMT
<b>Webinar 2</b>	<b>Strategies and techniques for drafting and negotiating resource contracts</b>
<b>Date</b>	29 July 2021 – 11:00am – 13:00pm GMT
<b>Webinar 3</b>	<b>Balancing Interests I: Mineral resource development and the environment in Africa –challenges and best practices)</b>
<b>Date</b>	30 September 2021 – 11:00am – 13:00pm GMT
<b>Webinar 4</b>	<b>Balancing interests II: Mineral resources development and social issues and gender considerations in Africa (challenges and best practices)</b>
<b>Date</b>	28 October 2021 – 11:00am – 13:00pm GMT
<b>Webinar 5</b>	<b>Upstream beneficiation and local content in the minerals sector; trends, changes and impact</b>
<b>Date</b>	30 November 2021 – 11:00am – 13:00pm GMT
<b>Webinar 6</b>	<b>Trends in African disputes and resolution in resources contracts</b>
<b>Date</b>	17 December 2021 – 11:00am – 13:00pm GMT

**NB: REGISTRATION AND LOGIN DETAILS WILL BE PROVIDED ONE WEEK PRIOR TO EACH WEBINAR. PARTICIPATION IS FREE OF CHARGE**

**About the ALSF:** The African Legal Support Facility (the “ALSF” or the “Facility”) is an international organization hosted by the African Development Bank in Abidjan, Côte d’Ivoire. The ALSF's main objectives include: (i) assisting African governments in defending against litigation brought against them by vulture funds (and other such entities); (ii) providing legal advisory services to African governments in the structuring and negotiation of complex commercial transactions relating to extractives natural resources, infrastructure, PPPs, sovereign debt, and related commercial agreements; (iii) capacity building for lawyers and government professionals related to the above; and (iv) the development of knowledge products.

Please visit [www.alsf.int](http://www.alsf.int) for more information

**About the ALSF Academy:** The ALSF Academy is a high quality, three-level capacity building training and certification program focused on African government officials, lawyers and other

professionals practicing in the ALSF’s key sectors: mining, oil & gas, power, infrastructure and PPPs, and sovereign debt.

Please visit [www.alsf.academy](http://www.alsf.academy) for more information

**About MADI:** MADI is an Africa Think Tank that has been created by Africans to find African solutions to African challenges. Its core objective is to de-risk the Africa’s Mineral Resource Sector in order to attract responsible and ethical investments that will contribute to Africa’s inclusive growth and sustainable development as envisioned by the Agenda 2063 and ensure that there are mutual social and economic benefits accruing equitably to all key stakeholders (public, private and communities) while protecting the environment. MADI focuses on building capacities, research for policy guidance and promoting knowledge-based African solutions for mineral resources development, building upon best international practices.

Please visit MADI website at [www.ma-di.org](http://www.ma-di.org) for more information.

**REGISTER FOR WEBINAR 1: Understanding the Legal and regulatory framework in the minerals resource sector**  
July 2, 2021 11:00 AM in Universal Time UTC

[https://afdb.zoom.us/webinar/register/WN\\_raxYQiquSryPZ1vLnUlr3Q](https://afdb.zoom.us/webinar/register/WN_raxYQiquSryPZ1vLnUlr3Q)



## **MINERALS AFRICA DEVELOPMENT INSTITUTION SIGNATURE E-EVENT CONTEXTUALIZING AFRICA'S MINERALS VALUE CHAIN IN THE AFRICA CONTINENTAL FREE TRADE AREA**

**THEME: FROM RAW MATERIALS TO BENEFICIATION -  
PROMOTING THE MINERAL VALUE CHAIN IN AFRICA IN  
THE AfCFTA**

***AUGUST 19 & 20, 2021: 2-5 PM East African Time***

### **CONCEPT NOTE**

MADI is organizing a two-day E-Conference to discuss critically the establishment of the Africa Continental Free Trade Area (AfCFTA) and its bearing and impact on the continent's mineral value chain and will be held from 20<sup>th</sup> to 21<sup>st</sup> May, 2021 (tbc).

#### **1. BACKGROUND**

An estimated third of the world's known mineral-resource reserves are located in just a third of the explored parts of Africa. Nevertheless, Africa has not benefited substantially from its mineral wealth for the past 500 years. Even the remarkable extractives-driven economic growth of the last few decades across the continent failed to trickle down. Consequently, mineral and oil dependent African economies are in distress as they face severe fiscal and balance of payment deficits. A number

of mineral rich countries have sought to review their fiscal regimes and mining contracts to ensure that their economies continue benefiting from the high profits. Many of these efforts, however failed.

The fragmentation of the African continent with a section still holding allegiance to the colonial masters and continue to make huge economic sacrifices has been referred to by many scholars as a fundamental drawback to the unity and development of the continent. Intra-Continent Trade has been made difficult to impossible as a result.

Nonetheless, an Integrated, Prosperous and Peaceful Africa, driven by its own citizens and representing a dynamic force in the

global arena has been conceived by the African Union. Hence, the African Union Heads of State and Government decided during their 13<sup>th</sup> Extraordinary Summit held on the 5<sup>th</sup> of December 2020, that its member states start trading under the African Continental Free Trade Area Agreement on 1st of January 2021.

It is however worth noting that the Africa Mining Vision (AMV), for example, was equally and formally endorsed in 2009 by the same African Union (AU) Heads of State and Governments to promote equitable, broad-based development through the prudent utilization of the continent's natural wealth. Eleven years after its adoption by AU Heads of State and Governments, implementation has been slow and there is an extremely low level of awareness of the framework among key stakeholders in the mineral sector.

The overarching questions therefore are, "Is AfCFTA going to experience a similar fate as the AMV has after 11 years? How should Africa treat AfCFTA to ameliorate and eventually obliterate the factors hindering Africa from maximizing benefits or optimizing value from her mineral resources?"

If Africa is to avoid the failures of the MDGs era and successfully transition from its present state to that foreseen by Agenda 2030, it must better harness the potential benefits of its vast mineral wealth with an economic intra-continent agenda to trade as AfCFTA promises.

