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With metal prices down, which minerals will pave Africa's development?

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Plunging metal prices have put a group of lesser known 'Neglected Development Minerals' into the spotlight.

This week thousands of executives, financiers, prospectors, investors and government officials will descend on Cape Town, South Africa for the '[Investing in African Mining Indaba.](#)' Cape Town is not the centre of African mining, but for a week each year in February, it temporarily becomes the mining capital of the world. Companies pitch their projects, governments pitch the attractiveness of their geological (and regulatory) terrain and civil society organisations make their own pitch, that of caution, at their [Alternative Mining Indaba.](#)

Over recent years the atmosphere at *Indaba* has been buoyant. Metal prices began a steady ascent around 2003 and save for a steep, yet brief, dip following the GFC, prices [stayed high for more than a decade.](#) The cyclicality of global commodity prices is a widely appreciated phenomena, but the apparent long-term demand for metals by China, and to a lesser extent, India, as part of an 'Asian Century,' led many to believe that a '[super-cycle](#)' of high prices would last for many years.

At his keynote address at Indaba in 2014, development economist, Sir Paul Collier, observed that high metal prices had created a '[decade of discovery](#)', arguing that the combination of high prices and Africa's geological prospectivity was a once in a generation opportunity for sustained development in Africa. The mining industry's promise for the economies of Africa was that the inward flow of foreign direct investment and the outward flow of unprocessed mineral exports, would stimulate economic development and increase government revenue, even while the total number of mining sector employees is relatively low (see Figure 4; [ICMM, 2012, p.18](#)).

Mining-led development has been the subject of intense debate. [The International Study Group Report on Africa's Mineral Regimes](#) found that mining projects in Africa have historically represented 'enclave development', whereby projects do not have meaningful links to local, regional and national economies. The ISG Report called for a continent wide vision to integrate mining into development policy. The [Africa Mining Vision](#) was adopted by the African Union Heads of State at the February 2009 African Union Summit. A series of other [industry](#), [government](#), [multilateral](#) and [civil society](#) initiatives have also sought to ensure greater development dividends from large scale mining.

In 2014, metal prices plunged. Scores of mines were put into 'care and maintenance', hundreds of thousands of mining employees were retrenched, investment and government revenues dried up.

For economies dependent on the metals sector, the contraction presents major development challenges.

One side-effect of the global decline in metal prices is that it has put a group of lesser known '*Neglected Development Minerals*' into the spotlight. Industrial minerals, construction materials, dimension stones, and semi-precious stones are mostly mined for domestic economic purposes and they respond to local, national and regional economic drivers, rather than international commodity markets..

In comparison to the metals sector, *Neglected Development Minerals* have closer links with the local economy, and have the potential to generate more local jobs, with a greater potential to reduce poverty. This is partly because the sector is dominated by small and medium scale domestic businesses servicing local markets.

Often referred to as Low Value Minerals and Materials (LVMM) due to their low price as a function of their weight, and their relatively low value to international commodity markets, *Neglected Development Minerals* provide crucial inputs for domestic economic development (infrastructure, manufacturing, construction and agriculture to name a few) and have the potential to be high value in terms of national development.



Figure 1. Construction materials and dimension stones are building Africa's cities.

From toothpaste to paints, and soap to plates, industrial minerals are intrinsic to everyday life. But these minerals are hidden in plain site. Many people would be surprised to know that in the United States, non-metallic minerals (industrial minerals and construction materials) actually represent the largest minerals sector by production and contribution to GNP and that the proportion of industrial minerals mined, correlates closely with a country's level of economic development.

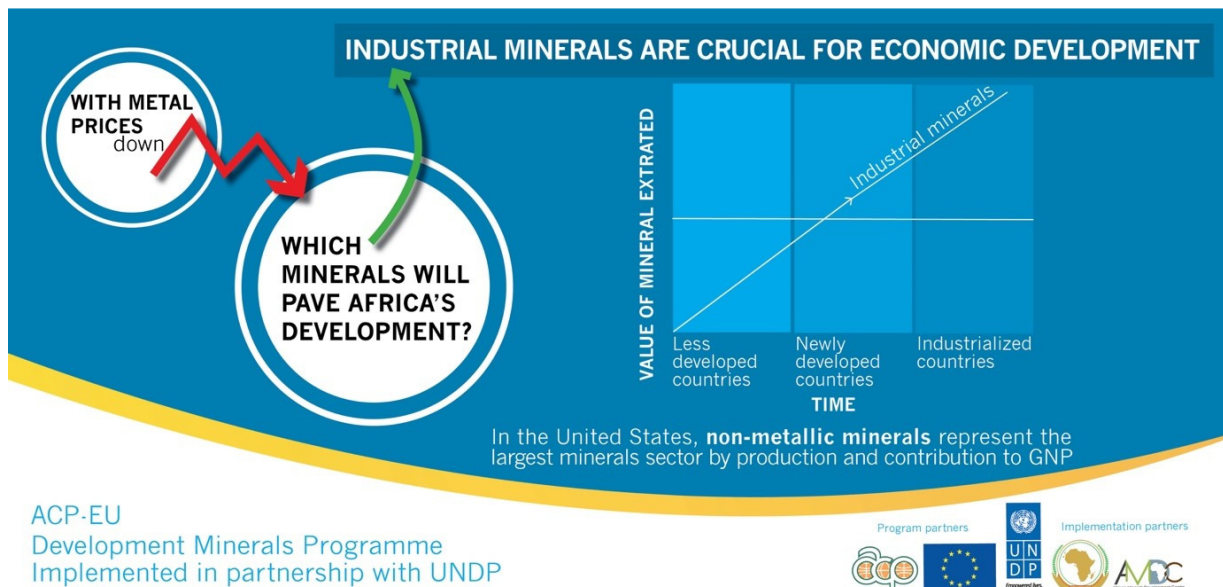


Figure 2. The proportion of industrial minerals mined correlates with the degree of economic development (after Bristow, 1987).

There are, however, a number of environmental, social and economic challenges confronting the sector and to assist with these challenges the African, Caribbean and Pacific (ACP) Group of States, the European Union and the United Nations Development Programme (UNDP), are working together to deliver the [ACP-EU Development Minerals Programme](#), a three-year, €13.1 million capacity building program. This week the Programme is supporting a group of eight future African Leaders to attend the 'Investing in African Mining Indaba' as part of the [Emerging Leaders in African Mining](#) Program.

Neglected Development Minerals commonly operate in an uncertain legal and regulatory environment, with a lack of publicly available and easily accessible geological data, which exacerbates wasteful exploration and discourages investment in the sector. The oversight of environmental, social, health and safety issues is often inadequate, and weak or often non-existent technical extension services such as skills training, capacity building, access to technology, finance, appropriate equipment, investment information and markets, have contributed to the sector's neglect.

With metal prices down, industrial minerals, construction materials, dimension stones and semi-precious stones may play a greater role in African development. The [ACP-EU Development Minerals Programme](#), with the support of the Africa Union Commission and [African Minerals Development Centre](#), are aiming to turn the greater attention afforded to these *Neglected Development Minerals* into better management, and ultimately human development outcomes for Africa.