

# Increasing Natural Resource Rents Developing Producer and Exporting Economies



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Incorporated into the HSRC  
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# Mining in Africa



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By Kelly Michals - Casson Mine Cat 785B Haul Truck with Lube Truck, CC BY-NC 2.0, <https://www.flickr.com/photos/rocbolt/5757201148/>

# Advice to Africa



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**Prebisch-Singer hypothesis**

**Resource curse thesis**

**Primary resources price  
volatility challenge**

# Take home message

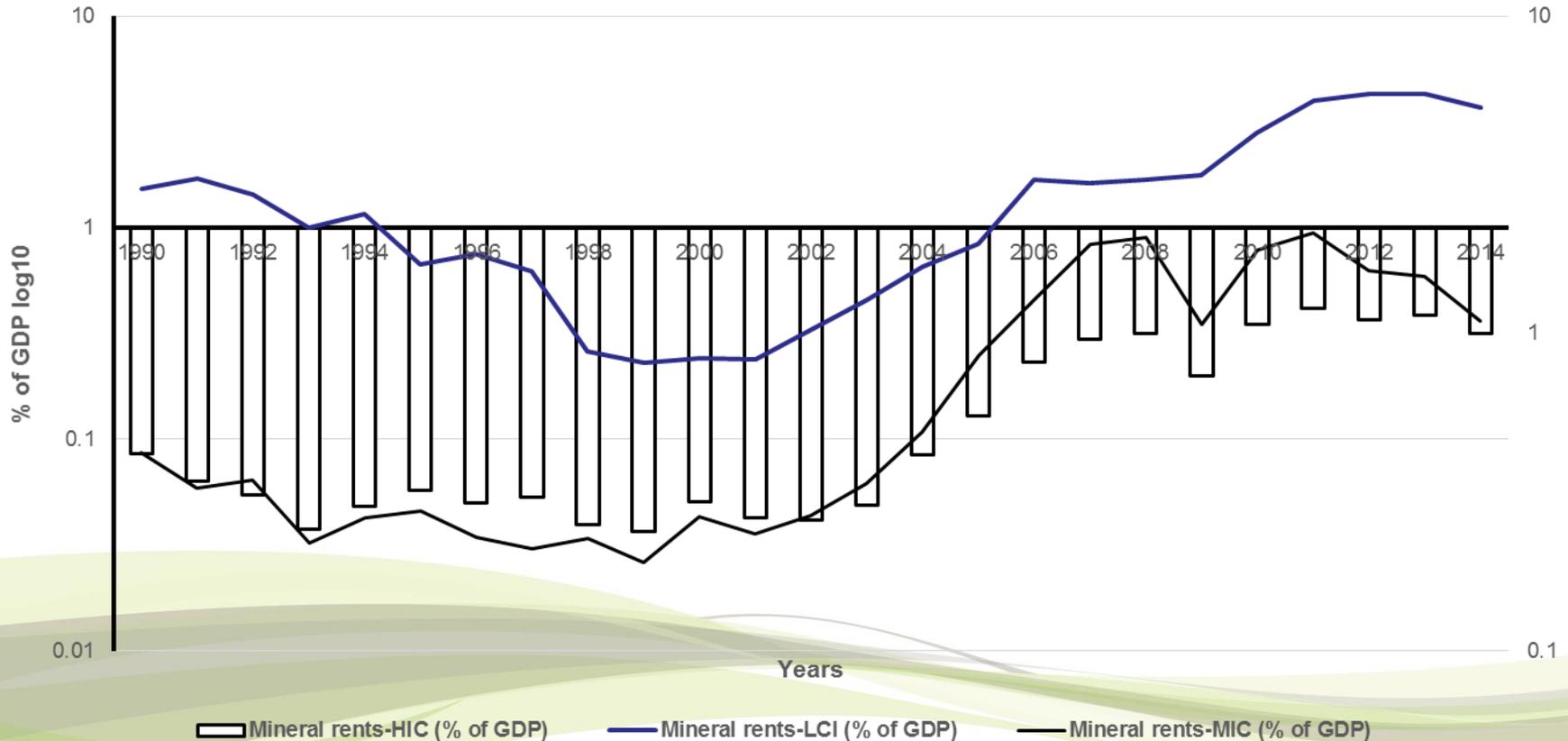


- **(S)Development = Industrialisation**
- **Beneficiation is overrated**
- **Backward linkages rock!!!!**
- **Exploration is the entry point**