## 2. CONTEXT

Crucially, natural resources are finite. It is therefore, essential for resource-rich African nations to tailor their economic policies to effectively harness and utilize these revenues to improve the productivity of non-mineral, oil and gas related sectors to break out of the extractive enclave. The mineral policies of most African countries haven't been favorable to the continent and has been described by many Mineral Resource Scholars as a raping of Africa's Natural Resources. From Ghana to Zambia, attempts by various African nations to review their fiscal regimes and tax provisions in mining contracts to raise additional revenue to fund development were mostly unsuccessful.

However, with the emergence and commencement of the AfCFTA, which is the largest Free Trade Area in the world in terms of participating countries since the formation of the World Trade Organization, there is new hope to remove tariffs from 90% of goods, allow free access to commodities, goods, and services across the continent and further spur the manufacturing industry, cluster industries that will consume value added goods from the second stage of minerals value addition.

In terms of value addition for minerals, there are three stages in value addition: first stage being mineral extraction, second is fabrication of the extracted minerals and components manufacturing and the third stage, equipment, motor vehicle, machinery and instruments manufacturing. However, despite Africa's very high-volume production of assorted minerals, the value derived from the minerals is very low due to the fact that very little or no value addition is conducted. The value addition involved in the mineral extraction industries by most African

countries is only the first stage of Value Addition. Typically, wealth realized out of first stage of Value Addition is very low and that has confined Africa in poverty.

The United Nations Economic Commission for Africa (UNECA) estimates that AfCFTA will drastically boost intra-African trade by a whopping 52 percent by 2022: i.e 52% increase just in 12 months.

The vision is to create one African market and accelerate intra-African trade to a level that would boost Africa's trading position in the global market by strengthening Africa's common voice and policy space in global trade negotiations.

How does Africa embrace AfCFTA to ensure a smooth take off to achieve all these laudable ideas we see on paper? The Mineral Africa Development Institution is holding this E-Conference to promote and maximizing value addition in the minerals sector by taking advantage of AfCFTA.

## 3. OBJECTIVES OF THE E-CONFERENCE

The objectives of the two-day conference are:

- Appreciate the potential of the AfCFTA to contribute to social and economic structural transformation of Africa as envisioned by both Global Agenda 2030 (SDGs) and Agenda 2063.
- Realize AfCFTA as a continent wide and global minerals value and supply chain vehicle.
- Expedite the contribution and the domestication of Sub-Regional and Continental policy frameworks such as AMV that will enhance AfCFTA.
- Explore and proffer innovative solutions that will engender superior trade governance among African countries.

In doing this the E-Conference will answer the following preliminary questions;

- Are there strategic policies, laws and regulations we need from member countries to make AfCFTA better to support value addition of minerals in Africa?*
- What steps should African countries take collectively to embrace AfCFTA to benefit all?*
- What strategic industrial clusters are possible as consumers of minerals at national and regional level?*
- What policy interventions are needed for both mining and manufacturing sector, and how can the AfCFTA help mineral-industrial clusters succeed?*
- How can coherence be achieved in national, regional and AfCFTA for the realization of minerals value addition in Africa?*
- How can policy coherence be achieved between ministries responsible for industrialization/manufacturing and ministries responsible for mining?*
- What challenges or impediments are there that AfCFTA need to address for a smooth take off?*

#### 4. EXPECTED OUTCOMES

The conference will come up with key recommendations on the following:

1. **Strategies to enable value addition in the minerals sector under the AfCTA**
2. **The role of multinational companies in the mining sector with AfCFTA.**
  - a. What are the common barriers?
  - b. What alternative exist?
3. **Environment, Health and Safety Measures for the small miners.**
4. **How to strengthen industrial clusters that would spur demand for increased value addition and processed minerals.**

#### 5. PARTICIPANTS

- Policy makers and practitioners
- Academicians
- Private sector
- Civil Society
- The Artisanal Small Miners (ASM) and Small-Scale Miners (SSM)
- All stakeholders of the Minerals resource sector

#### 6. SPEAKERS *(The List is not Confirmed Yet)*

1. Dr. Frank Mugenyi, Board Chairman - MADI **UGANDA**
2. H. E. Wamkele Mene, Secretary General of AfCFTA
3. Dr. Uchechukwu Samson Ogah, Minister of State, Ministry of Mines and Steel Development - **NIGERIA** *(awaiting confirmation)*
4. Hon. Dotto Biteko, Minister of State, Ministry of Minerals - **TANZANIA** *(awaiting confirmation)*
5. Hon. Richard Musukwa, Minister of State, Ministry of Mines and Minerals Development - **ZAMBIA** *(awaiting confirmation)*
6. Hon. Tom Alweendo, Minister of State, Ministry of Mines and Energy - **NAMIBIA** *(awaiting confirmation)*
7. Rev. Dr. Joyce Aryee, Gold Council of Ghana - **GHANA**
8. Sheila Khama, SK Resources, **BOTSWANA**
9. Dr. Amaney Asfour - Board Member of MADI - **EGYPT**
10. H.E. Majala Mlagui, Deputy Governor – Taita Taveta - **KENYA**
11. Sheila Khama – Executive Director, SK Resources, **BOTSWANA**
12. Emmanuel Yirentkyi Antwi, Ghana National Association of Small-Scale Miners - **GHANA**
13. Dr. Lionel Takem Nkwanyang – **CAMEROON**, PAN African University–Life and Earth Sciences Institute
14. Nancy Awori, CEO MADI - **UGANDA**
15. Dr. Muzamose Gondwe, Special Advisor AWIMA **MALAWI**
16. Fitsum Waldergorgis, SMI University of Queensland, Brisbane **ERITREA**

## PROGRAMME

### DAY 1

**Topic: Doing Extractive Mineral Resources Business with Ease in the African Continental Free Trade Area**

**SESSION ONE: 14:00 – 14:40 EAT**

**Keynote Address Moderator:** Dr. Frank Dixon Mugenyi Board Chair MADI

**Welcome Remarks:** Rev. Dr. Joyce Rosalinda Aryee - GHANA

**Keynote Address:** H. E. Wamkele Mene, Secretary General of AfCFTA

**Guest of Honor:** *(A Republic President/Vice-President, to be confirmed)*

**SESSION TWO: 14:40 – 15:40 GMT**

**Panel Discussion Moderator:** Isabella Tugume (NDSTV-Kampala)

**Remarks:** Nancy Awori, CEO MADI

**Panelists:**

- i. **Sheila Khama** - SK Resources, **BOTSWANA**
- ii. **Hon. Tom Alweendo** - Minister of State, Ministry of Mines and Energy, **NAMIBIA**
- iii. **Hon. Richard Musukwa** - Minister of State, Ministry of Minerals **ZAMBIA**
- iv. **Dr. Uchechukwu Samson Ogah** - Minister of State, Ministry of Minerals **NIGERIA**
- v. **Hon. Dotto Biteko**, Minister of State, Ministry of Minerals - **TANZANIA**

