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POLICY BRIEF

TOO CLEAN TO COMPETE: WHY STRICT STANDARDS KEEP EUROPEANS OUT OF AFRICAN MINERALS

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SUMMARY

- Europe is losing out in the race to access critical raw materials even though European leaders believe the EU's high environmental, social, and governance (ESG) standards appeal to mineral-rich countries, including in Africa.
- One reason it is falling behind is that European ESG standards are now so strict they stymie the investment needed to unlock access to critical minerals.
- European policymakers' predominant focus on ESG standards also fails to recognise that African countries have other policy priorities—including job creation, infrastructure development and industrialisation—that may take precedence over ESG standards. The European offering may therefore be less appealing than those of its competitors, like China and the Gulf countries, whose offers better match African policy priorities.
- ESG standards remain very important, including to African countries, but European policymakers need to rebalance the weight of ESG standards in their considerations and ensure African needs are better reflected in partnership agreements.

The critical raw material race

In early April this year, China imposed export controls on a number of rare earth elements in response to the US levying hefty tariffs on Chinese goods. The move sent shockwaves through global supply chains, including Europe's. The continent depends heavily on China for critical raw materials (CRMs), including, for example, for all of its heavy rare earth elements that are needed to produce wind turbines and electric vehicles.

European countries need to urgently diversify their sources of CRMs and strengthen partnerships with resource-rich countries to mitigate their dependency on China. Africa is home to an estimated one-third of the world's mineral resources. It is a natural source for CRMs, and the EU has signed strategic partnerships with several African countries to develop sustainable CRM value chains with the Democratic Republic of the Congo (DRC), Namibia, Rwanda and Zambia, and on green hydrogen with Namibia. Green hydrogen forms part of Europe's green energy transition as a way to reduce Europe's reliance on Russian natural gas. The electrolysers needed for green hydrogen production require CRMs like platinum group metals, rare earth elements and nickel.

Progress under these mineral and energy partnerships has been uneven. Although Namibia's green hydrogen sector has secured some investments from the EU, the signing of the strategic partnerships has so far failed to unlock new European investment in either mining or mineral value addition in any of the African partner countries. [1] In fact, European companies are not only behind China's lead in CRM mining in Africa, they are also losing ground to other countries, such as the United Arab Emirates, Turkey and Russia. Even America has entered the fray, with US-based KoBold Metals backing a copper mine in Zambia, expanding exploration activities to nickel and lithium in Namibia and potentially entering lithium mining operations in the DRC too.

European policymakers assume that higher environmental, social, and governance (ESG) standards give European companies an advantage, making them more attractive to potential partners because these standards promise more responsible business practices, which would benefit host countries. Yet these standards have not helped European firms make inroads in African countries. On the contrary, European climate policies and ESG standards have become so strict in recent years that European companies are now reluctant to finance and participate in mining activities. A perceived European asset—commitment to high ESG standards—may actually be an obstacle to establishing CRM supply chains that are independent of China in Africa.

Besides, the EU's ESG-first approach overlooks other African policy priorities, notably industrialisation and job creation, making it less attractive to African governments. Africa is the least economically diversified continent in the world. Many of its countries are primary commodity exporters, leaving them heavily exposed to external trade shocks such as those experienced during the covid-19 pandemic and Russia's war on Ukraine. They need partners who can help them move beyond reliance on primary commodity exports and instead materialise investments in their energy and mineral value chains.

That is not to say that African governments do not value ESG standards—they do. They have developed various sustainability frameworks and green taxonomies on the continental level, and a number of African countries have or are developing national green taxonomies at the national level. However, the pressing economic needs of African countries mean their governments must also consider job creation and industrialisation, weigh them against ESG standards where they come into conflict, and favour them over some ESG components at times. In contrast to the EU's ESG offer, China and Gulf countries, for example, tend to emphasise infrastructure development, industrialisation, and job creation as benefits to host governments in their CRM projects, better aligning with the priorities of African governments.

This policy brief examines European climate policies and ESG standards in the context of EU mineral and energy partnerships with African countries, focusing on Namibia and Zambia as case studies. Namibia and Zambia offer political stability and more attractive conditions for European companies compared to, say, the DRC, which is experiencing conflict and fragility, or Rwanda, which is currently mired in controversy as it is suspected of passing off minerals sourced illegally from the DRC as its own. Research (through focus groups, interviews and workshops) conducted in Namibia and Zambia between September 2024 and February 2025 provides valuable insights into how African stakeholders perceive European and other actors in their mining and mineral value addition sectors. The findings also draw out the misalignments between the EU's high ESG standards and African policy priorities, as well as contradictions between European climate policies and objectives to de-risk its CRM supply chains from China. Finally, the brief explores how these misalignments dissuade European investment in African energy and mineral value chains. It concludes with recommendations to help align the EU's approach to ESG standards with its de-risking objectives, which would facilitate access to CRMs.

