

Consultancy: Learning lessons about regional coordination success and failure factors for African mineral value addition

Terms of Reference

September 2024

Introduction

NRGI supports informed, inclusive decision-making about natural resources and the energy transition. This consultancy is being overseen by the Africa and Legal and Economics teams of NRG I.

Background

NRGI seeks to improve mining governance to both improve the lives of people in mining countries, protect their local environment and advance the global energy transition. Africa has large reserves of many of the minerals that are critical for the energy transition. For example, the continent holds [19 percent](#) of the global reserves of metals required to make a standard battery-powered electric vehicle. However, most African economies still rely heavily on mineral production and exports, with minimal value addition.

Cooperation between African governments is important for achieving this [triple win](#) for the continent. One way in which regional coordination will help is by increasing the prospect of establishing more of the mineral value chain in Africa, as set out by regional strategic documents such as the [African Green Minerals Strategy](#) and [Southern African Development Community \(SADC\) Industrialization Strategy and Roadmap](#).

Value addition facilities – such as the lithium refineries pursued by Ghana and Zimbabwe – require economies of scale to be viable. Combining feedstock volumes from several countries may make such ambitions more achievable. However, mines are increasingly signing long-term export agreements with overseas buyers, which means that government intervention and coordination will likely be required to ensure sufficient volumes are secured for regional initiatives (most likely from new mines). Moving further down the value chain requires more inputs. Democratic Republic of Congo (DRC) and Zambia's planned battery precursor project requires coordination between themselves, and minerals and other inputs from other countries. Achieving ambitions of ultimately establishing the entire battery chain on the

continent will require strong coordination between even more countries that specialize in different components.

However, while regional coordination provides an opportunity for African value addition ambitions, it adds another layer of complexity to several of the existing challenges that many countries face in leveraging minerals for sustainable development: such as limited government capacity, political economy issues, infrastructure gaps and, increasingly, [geopolitical competition](#). Regional coordination has to navigate an array of economic and political dynamics, and grapple with the inherent tension between [cooperation and competition](#) for participating countries. Successful coordination in Africa's mining sector is therefore yet to materialize. For example, the SADC regional mining vision that sets out coordination opportunities and mechanisms for realizing them is yet to be turned into action. In addition to domestic obstacles, [difficulties in coordination](#) between DRC and Zambia mean that the precursor project is advancing slowly.

Improving the prospects for regional coordination of Africa's minerals requires better understanding of the factors that are likely to make coordination succeed or fail. This understanding will enable a more informed determination of when coordination has a reasonable chance of success, and therefore which initiatives are worth countries, regional bodies and other actors investing money, time and political capital in pursuing. A better understanding of success and failure factors will also help identify the actions that countries should take to implement coordination that they have decided to pursue.

NRGI plans to partly develop this understanding by learning practical lessons from existing and attempted regional coordination initiatives. *Useful lessons can be learned from initiatives in mining or other sectors, and in Africa or other regions.* This is therefore not a study to assess the feasibility of a specific planned or possible value addition project, but to inform the development of a practical framework that can be used to guide decision-making on any of them.

Scope of work

Assignment. Assist NRG I in gathering and analyzing information on existing and attempted regional coordination initiatives. The consultant is requested to:

1. *Identify examples of and draw lessons from cross-border industrial projects.* Preliminary desk research by NRG I has found no African examples of regional coordination of the type that is envisaged for advancing some of Africa's value addition ambitions. That is, coordination on specific industrial/commercial projects in which governments may, among other things, have shared ownership, provide co-financing and/or coordinate the provision of inputs. The European airline, [Airbus](#), is one such project. The consultant is requested to attempt to identify additional examples of such projects in Africa or other regions.
2. *Draw relevant lessons from other regional coordination initiatives.* Other forms of regional coordination will have relevant lessons for cross-border industrial/commercial projects. The consultant is requested to identify specific initiatives that provide the most useful case studies. Examples of African initiatives are given below, but the consultant should draw on examples from elsewhere if useful.