### DAY 2

**Topic: Accelerating Industrial Development for Increased Mineral Value Addition in Africa**

**SESSION ONE: 12:00 – 13:45 EAT**

**Introductory Commentaries:** Raymond Kudzawu-D’Pherdd, Head, Industry Value Addition & Beneficiation, MADI

**Recap of the Programme:** Nancy Awori (CEO MADI)

**PANEL DISCUSSION:** Mildred Tuhaise (NBSTV-Kampala)

- i. **H.E. Majala Mlagui**, Deputy Governor – Taita Taveta – **KENYA**
- ii. **Dr. Lionel Takem Nkwanyang**, PAN African University–Life and Earth Sciences Institute - **CAMEROON**

- iii. **Sandra Uwera - RWANDA**, MADI Board Member
- iv. **Dr. Amaney Asfour: Board Member of MADI - EGYPT**
- v. **Emmanuel Yirentkyi Antwi -Ghana National Association of Small-Scale Miners - GHANA**

**Panel Discussion Moderator:** Dr. Muzamose Gondwe, Special Advisor to AWIMA

- *Company/Board Member (TBA)*
- *Company/Board Member (TBA)*
- *Company/Board Member (TBA)*
- *Company/Board Member (TBA)*

**SESSION TWO:** 14:00 – 15:00 EAT

**Topic:** *Evaluating the Benefits of AfCFTA to Women In Mining*



**REPORT: MADI E-CONFERENCE ON NEW EU REGULATION ON CONFLICT MINERALS**

**1. INTRODUCTION**

On the 25<sup>th</sup> of April 2021, Mineral Africa development Institution (MADI) convened the second E-conference on *New EU Regulation on conflict minerals significance and impact on Africa’s mineral sector, ASM, and integration processes*. The European Union’s new Conflict Mineral Regulation came into force on January 1, 2021, which brings changes to businesses in the EU that import minerals or metals, and smelt or refine them or those that own a due diligence scheme. More precisely because these are the four minerals that are most often linked to armed-conflicts and related human rights abuses. This regulation, which only covers 4 minerals (gold, tin, tungsten, and tantalum) 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 mineworkers, and support local development by applying the Regulations set out in a document called 'Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas. In this regards, Minerals Africa Development Institution MADI, organized a very successful E-Conference on the 18th February 2021 on the new regulation, and what the regulation will mean for producer countries (which are mainly African Countries and predominantly with Artisanal and Small-Scale Mining (ASM) in these minerals) – particularly those affected by or at risk of conflict as well as those that are commercial hubs for these targeted minerals.

The objective of the e-conference is to come up with concrete solutions and road for African producer countries to cope with the effect of the EU Regulations on conflict minerals and Africa can support regional certification mechanisms such as ICGLR.

Specific objectives include establishing- the role of the different players along the supply chain (Upstream companies, downstream companies, the EU, producer companies, Regional Blocs, CSOs, etc.) in the implementation of the EU Regulation on Conflict minerals; Impact of EU Regulation on conflict minerals on local sustainable development in producer countries and how African producer countries can manage the impact; Regional Effort to curb illicit exploitation of Minerals in Africa: The six tools of the ICGLR Regional Initiative to fight against the Illegal Exploitation of Natural Resources; the impact of Responsible Sourcing Regulations on accessing ASM Gold by refineries in Africa; Road Map for establishing an African Precious Minerals and Metals Association (APMMA); and How is the regulation expected to impact the domestic/regional mining sector in Africa?

The meeting was attended by the ASM and SSM Operators Policymakers and practitioners, academicians, private sector, civil society, African Think Tanks, artisanal and small-scale miners, and other stakeholders of the Minerals resource sector. The speakers come from the following Institutions: Government of Uganda 2. Government of Ghana 3. Central Africa Mining Association 4. International Peace Information Service (IPIS) / the European Partnership for Responsible Minerals (EPRM) 5. Independent Experts from the Rhodes Precious Metals Consultancy DMCC and Schubert Commodities Consultancy MCC 6. Minerals Africa Development Institution (MADI)

During the session, the EU regulation was well explained and the possible impact of the Regulation on the domestic/regional mining sector in Africa was discussed and as well as its impact on the ASMs was clarified with some additional recommendations with a special focus on how to implement them. Six Tools on the Protocol Against the Illegal Exploitation of Natural Resources (RINR) were well explained. In addition, issues to do with complying with the regulation, how does it affect mineral suppliers and producers in Africa were further discussed. There was a plenary session before the closing remarks and official closing of the second E conference on New EU Regulation on Conflict Minerals.

## 2. SESSIONS AND THE DISCUSSION

The discussion was moderated by Raymond Kudzawu-D'Pherdd and it started by opening remarks from Dr. Frank Mugenyi the Chairman of the board MADI. This was followed by the introduction of presenters and their presentations., the plenary work session and ended by concluding remarks from the Moderator.

