



Photo Source: Tax Justice Network Africa



Gulf Research Center
Knowledge for All

The Governance of Natural Resources in Africa and the Role of the Gulf States

Hubert Kinkoh*
August 2024



@Gulf_Research Gulfresearchcenter gulfresearchcenter gulfresearchcenter





The Governance of Natural Resources in Africa and the Role of the Gulf States

Africa holds a [significant portion](#) of the world's mineral resources needed for the clean energy transition. The continent possesses about [85 percent](#) of the world's manganese, 80 percent of global platinum and chromium deposits, nearly 50 percent of the world's cobalt, a fifth of the world's graphite, and 6 percent of copper reserves. This positions the continent as a theatre for geopolitical competition among China, the US, Europe and Gulf countries.

This commentary examines the growing influence of Gulf states, particularly the United Arab Emirates and Saudi Arabia, in Africa's natural resource landscape. Understanding the role of Gulf states in the governance of natural resources across African states is important given the geopolitical context that shapes the dynamic relations between the two regions. The analysis focuses on critical minerals, but underscores the need for deeper investigation into the dynamics of Gulf-Africa engagements relating to other natural resources. It also highlights key drivers and practical measures for maximizing mutual benefits from Gulf states' deepening investments in Africa's natural resources.

Among Gulf states, the UAE is at the forefront of critical mineral investments in Africa. In July 2023, it signed a [US\\$1.9 billion agreement](#) with *Societe Aurifere du Kivu et du Maniema* (Sakima) - a state-owned mining company in the Democratic Republic of Congo (DRC) to develop four industrial mines in the restive east. Specific details about the mines, minerals and Emirati entity involved were not disclosed. The deal was finalized just seven months after the DRC entered a 25-year contract with a UAE firm for export rights of artisanally mined ores. In December 2023, Abu Dhabi's International Resources Holdings (IRH) committed to investing US\$1.1 billion in Zambia's Mopani Copper Mines, securing a 51 percent stake in the state-owned ZCCM Investments Holdings (ZCCM-IH). This investment aims to support Mopani's production expansion, provide working capital, and settle part of a US\$1.5 billion debt owed to the previous owner, Glencore. Additionally, IRH formed a [strategic partnership](#) with Jubilee Metals Group to recover around 350 million metric tons of copper in Zambia. IRH has also embarked on a flurry of mining deals to mine iron ore in Angola, and is in advanced talks to extract various critical minerals in Burundi, Tanzania, and Kenya.

Saudi Arabia has also been actively pursuing mining deals in Africa through its state-owned - and the Gulf's largest - mining company, Maaden, and its Public Investment Fund (PIF). In September 2023, the Kingdom set out to invest US\$15 billion in global mining stakes to enhance its position in the global race for cobalt, lithium, and other essential metals for batteries and chips. The PIF also considered acquiring mining assets in the DRC through a [\\$3 billion joint venture](#) with Maaden. During the Future Minerals Forum in Riyadh in January 2024, Riyadh signed mining cooperation agreements with Egypt, Morocco, and the DRC - which holds significant deposits of copper, cobalt, tin, tantalum, and lithium. These minerals are crucial for the [transition to net zero](#) and are used in manufacturing batteries for electric vehicles, vehicle parts, smartphones, and



renewable energy infrastructure. Numerous financing and energy-related agreements were also signed with Nigeria, Senegal, Chad, Ethiopia, Mozambique, Eritrea, South Sudan, Kenya, and Rwanda, during the Saudi Arabia-Africa Summit in November 2023.

Saudi Arabia and the UAE, along with other Gulf nations, are interested in Africa's natural resource management for several reasons. Primarily, their investments in critical minerals are part of a broader strategy to diversify their economies away from oil. Due to their limited reserves of these minerals, Gulf states look to Africa to support their economic diversification goals. Saudi Arabia, leveraging its expertise in critical industries and long-term growth strategies, is focusing on mapping, exploration, and production of critical minerals in Africa. Having developed world-leading expertise in critical industries and a long-term growth strategy for mineral-rich African states, this collaboration helps provide the capital needed for infrastructure development and economic growth.