Obstacles to European investment in mining critical raw materials

Public opinion

European policymakers have long been sensitive to public opinion towards mining both within Europe and across the world. European communities see mining as a "dirty" industry, even though it is integral to the production of the green energy technologies needed for decarbonisation and the global energy transition. For example, in Portugal, residents and environmental groups in 2023 opposed plans for a new lithium mine. Similarly, protests erupted in Serbia in mid-2024 over a proposed large-scale lithium mining project in the Jadar Valley following an EU-Serbia raw materials agreement. Mining is often associated with environmental and social challenges, but it is an unavoidable part of the global supply chain for clean energy technologies. Refusing to engage in the sector and ignoring the realities of mineral exploration, production and processing does not help Europe to improve mining processes or mitigate risks; rather, it merely shifts responsibility to other actors and leads to hypocritical stances, misguided narratives and ineffective half measures.

ESG standards

ESG standards have been developed to guard against negative environmental, social and governance practices, which have historically been a challenge in the mining sector. ESG standards are criteria that guide companies to adopt more responsible and sustainable business practices. They are used to assess a company's social and environmental sustainability and how the company is governed. They help mitigate social and environmental risks and make companies more attractive to investors because adhering to the standards signals that mining companies manage their risks and are committed to improving their sustainability and good business practices. Demonstrated compliance with ESG standards also enables companies to become eligible for more types of funding, allowing them to secure more investment.

The three pillars of ESG

Environmental	Social	Governance
▸Energy usage and efficiency ▸Climate change strategy ▸Waste reduction ▸Biodiversity loss ▸Greenhouse gas emissions ▸Carbon footprint reduction	▸Fair pay and living wages ▸Equal employment opportunity ▸Employee benefits ▸Workplace health and safety ▸Community engagement ▸Responsible supply chain partnerships ▸Adhering to labour laws	▸Corporate governance ▸Risk management ▸Compliance ▸Ethical business practices ▸Avoidid conflict of interest ▸Accounting integrity and transparency

Source: Techtarget
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ESG standards come from several different sources (see table 1). There are voluntary frameworks, such as the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and mandatory regulations, such as the EU's Corporate Sustainability Reporting Directive. Companies listed on stock exchanges must often report their ESG performance; this is mandatory for some stock exchanges, such as the Johannesburg Stock Exchange, and voluntary on others, such as the New York Stock Exchange, which instead provides guidelines to support its listed companies with ESG or sustainability reporting.

Table 1. Some ESG standards and related obligations relevant to mining and energy value chains