### A. WELCOMING REMARKS

In his welcoming remarks, Raymond Kudzawu-D'Pherdd<sup>11</sup> welcomed participants to the second thought-provoking deliberation on new EU regulation. Where the discussions wanted to see how significant is it to the African mineral sector, how does it Impact Africa and how do we integrate it into Africa Mineral chain, what are the challenges associated with it, should we embrace it should we ignore it and what is the implication if we chose either of the options He also said some scholars are of the opinion that African mining vision (AMV) for example, have not taken off as expected or as planned because of some

background machinations and apparent context for operability by Extractive Industry Transparency Initiative (EITI). They also believe that EITI was mainly established to monitor and remotely manage Africans natural resources as 48% of EITI members (that is almost half of the African countries 54) are in Africa. Raymond wanted to know if participants would agree that EITI was predominately established for Africa. He also pointed out that we had survived Covid in 2020 only to meet on 1 January 2021, the new EU Regulation on conflict mineral regulation on the same day, we introduced the African continental trade area (AfCFTA). AfCFTA is said to be the largest in terms of volume, or size, single free area since the World Trade Organization (WTO). The new EU regulation brings changes to businesses in the EU that import minerals or metals as well as those that smelt or refine such minerals and even those engaged in due diligence schemes of such minerals. He said it is estimated that a third of the world minerals are located in Africa, why the African Union not proactively spearheading a similar regulation for Africa? AfCFTA) provides a large market as well as a fundamental industrial base for Africa's industrialization drive. *Was it a coincidence that these two events were introduced on the same day?* In any case, it was worth finding out that: Does an EU regulation on conflict minerals affect you as an individual regardless of where you are? How does it affect us as a continent? How does it affect the existing supply chain of this 3TG minerals? Or minerals that have been targeted as conflict minerals? He also said the first segment Professor Nellie Mutemeri from the school of Mining Engineering at the University of Witwatersrand in South Africa Johannesburg queried the process that led to the formation of such regulation which affects minerals mainly found in Africa, she asked if it was another story of the Dodd-Frank Act which did not consult Africa input. He emphasized that the e-conferences seek to look at challenges and where possible proffer solutions so it was essential for participants to pay attention. He then introduced the presenters to the participants and handed over to Dr. Frank Mugenyi the Chairman of MADI to give his opening statement.

### B. OPENING REMARKS

In his opening remarks Dr. Frank Mugenyi the Chairman of MADI Board passed a message of condolences to the Tanzanians and Africans at large, following the passing away of the late president John Ponde Magufuli. He stated that late president John Ponde Magufuli had left something African union could take a leaf and learn from his policies and reform on the mineral resource sector, weather it was pragmatic or social nationalism or populism., it was very significant to the rethink of our mineral resource sector. He then gave real examples of the policies and policies he had put in place in Tanzania. He then thanked participants, presenters, and discussants

On setting the stage, he emphasized two things: Africa must put right the wrongs that were done in the past to achieve sustainable development and that Africa should have an independent of thought while learning from the best practice around the world their own. In addition, he pointed out that Africa must learn from its past to forge the future, and in the present, they must learn from that. He also stated that Africa must come up with a regulation that will be enforced by the African countries. He also said MADI was privileged to have Nancy

Awori as their CEO, she is the lead expert in the development model laws and our discussion will inform the development of African model law. He went to say we were discussing the EU Regulation, because it is going to affect Africa and, in his view, African is not prepared, since she doesn't have her own law to counter such new laws. He emphasized that, unlike the previous session, this session was going to focus on how to implement the recommendations so that it does not become a talk show. Some of the recommendations come from the EU. Whether they work or not we are yet to see.

He cemented the point that *Africa has what the rest of the world want and the rest of the world has what Africa want*, so the benefits should be mutual. We need solutions that are for Africa and for the development of Africa not development in Africa. We cannot continue to have vast minerals, making investment conducive but still remain poor that is development in Africa. He also spoke of Illicit Financial Flows (e.g., corruptions) being lost from Africa, because we have failed to put in place effective governance framework. if you compromise and receive \$1 and lose \$10, then who is losing. There should not be conflict minerals. We are to blame for African problem and we must come up with Africa solution for Africans by Africans. EU regulation is going to affect artisanal and small-scale miners and Under AfCFTA there is going to be regional value chains that will be asked if the minerals were responsibly sourced. Let's look inwards and find solutions for Africa and achieve the visions of our fathers such as the AMV and Abuja treaty, the legal plan of actions the vision in agenda 2063.

### C. SUMMARY OF THE FIRST EU REGULATION SESSION

**Madam Nancy Awori, the CEO of MADI** gave her summary, she welcomed participants and pointed that the meeting was to give concrete on the recommendation from the previous session since the current session was to come up with concrete solution and projects to implement those recommendations. She then proceeded with a brief summary of the previous session.

In her brief summary, she said they established how the new EU regulations would affect mineral producers especially artisanal and small-scale miners (ASM) sector, because the majority of Africans participate in the ASM subsector and they looked at the detailed overview of the EU regulation and its likely impact on producer countries. They had looked at policies, laws, and regulations for responsible sourcing in Africa; the likely impact of responsible sourcing and regulations in Africa using Uganda at the case study; how it affects mining and refining in ASM sector and possible solution. There was a proposal to form and association, they whether the regulation was well communicated and how it has influenced decisions, how it affects the implementation of AfCFTA.

**Brief overview of the EU regulations** She then gave a brief overview of the EU regulations. Some of the issues raised in the overview include that the regulation had come into effect on 1 January 2021, it affects 3TG minerals and its aim is to make sure that importers meet international responsible sourcing standards set by OECD; companies must set up management systems, identify and assess risk in their separation, design and implement

a strategy to respond to identified risk annually and bring an end to expectation and abuse of local communities. There EU regulation had a list of conflict-affected and high-risk areas and most of them are in Africa including the Great Lakes region that covers DRC and neighboring countries at least ten of them.

**Mains issues identified** - She then spoke about the mains issues that had been identified in the first session and that is there was lack of consultations and in most cases these regulations were imposed on producer countries, a lot awareness and capacity building from policy makers, implementors and miners was required; the EU had paid little attention in preparing producer countries; all sectors in mineral supply chain may be at risk of contributing to an adverse impact on the minor trend regardless of their position in the supply chain and this included serious human rights abuses and provides direct and indirect support to non-state armed groups or to public or private security so different players the capacity of a contributing to this conflict; and then also that there was a risk of economic disengagement from countries that are listed; there's a potential risk that the regulations makes companies source from large companies not ASM.

**Previous session recommendations** She also spoke about the recommendations; these include proposal for the establishment of the African precious minerals and metal Association as a process towards developing an African regulation for precious minerals under which the 3TG minerals fall; there was also need to establish how the EU regulations compliment and build on local regulations and regulatory requirement; there is need for urgent capacity building and support for both ASM and policy makers, Africa need to come up with its certification mechanism and a solution to manage conflict mineral; African producers need to prepare for the implementation of the EU regulation and find mechanisms to mitigate the risks associated with the new regulations; there is need to access areas of capacity building and address lack of national administration and certification initiatives, need to clinical and research support and support regional certification such as Intergovernmental Conference in the Great Lakes region (ICGLR) and producer countries in good extractive governance.