- a. Mining policy harmonization: Several regional economic communities (RECs) have developed strategies, policies and model laws for government coordination of their mining sectors more generally. For example, the Economic Community of West African States Model Mining and Minerals Development Act seeks to harmonize the legal frameworks within the REC to reduce race to the bottom risks and to recognize local content from other member states to enable local suppliers of goods and services to benefit from economies of scale. However, countries have largely failed to implement these plans to date.
 - b. Cross-border infrastructure: Multiple projects of this type exist in Africa and beyond. For example, the continent has [five regional power pools](#). Several oil and gas pipelines cross borders, such as the [West African Gas Pipeline](#) that delivers Nigerian gas to Benin, Togo and Ghana.
 - c. Trade integration: Governments are pursuing trade integration at the REC and continental level with varying degrees of success. While intra-African trade is low relative to other regions of the world, trade within RECs is [high](#). For example, the East African Community has made [significant progress](#) towards establishing a free trade area and customs union. The most ambitious integration effort to date – the African Continental Free Trade Agreement – has recently reached its [operational phase](#).
 - d. Regional value chains: Regional value chains can develop with less government coordination than the industrial and infrastructure projects referred to above. African countries have historically [struggled](#) to specialize and integrate in this way despite increasing trade within RECs. However, there are examples of limited successes. For example, parts of the [textile value chain](#) have been established across Southern Africa.
3. *Identify key success and failure factors relevant to regional coordination of value addition projects.* As part of this, the consultant should highlight which factors appear to be the most important given this will help policymakers and other actors like NRG I to focus their efforts. These factors should at least include:
- a. Economic rationale and interests: To reduce the instinct of countries to compete, the SADC industrialization strategy emphasizes the importance of coordination being pursued where there is complementarity between countries. What are the implications for coordination between countries that all aim to host the same value addition facility, where coordination is motivated by scale not complementarity? Are there examples of countries with similar characteristics collaborating and if so, what can be learned about how to reduce competitive instincts?
 - b. Institutional framework: Value chain development requires coordination between a multiplicity of government entities and other actors. Coordination between countries adds to the complexity. What lessons can be learned from other initiatives about the composition, structure and mechanisms of an effective institutional framework for the design and implementation phases?
 - c. Legal framework: Harmonization of aspects of the laws, rules and standards will likely be needed by participating countries. For example, varying levels of compliance with ESG standards could jeopardize investment prospects across a regional initiative. The type and degree of required harmonization is likely dependent on the specific initiative. However, what lessons can be learned from other initiatives? What process have countries followed to achieve harmonization?

- d. Benefit-sharing mechanism: The SADC regional mining vision sets out various formal mechanisms to ensure that the benefits of regional coordination are distributed across participating countries. Such mechanisms will be critical for countries negotiating the location of a value addition facility. Are there examples of other initiatives that utilize such mechanisms? If so, how are they structured, how are assurances given on their credibility, and how are they used to win public support for regional coordination?
- e. Domestic politics: Governments will face domestic pressure to establish activities in their own countries – even if doing so is either unfeasible or wouldn't generate as many benefits. How have other initiatives secured political commitment, particularly of leaders, despite this pressure? What strategies have been used to increase public support?
- f. Role of the private sector: African value addition ambitions have largely been articulated by political leaders. However, even if there is state participation in the value chain, the private sector will be a key actor. How have other initiatives involved the private sector to identify obstacles and opportunities, and to ensure that they will generate sufficient commercial interest?
- g. International support: Rising geopolitical competition and the resulting geostrategy brings opportunities and risks for African value addition ambitions. How have other initiatives accounted for geopolitical complexities? What can other initiatives tell us about how to effectively leverage development partners to support coordination more generally? How have governments managed to harmonize development partners across countries and align them with the strategy?

Approach. This is both a desk study and an active study involving interviews and conversations. The consultant should build on literature available online through discussions with people involved in the regional initiatives and experts that have analyzed them. They should then provide their own assessment of the information gathered.

Deliverables.

1. An inception report. This report should set out the results of attempts to identify cross-border industrial projects in Africa or elsewhere, and therefore the extent to which lessons must be drawn from other types of regional initiative. It should also set out the aspects of regional coordination that the consultant believes are most relevant for value additional projects and therefore should be the focus when drawing lessons from other initiatives. This inception report will be discussed with NNGI staff before the consultant moves on to deliverable 2.
2. A well written account of the information gathered. This should include case studies and the practical lessons they provide on the key success and failure factors for regional coordination of value addition. The consultant should also include a list of people contacted and their contact information in case follow up is required. The consultant should not spend time producing a report fit for publication – NNGI will convert the contents into the final product.
3. A series of calls with NNGI staff in which we will ask questions about the information the consultant has gathered.
4. Responses to any ad hoc follow up information requests for the period of time specified below. These responses could be written or verbal depending on the agreed approach between NNGI and the consultant.

Period of work.

Deliverable 1: by 16 October 2024

Deliverable 2: by 11 November 2024

Deliverable 3: by 22 November 2024

Deliverable 4: Availability for any follow-up requests until 20 December 2024.

Qualification

The consultant is required to have existing, extensive knowledge of regional initiatives. They would ideally have a good understanding of African initiatives but also be familiar with initiatives in other regions. The consultant will be expected to identify and contact the relevant people for the study, and therefore having an existing network is important.

Fees

The consultant fee is negotiable, based on the consultant's proposal.

Payment for deliverables 1-3 will be made on completion of deliverable 3. Payment for any work undertaken for deliverable 4 will be made on 20 December 2024.

How to apply

Applicants should submit their CV and a proposal to procurement@resourcegovernance.org with tscurfield@resourcegovernance.org in cc by 27 September 2024.

The proposal should set out the applicant's proposed methodology including: possible regional initiatives to focus on; any additional success or failure factors to the above list already identified by the applicant; a proposed list of interviewees and which of them the applicant already has a relationship with; how interviews will be secured; and proposed implementation timeline. The proposal should be no more than 5 pages.

Disclaimer: "This is not an employment opportunity and employment-related benefits do not apply to this consultancy".