# Background

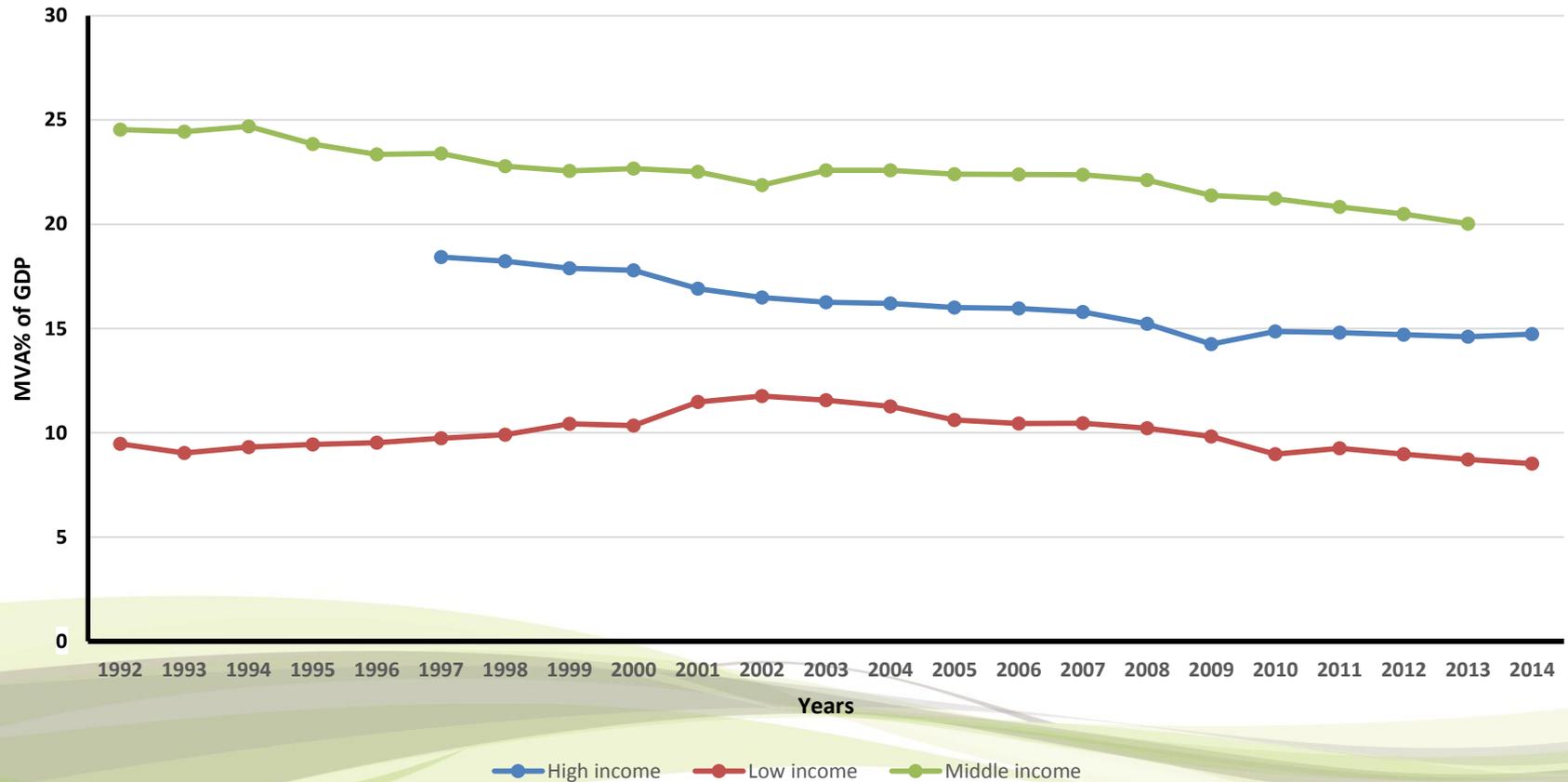
- Economic development= Industrialisation**

Comparison of mineral rents (% of GDP) between LIC, MIC and HIC



# Manufacturing is good for income

Comparison of MVA (% of GDP) between HIC, MIC and LIC





# Technical complexity of sub-chains

- **Mine construction**
- **Production**
- **Beneficiation and mine closure**
- **Exploration**