She then concluded by saying these were the recommendations from the previous conference and she hoped that at end of the current session there will be concrete solutions on which programs and activities to implement those recommendations.

### 3. PRESENTATIONS

**The first presenter LOTTE HOEX** (Independent research institute in Antwerp, Belgium<sup>[2]</sup>) presented on "**The roles of different players in the mineral supply chain: the EU regulation on conflict minerals and its relevance to Africa**" in her presentation she spoke about the EU Regulation on Conflict Minerals and its relevance for Africa as follows:

**The EU Regulation on Conflict Minerals** - She gave a brief overview of the EU regulation which she said was created with an eye on both monitoring and adherence of responsible sourcing by breaking links between natural resources exploitation in source countries which fuels conflict and subsequent laying down



of supply chain due diligence obligations when sourcing minerals from conflict-affected and high-risk areas by EU importers of tin, tantalum and tungsten, their ores, and gold (3TG minerals). It is at the level of the producing countries that the capacities and awareness of this regulation are vital. The EU regulation focuses on the global scale unlike the USA Dodd-Frank act which only concentrated on conflict minerals of DRC and its neighboring countries.

She then briefly explained what due diligence was and how does the new EU system of due diligence work? (for more information refer to her presentation attached to this report). She spoke about conflict-affected and high-risk areas (CAHRAs). The EU regulation had produced a list of countries that are CAHRAs which acts as a guide for EU importers of 3TG mineral to do a thorough due diligence so that they should not be sourcing minerals that their proceeds may be used to fuel conflicts by sponsoring armed groups in such regions leading to serious human rights abuses. She pointed out that there is a concern that the CAHRAs list will lead to companies to disengage from operating or buying from artisanal mined minerals in such areas through stigmatization, furthermore if more purchasers can disengage miners may be faced with a low bargaining power in the market because of a small number of buyers. She also spoke about the red flagging of a whole area while only instances of human rights abuse or involvement of armed groups happened in only one mining site also increases the risk of companies disengaging so it is better to have data that shows the true happenings in the mining sites so as to avoid flagging the whole areas and prevent companies from sourcing there.

**Possible impacts of EU regulation to the ASM sector in Africa** - She foresees actors in the ASM sector having problems to follow the due diligence guidelines which will greatly risks them for companies to disengage with them in mineral trade and opt to dealing with large mining firms who have the capacity to follow through the mandated guidelines. She also noted that the ASM sector is characterized by big knowledge gaps among the actors as such there will be huge repercussions for the sector because they are used to working traditionally without transparent production chains which will make it difficult to adhere to stipulated due diligence standards.

**Limitations of the EU regulation** - She spoke about limitation of the regulation where the EU regulation excepted certain thresholds imports from going through regulatory mandates of the region. This has created a loophole as the importers of minerals (gold) under such thresholds do not mind about following the due diligence in sourcing such mineral in originating countries. Additionally, it is believed that high risk imports are transacted in small amounts and exported to Europe which necessitates other illicit deals along the supply chain.

**Mitigating responses for the ASM sector to the EU Regulations** - she proposed the formalization of sector through enacting favorable policies for the artisanal miner to indulge in responsible mineral exploitation through reforming tax to curb smuggling, lowering costs of miner registration, and working with producer governments on responsible sourcing stipulated by OECD due diligence guidelines. In addition, multi-stakeholder initiatives

should be in the forefront in championing responsible mineral exploitation. This should include corporate institutions, CSO's, government which may be tasked with developing tools for monitoring if mining activities and the subsequent sourcing along the supply chain are being done in a responsible way. She also suggested that after formalization to protect miners from falling prey to smugglers, financial access to the miners should be prioritized which will go a long way in enhancing licit trade deals along the supply chain.

**Other Recommendations** she proposed include enabling knowledge sharing among producer countries on best practices; use EU CMR as an opportunity to mainstreaming human rights, and gender in national mineral policies and producer countries should strive to align their national regulations with international regulation.

**The second presenter was MR JOSEPH OKEDI** who focused on the Protocol Against the Illegal Exploitation of Natural Resources (RINR). In his presentation he spoke about the International Conference on the Great Lakes Region (ICGLR) an inter-governmental organisation of the countries in the African Great Lakes Region. Governance of RINR, Status of Implementation against the Six Tools of the RINR, exploring strategies to fast-track mineral certification, Regional Certification Mechanism (RCM) RCM implementation costs and financing mechanisms.

**Governance of RINR** – Mr Okedi spoke about RINR which was primarily established to track the chain of custody of four designated minerals, namely cassiterite (tin), wolframite (tungsten), coltan (columbite-tantalum) and gold, also referred to as the 3TG or 'conflict minerals'. In September 2009, the ICGLR constituted a Regional Steering Committee, comprising technical experts from all Member States, charged with the steering of all activities within the RINR. The Regional Committee decisions are approved by the Regional Inter-Ministerial Committee as well as the ICGLR Summit. The principal approach is the setup of a regional certification system for the 3TG. The supply chains of these minerals will be audited and certified in the framework of the ICGLR Regional Certification Mechanism (RCM) which is the core tool of the Initiative. His presentation proceeded as follow:

**The Six Tools of the RINR**, He spoke about the Six Tools of the RINR which are: Regional Certification Mechanism (RCM) – Core Tool; Harmonization of National Legislation - Domestication of the legal provisions of the Protocol into the national legislation such as the Mining Act 2003 in Uganda; Regional Database on Mineral Flows - to document production and trade of 3TG minerals in the Great Lakes Region ; Formalization of Artisanal Mining Sector; Promotion of the Extractive Industry Transparency Initiative (EITI); and Whistle blowing mechanism.