With the global demand for minerals and metals increasing, Gulf countries are securing critical mineral supplies from multiple sources. Meanwhile, African nations and communities seek a fair share of the benefits from their resources. Gulf states, with their [significant capital](#) and successful development stories, offer a model for African countries that have struggled to leverage their mineral wealth for socioeconomic progress. Facing challenges like debt, limited public finances, and rapidly growing populations, African countries urgently need revenue to meet their development needs. Saudi Arabia, for example, has shown a willingness to invest capital at a time when many private sector players are scaling back on investment and to support African nations in maximizing their resource benefits.

Secondly, involvement in Africa's natural resource landscape positions Saudi Arabia and the UAE as key players in the clean energy sector. These Gulf states provide a strong counter to China's dominance in critical minerals. China is currently leading in establishing supply chains for essential minerals like cobalt, rare earth minerals, and lithium, despite the presence of European and North American mining companies in Africa. The US, however, has had limited commercial engagement with Africa. These investments have significant geopolitical implications for China, the US, and other foreign entities, as well as for African nations.

The increasing involvement of Gulf states and other foreign players in Africa's natural resource sector reveals several patterns. There are concerns about the control foreign multinationals have over resource extraction, management, and marketing, which has sometimes led to violent conflicts in regions like Zambia's copper belt and Nigeria's Niger Delta. Additionally, [weak negotiation capacities](#), fragile state institutions, and inadequate regulatory frameworks in Africa's extractive sector raise issues of corruption, illicit capital flows, unequal distribution of public goods, and environmental degradation. Deals with external actors, including Gulf states, often suffer from information asymmetries, lack of transparency, environmental concerns, and



insufficient support for developing local supply chains to boost economic growth in the host countries.

Within this context, the need for sustainable governance of Africa's natural resources becomes crucial. Gulf states' interest in minerals and other natural resources thus offer an opportunity for African countries to take a different approach by first creating adequate policy frameworks before signing agreements. These frameworks should outline the country's vision for its mineral resources and avoid exporting them as raw materials. Additionally, mineral-rich African countries should also adopt a holistic approach to negotiations with Gulf counterparts with a focus on forming long-term strategic partnerships, collaborating with state-owned enterprises on new mining technologies, and enforcing ESG requirements. Some African countries already have laws requiring community consultations, environmental and labor plans, fiscal regimes for taxes and royalties, indigenization, local employment content, and innovative strategies linking resources to peaceful development.

Strategies to enhance transparency and accountability in the licensing, exploration, contracting, extraction, revenue generation, and allocation processes are also essential. African countries must learn from past negotiation setbacks to ensure that deals are aligned with their broader national strategies for development. Equally, Gulf states should support broader development on the sidelines of their mining endeavours through philanthropy and investments in local communities.

**Hubert Kinkoh is a Non-Resident Research Fellow at the GRC.*

Gulf Research Center
Knowledge for All



مركز الخليج للأبحاث
المعرفة للجميع



**Gulf Research Center
Jeddah
(Main office)**

19 Rayat Alitihad Street
P.O. Box 2134
Jeddah 21451
Saudi Arabia
Tel: +966 12 6511999
Fax: +966 12 6531375
Email: info@grc.net



**Gulf Research Center
Riyadh**

Unit FN11A
King Faisal Foundation
North Tower
King Fahd Branch Rd
Al Olaya Riyadh 12212
Saudi Arabia
Tel: +966 112112567
Email: info@grc.net



**Gulf Research Center
Foundation Geneva**

Avenue de France 23
1202 Geneva
Switzerland
Tel: +41227162730
Email: info@grc.net



**Gulf Research Centre
Cambridge**

University of Cambridge
Sidgwick Avenue,
Cambridge CB3 9DA
United Kingdom
Tel: +44-1223-760758
Fax: +44-1223-335110



**Gulf Research Center
Foundation Brussels**

Avenue de
Cortenbergh 89
4th floor, 1000
Brussels
Belgium



@Gulf_Research Gulfresearchcenter gulfresearchcenter gulfresearchcenter

www.grc.net

مركز الخليج للأبحاث
المعرفة للجميع