# Cost of operation in the sub-chains

- **Mine construction-US\$1.5 billion**
- **Production– Difficult to estimate**
- **Beneficiation/refining—Plant cost**
- **Exploration- US\$10-50 million**
- **Mine closure- US\$150 million**

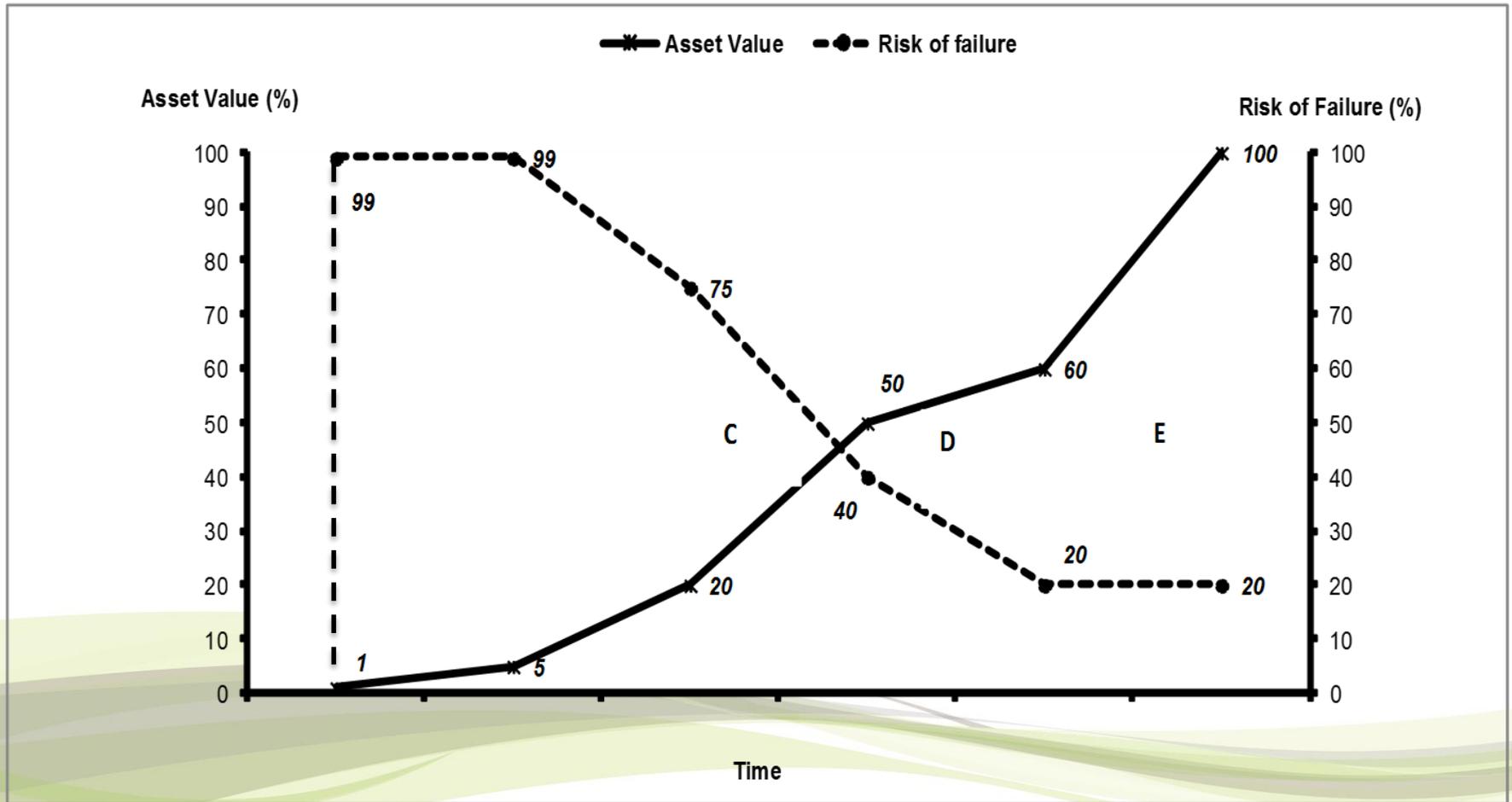
# Why exploration

- **This is an additive value chain**
- **It is least complex**
- **It is least expensive**
- **The minerals are in Africa**