**Tool 1** on Implementation against the Six Tools of the RINR he spoke about Tool 1 that is RCM Guiding Principles which are a) Transparency i.e. data on mineral flows would be made public as it enhances the role of civil society as an oversight body; b) The burden of proof falls primarily on exporters and secondly on the government, which means that responsibility to follow procedures and sanctions for non-compliance both fall on mining companies and mineral traders; c) Mandatory third party audits,

which implies the recruitment of auditors by the ICGLR Audit committee which includes representatives from government, industry and Non-Governmental Organizations (NGOs as is Uganda's case) and that would issue substantive, automatic penalties for noncompliance; d) Adapt existing current systems as much as possible and not to reinvent the wheel if credible systems are already in place; and e) Design for adaptability, so that the mechanism stays present with time and incorporates relevant and best practice standards as much as possible

He also spoke about RCM Four Principal Elements that is **Implementation of the RCM relies on four main system elements** including Chain of custody tracking from mine site (source) to export; Regional tracking of mineral flows via ICGLR database; Regular independent 3rd party audits; and An Independent Mineral Chain Auditor (IMCA); and The ICGLR - RCM Manual, sets out the standards and procedures for chain of custody systems and certification in-region

**Tool 2** – Harmonization of National Legislation- in September 2015, Cabinet approved the domestication of the provisions of the Pact and associated protocols as part of an “omnibus bill”. In this respect a new law “The International Conference on the Great Lakes Region (Implementation of the Pact on Security, Stability and Development in the Great Lakes Region) Act 2017” was passed and in accordance with section 7 of this Act and by proviso to section 121 of the Mining Act, 2003, The Prevention of Illegal Exploitation and Illicit Trade in Designated Minerals Regulations, 2019 have been drafted with the Financial Support from IMPACT and await approval and gazetting to be implemented.

**Tool 3** – Regional Database on Mineral Flows - Establishment of the “Uganda-ICGLR Mineral Tracking and Certification Unit”, MTCU based at DGSM. The Ministry is reviewing the current national mine site database (including location and status), the mineral tracking database, the national database of exporters (including location, ownership and status, record of third-party audits). The Ministry in consultation with the Technical Unit of the ICGLR Secretariat and

Technical Assistance Partners – IMPACT and The Federal Institute for Geosciences and Natural Resources (BGR) has established a functional MTCU after signing a Financial and/or Technical Assistance MoU with IMPACT and BGR.

**Tool 4** – Formalization of Artisanal Mining Sector -ToR for ASM Consultancy finalized. Expected output being strategies to do the following: ASM Mapping with object of potential zoning; Registration and cooperatives being formed – ongoing; Beneficiation centres for skilling ASMs – under construction iv. Revising mining laws and regulations governing ASM to curb illegal mining and trade – Ongoing; Licensees tasked to sign MoUs with organized groups; and Mineral Processors legislated

**Tool 5** – Promotion of the Extractive Industry Transparency Initiative (EITI)- Included in the principles embodied in the revised oil and mineral policies as a strategic objective of government to be harmonized with national legislation; Current practices promote transparency and good governance; Computerized online cadastre, publication of royalties for equitable sharing of

these revenues; and With this backdrop, Uganda has incorporated this action in the New Mining and Mineral Policy 2018 and the Mining and Mineral Bill 2019, in Consultation with MoFPED. Progressively a decision was taken by Uganda's Cabinet on January 28 to formally join the Extractive Industries Transparency Initiative (EITI) in order to strengthen the government's efforts of ensuring overall transparency in the minerals and petroleum sector, strengthen tax

**Tool 6** – Whistle blowing mechanism- Aims at capitalising on the knowledge of individuals witnessing or participating in illicit mineral activities.; A web-based platform at the ICGLR provides a possibility to anonymously report such confidential information which would then be followed up by the IMCA and Enabling and protective laws are in application in Uganda to facilitate and protect whistleblowing mechanisms.

**Strategies to fast-track implementation of RCM in Uganda** - Eliminate the monopoly of both traceability and auditing by one traceability service provider (ITRI), and invite more traceability schemes, e.g., Better Sourcing Programme (BSP) and Geo-traceability to the region. These service providers are progressively gaining ground; international support is, therefore required so that they can adequately compete with other existing monopoly schemes; optimal coordination of the multiple donors with a multiplicity of interventions at various levels within the RINR; Fast track the establishment of institutional and operational structures. There is lack of technical and human resources in the Ministry that are specifically dedicated to RINR; Fast track procedures for the Assent to “The International Conference on the Great Lakes Region (Implementation of the Pact on Security, Stability and Development in the Great Lakes Region) Bill, 2016, to domesticate the Regional Certification Mechanism (RCM) Protocol. Acceptance of some private traceability schemes, notably the International Tin Research Institute (ITRI), to recognize the significant role of the ICGLR in overseeing and providing guidance on RCM implementation, in line with the international requirements (e.g., UN Guiding Principles on Business and Human Rights; OECD Due Diligence Guidance, US Dodd Frank Act, EU Regulation on Conflict Minerals, etc; Delinking traceability service providers from the ICGLR auditing system to avoid duplication of audits resulting into high costs for compliance to RCM by mineral exporters.; Increasing ownership of the fight against illegal exploitation of natural resources by ICGLR Member States; Strengthening partnerships among all stakeholders for positive and compatible synergies instead of competing efforts.

**Financing implementation of RCM** - The updated/regionally harmonised phase - in (first three years) consolidated implementation cost per annum for the ICGLR - RCM - Uganda Chapter is estimated to be USD 1.1 million including personnel and non-personal costs; Currently the Ministry has based its budget estimates 2017/18 on the initial regional cost analysis by the ICGLR Consultant of approx. USD 680 thousand p.a. This has since been updated during the RINR Regional Steering Committee Validation Meetings; The fiscal framework for the full implementation of RCM is as follows: Establishment of the requisite infrastructure at DGSM-Entebbe to implement the ICGLR-RCM. The Government of Uganda has considered the

possibility of financing this traceability program using its own resources; providing the appropriate number of trained staff and equipment resources. They are required to operate the MTCU on the ground, verify data collected on site and input of data into a suitable data management system. Procurement for some of these items is underway; However other options being explored include donor funding, if necessary. Such funding could include supplementary Financial and Technical Assistance - (MoU) with BGR or other development partner to establish the Certification Unit; The Principal Budget and other relevant logistics (human, physical, material or otherwise) for the on ground activities are expected to be borne by the contracted Traceability Service Provider with whom GoU has signed an MoU under the ICGLR guidelines; The Traceability Service Provider will submit a financial quarterly report, clearly outlining the breakdown of all revenues and expenses.

In concluding he said the ICGLR- RINR is supported by Member States and the International Community; The RCM is the standard for mineral certification recognized by all MS Governments; The ICGLR Certificate allows an individual or entity to i) To export 3TG minerals from the Great Lakes Region legally, ii) To source 3TG minerals from the Great lakes Region responsibly and in conformity with international requirements, iii) MS and communities to enjoy benefits accruing from ASM

**The third presenter was MR SAMUEL AGBOR TABI presented on Possible solutions to challenges of the new EU regulations on Africa especially the ASM.** In his presentation he started by introduction he indicated that most ASMs do not export gold themselves but they do so through middlemen so the major question was *How do ASMs sell their gold?* In responding to the question, he said most ASMs do so through two major means which are

- a) **Illicit means:** Gold is smuggled to neighbouring countries which have relatively higher prices. Groups that have exportation licenses buy them and declare that the gold is coming from their home countries. For example, Central African Republic smuggle gold to Cameroon for substantial price difference of \$5000.
- b) Through corrupt ports and harbours officials: gold that pass through legitimate means and through corrupt port officials are not labelled as such and most cases stolen.

In dealing with these challenges, he suggested the following solutions:

- 1) Educating ASMs on the new EU regulations. Such educational programs mostly do not include the various chamber of mines in the countries which have the requisite logistics to do proper education. For example, GOWAP (please check it) which allows African countries to import freely from the US can be a great advantage to ASMs but they do not benefit from these programs because they lack the information.
- 2) Private Sectors must push for the implementation of the African Intercontinental Free Trade Area policy as soon as possible.
- 3) Make international mutual and beneficial government to government agreements with other markets example Asia and also create our own regulations as already talked about

by Dr Frank. He said his suggestion is in line with the saying "organise yourself or they will organise you for them" because we as Africans have long be affected by these conflicts but have waited on the EU/US come out with strategies to help.

In his conclusion he indicated that conflict on minerals affect us directly and therefore should be of major concern to Africa. All minerals in conflict zones are used for destruction and not for building our communities. He believes it does come back to the fact that we do not allocate enough resources at the local and regional level to come out with strategic plans to mitigate these risks in the field. Even though governments are still dealing with socio-economic issues like providing potable water, lack of stable energy, malnutrition, bad roads etc, the governments and chamber of mines must allocate funds to deal with the issue and not rely on the EU. Unless you have the keys to all the doers, others within the supply chain and those policing the products will turn blind eye.

**The fourth presenter MR RICHARD KOFI AFENU presented on Complying with the regulation, how does it affect mineral suppliers and producers in Africa.** In his presentation he started with an introduction where he spoke about the major element in the regulation is to ensure traceability of mineral sources and to subject the producers to due diligence to ascertain whether the country is a high risk or not. He then looked at the following issues;

- 1) Ambiguity: there is an ambiguity because who decides or declare a producing country as a high-risk area in the first place. The laws that check for systematic violations are international laws and not local laws.
- 2) Under the new EU regulations, producers are subjected to due diligence; thus, under what conditions are the minerals produced?? Without the considerations of the dynamics in the jurisdiction that the minerals are produced.
- 3) No thorough consultation of producing countries: the regulators did not really include the affected parties so as to look at how best the regulations should be made which will make its implementation very difficult.
- 4) Risk management systems in the ASM: the ASM may be fully aware of all the risks associated with mining but these are barely documented which will make it difficult for third party auditors.
- 5) Under the regulation, importers must consider the volumes of imports which means there are no obligatory requirements to that. For instance, in 2007, there was a new EU regulation for importers not to import minerals with hazardous chemicals which meant that minerals must be refined further to remove all these chemicals but the regulation has just remained on paper till date.

In concluding he indicated that the new regulation is impossible to implement in Africa especially in the ASM sector. The other side is that the regulation will further create illicit market for minerals. Also, some African countries lack robust mining legislations which will further compound the problem. EU may not be the consumer of the 3DGs. Finally, there were no proper consultations of stakeholders in the affected countries.

<sup>21</sup> Focus on Sub-Saharan Africa on Conflict mapping & analysis, arms trade, natural resources, business & human rights

## PANEL DISCUSSION/QUESTIONS AND ANSWERS SESSION

**LED BY JEFFREY RHODES AND THE LATE GERHARD SCHROEDER.**

Laws are used for contracts. African must look for laws appropriate for Africa must be developed and adopted for Africa based more on laws of the UK.

They are no offtake contracts with the ASM based on EU Regulation.

European gold industry is driven by gold refineries.

**Would the EU condemn doing business with those engaging in criminalized institutions or firm?**

No. The EU would not find this be palatable.

**If the EU found some countries is not fair for business who must enforce punishment?**

China has not been known for not using their opportunities to buy raw materials in Africa.

China role in the mining sector recently:

- Buying contracts left right and centre
- Paying through infrastructure
- Providing jobs
- raised the standards of the country they are working in

Panellist has argued there is nothing wrong with it. Most of the EU countries are failing to agree to come up with concrete decisions.

**2019 Stats for gold mining in Africa**

819 tons of gold were produced across Africa

1000 tons imports of gold in China and 750 tons import of gold to India

Both countries can consume double of gold produced in Africa in a year.

**What is the relevance of EU Regulation in Africa for gold producers since both China and India need double the amount that Africa produces?**

If China and India who need at least every gold project produced in Africa it is therefore more relevant to think about India and China and their laws there rather than the EU and to be fair China has been investing heavily across the African continent.

The laws that must be of interest in Africa is the laws in China and India.

Offset programme in the UAE. Countries that want to supply UAE with arms requires that the suppliers must show they are doing something for the country. "You do something to get something" Speaker recommends implementing the offset programme in the mining sector.

- Speaker recommends establishing a Corporation where all the money made by the large-scale miners be filtered down into the artisanal sector.
- Africa needs a voice at the global precious metals table it needs an African precious metals Association.
- EU Regulation has no penalties: There is a need to re-draft.
- Need to have a harmonization's taxation system for the whole continent

## KEY QUESTIONS

*What relevance does the EU Regulation have if the market is in China and India for every gold that is produced in Africa?*

*Why can't the EU benefit from every ounce of gold or mineral that is extracted from the sources in Africa?*

- Lack of genuine conversation between Africa and EU
- Rights based approach must be committed to, rights to development, rights to no conflict
- EU is putting regulation that will regulate access to raw material and is not aligning to the Africa Mining Vision
- We are supposed to be adopting the laws into African mineral resources last policies and regulations that can last for Africa

## CLOSING REMARKS

Africa can flourish without any contribution from the EU. Africa must consider value addition, making and selling jewellery. Africa must establish production centres and must also create demand for Africans rather than exporting raw materials to China. There is a need for central banks to harmonize and collaborate and also take into account the Africa Free trade Agreement.