# Changes in project value and inherent risk in mining project with progress down the value chain



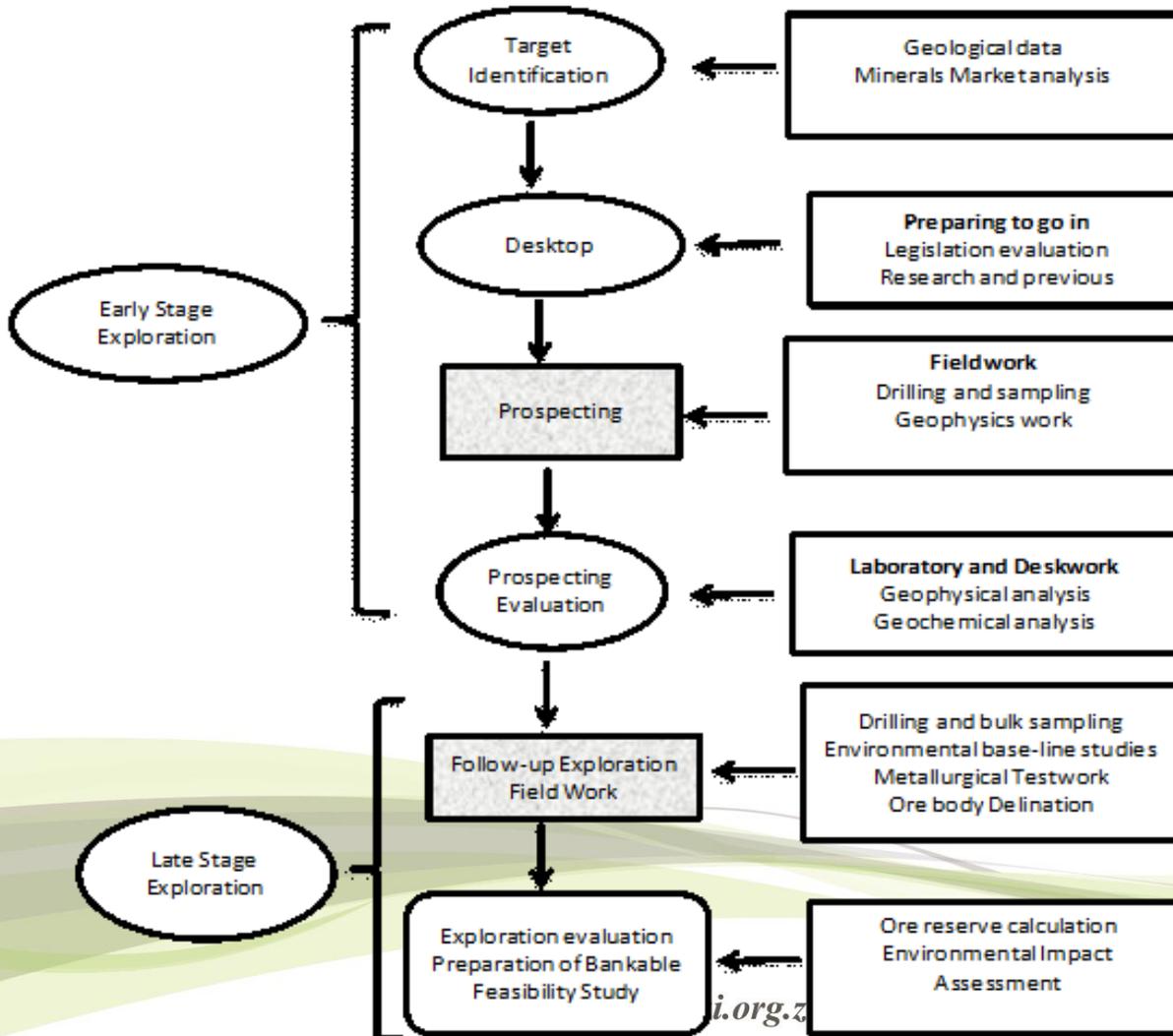
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# The exploration sub-chain



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# Conclusion: How for Africa



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- **Dominate exploration**
- **Strengthen geo-data centres**
- **Policy agility-** Strength of freight train agility of a Mini Cooper (motor-bike)



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**NGIYABONGA,  
MEDASE,  
ASANTE SANA  
THANK YOU**

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