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**Nyaradzo Patience Chagwinya**

*Compilation:* **Nyaradzo Patience Chagwinya**  
**Learnmore Nyamudzanga**  
**Raymond Kudzawu-D'Pherdd**

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## FROM OTHER SOURCES



### BLACK-WOMEN-OWNED PLATINUM FUEL CELL GROUP WORKING ON 15 DEPLOYMENT PROJECTS

Pictured: Bambili CEO - Zanele Mavuso Mbatha

<https://www.miningweekly.com/article/black-women-owned-platinum-fuel-cell-group-working-on-15-deployment-projects-2021-06-23>

JOHANNESBURG (miningweekly.com) – Majority black-women-owned platinum fuel cell venture Bambili Energy is working on 15 hydrogen and fuel cell-linked deployment projects that are expected to be completed by March next year.

Bambili CEO **Zanele Mavuso Mbatha** is a former key shareholder in Incwala Resources, which partnered with Lonmin plc. (Also watch attached Creamer Media video.)

Speaking to *Mining Weekly* in a Zoom interview on Wednesday, Mbatha said Bambili's interest in fuel cells came about as a result of the previous work she did in platinum mining and the beneficiation opportunity platinum group metals are presenting with the strong emergence of the hydrogen economy.

"We were partners with Lonmin plc at the time. So, I worked at Incwala and I was a former CEO and was one of the key shareholders. During that time I obviously got to know a lot about the platinum industry and developed a deep interest around beneficiation. Hence, the link between the work that I'm doing now around the manufacturing of fuel cell systems and the fact that one of the components in the fuel cell system, the ones that we are manufacturing at least, uses platinum, and therefore the link between my past and my present," said Mbatha.

Soweto-born Mbatha spoke of her single-minded focus to make sure that Bambili is a success and that South Africa grows the fuel cell business.

"I'm working with other companies and the South African government in making sure that we are able to have a positive impact on the South African economy and are able to really make sure that the hydrogen economy takes hold," she said.

To ensure that it gets 15 fuel cell demonstration projects off the ground in South Africa by the end of the first quarter of next year, Bambili has been working with high level partners that include Horizon Technologies of Singapore, Powercell Sweden, SFC of Germany, Element One of the US, and South Africa's departments of Science and Innovation, Defence, Public Works and Infrastructure, and Mineral Resources and Energy.

The first of the 15 fuel cell system projects being deployed for various applications in various provinces began with the first phase

of the deployment at 1 Military Hospital in Pretoria last year, which attracted global interest.

Bambili's overall vision is to be a world-class manufacturer of fuel cell systems and subcomponents, to support customers in their energy transition towards renewable energy and then to make its mark not only in South Africa but internationally as well. Its keenness to locally manufacture fuel cell stacks and systems is motivated by:

- the lack of energy security on the African continent, where more than 500-million Africans struggle on a day-to-day basis around electricity;
- the opportunity to manufacture a product in South Africa, using South African intellectual property (IP) and international IP to make fuel systems; and then the export of the systems to sub-Saharan Africa and beyond.

"It's very exciting times for us. Particularly after we deployed the fuel cell systems at 1 Military Hospital. We got tremendous coverage, not only in South Africa but internationally as well, and we've been fielding calls from people who have an interest in acquiring fuel cell systems from us," said Mbatha.

Using South African-made and platinum-using membrane electrode assembly (MEA) inside various stacks of various partners from different companies around the world, Bambili last year deployed seven fuel cell systems at 1 Military Hospital in Pretoria, to provide primary power to a field hospital that includes intensive care tents and high-care tents for Covid patients.

In the next few months, Bambili will be deploying more fuel cells in different uses and applications in Gauteng, KwaZulu-Natal, Eastern Cape and Limpopo.

One system scheduled for deployment will be in a mining environment, another for a community hall, and others at government offices in Pretoria.

In some instances, the fuel cells will be working on a standalone basis and in others, they will complement solar power.

"We believe in smart partnerships, and we are already working alongside a number of companies such as Anglo American, Engie and the South African government," Mbatha said. This is being done

to develop a Hydrogen Valley in South Africa to help spur demand and supply of hydrogen for industry, “so that

South Africa can build a very strong hydrogen economy and low-carbon manufacturing of hydrogen for domestic use and export”, said Mbatha.

Within the Hydrogen Corridor, Bambili intends working with its partners to make fuel cell trucks and buses available in South Africa, starting in 2022.

“That’s a project we’re working very hard on. The other one, in terms of the Hydrogen Valley itself, is that customers will be looking to acquire fuel cell systems from us,” she said. With hydrogen used as a feedstock for fuel cell systems, Bambili envisages becoming an integral part of the hydrogen economy.

#### **GREEN HYDROGEN**

“Our north star is to aim towards green hydrogen. Obviously, in South Africa, we have other forms of hydrogen available in abundance, so it will be a phased approach, but ideally we want to get to the point where the country is manufacturing large amounts of green hydrogen for domestic use and for international export,” said Mbatha.

Benchmarking is being done to ensure that the company has a competitive product and a sustainable business. Initial 30% local content of the stack is being targeted, with that rising to 80% local content on a total systems basis over time.

“It’s going to take time to develop those local supply chains but it is a big commitment that we have because we think that it’s very important to have a sustainable industry. We’ve seen that internationally, particularly over the last 18 months, how international supply chains can be highly disrupted.

“It’s early days for us. The idea is that we’re going to put our factory up at Dube TradePort and we hope to be hiring staff during the fourth quarter of this year to be able to support our manufacturing activities,” said Mbatha, who is displaying a real single-minded focus to ensure that Bambili is a MEA success and that the fuel cell industry grows in South Africa as the hydrogen economy takes hold globally.

Bambili is currently in negotiations with other potential investors.

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