Search in table

Global ESG standards and obligations	EU standards	Namibia	Zambia
OECD Guidelines for Multinational Enterprises on Responsible Business Conduct **Description:** Outlines responsible business conduct across key areas, such as climate change, biodiversity, technology, business integrity and supply chain due diligence **Applicability:** Voluntary	**Corporate Sustainability Reporting Directive** Description: Mandates that companies disclose information on how they operate and manage social and environmental challenges, enhancing corporate transparency. **Applicability:** Mandatory for large companies within the EU.	Although there is no formal ESG framework, companies must adhere to the country's mining policies and laws, including: ‣ Minerals (Prospecting and Mining) Act 33 of 1992 as amended by Act 8 of 2008	Although there is no formal ESG framework, companies must adhere to the country's mining policies and laws with ESG-related disclosures, including: ‣ Minerals Regulation Commission Act No. 14 of 2024 ‣ The Green Economy and Climate Change Act, Act 18 of 2024 ‣ Environmental Management Act 12 of 2011 ‣ Environmental Protection and Pollution Control (EIA) Regulations, SI 28 of 1997 ‣ Securities Act 41 of 2016 (publicly listed mining companies) ‣ Lusaka Stock Exchange Code of Corporate Governance ‣ Companies Act 10 of 2017 **Applicability:** Mandatory
Consolidated Mining Standard Initiative **Description:**Brings together four well-established standards—The Copper Mark, the Mining Association of Canada's Towards Sustainable Mining (TSM), the World Gold Council's Responsible Gold Mining Principles and the International Council on Mining and Metals' Mining Principles—into one global standard for mining companies of all sizes. **Applicability:** Voluntary	**EU Taxonomy Regulation for Sustainable Activities** **Description:** A classification system to determine whether an economic activity is environmentally sustainable, aiding investors in identifying green investments. **Applicability:** Mandatory for financial market participants offering financial products within the EU	**The Corporate Governance Code for Namibia (NamCode) Directive and Guidance** This has become the country's de facto standard for ESG reporting. It is the corporate governance code with elements of ESG disclosure **Applicability:** Mandatory	
Global Reporting Initiative **Description:** Stipulates comprehensive sustainability reporting standards used by organisations worldwide **Applicability:** Voluntary	**Sustainable Finance Disclosure Regulation** **Description:** Requires financial market participants and advisors to disclose how they integrate ESG factors into their investment decisions and advice. **Applicability:** Mandatory for asset managers, financial advisors, and other financial market participants in the EU	**Namibia Stock Exchange Social, Ethics, and Sustainability (SES) Committee Directive:** Subscribing institutions must establish SES committees to oversee ESG-related risks, opportunities and ethics. **Applicability:** Mandatory	
United Nations Global Compact **Description:** Encourages businesses and firms worldwide to adopt sustainable and socially responsible policies **Applicability:** Voluntary	**Carbon Border Adjustment Mechanism (CBAM)** **Description:** EU's tool to put a fair price on carbon emitted during the production of carbon-intensive goods that are entering the EU, and to encourage cleaner industrial production in non-EU countries. In practice, it levies higher tariffs on imported goods that were produced using fossil fuels. **Applicability:** Mandatory, applying to both EU and non-EU countries		
Principles for Responsible Investment **Description:** UN-supported international network of financial institutions working together to incorporate ESG issues into investment practice. **Applicability:** Voluntary			
International Sustainability Standards Board **Description:** Develops standards that result in a high-quality, comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets. **Applicability:** Voluntary			

Source: Authors' construct from various sources
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The various ESG standards arising from these myriad sources pose a challenge to both host governments and mining companies. Host governments must monitor and enforce their national laws and regulations, while mining companies must adhere to the ESG requirements of both host countries and their own home jurisdictions. The lack of universal standards has created an uneven playing field among mining companies. European and OECD countries have higher ESG standards, partly because they have joined voluntary international initiatives. These countries require their companies to have responsible supply chains, ethical business practices and to reduce their carbon footprints, among other things. Mining companies from Europe are required to meet these higher standards, while companies from other jurisdictions follow a different, potentially lower set of commitments.

In practice, strict ESG requirements often translate into obstacles such as prolonged permit and approval processes. They can increase project costs or cause costly delays, potentially stalling projects and reducing overall project feasibility. For example, stronger health and safety protocols may demand more expensive, higher-quality equipment. Better employee benefits, such as housing and medical aid for miners and their families, similarly come at a price. While admirable, higher ESG compliance costs can undermine the competitiveness of European companies compared to those from other regions, such as China or the Gulf. China reportedly controls a staggering 72% of cobalt and copper mines in the DRC, for example. Gulf countries are also making inroads into CRM-rich southern African countries, with the UAE's International Resources Holding acquiring copper interests in Zambia and Saudi Arabia's Manara Minerals looking to invest in copper and nickel operations in Zambia and the DRC. Turkey and Russia maintain mining interests in several west African countries and India is looking to expand its presence in Zambia and branch out into the DRC and Tanzania.

Climate policies

In addition to the barriers high ESG standards create, several European climate policies hinder European efforts to de-risk energy and mineral supply chains from China by dissuading European financing and participation in mining.

First, mining is not included in the EU's sustainable finance taxonomy, a classification tool designed to help companies and investors identify environmentally sustainable economic activities. This makes both public and private European investors reluctant to support mining projects. Mining is a capital-intensive industry and European mining companies cannot fund new ventures if they are starved of finance, including in African partner countries. Without insurance and guarantees from European finance institutions, European mining companies view these investments as too risky. This is particularly so in Africa, where medium- to long-term risks, like adverse policy changes and macroeconomic instability, have proven to be relatively high. They compound the challenges of mining development and operations, which are multi-decade affairs. Without financial support or risk mitigation mechanisms, European companies will continue to shrink away from mining prospects in Namibia, Zambia and other African countries.

Second, the EU's carbon border adjustment mechanism (CBAM) poses an obstacle to scaling up value addition activities in African countries, because it imposes levies on imported goods based on their carbon emissions. CBAM is designed to ensure that non-EU producers face similar carbon costs as European firms. But, in practice, CBAM can hamstring efforts to boost local mineral value addition in African countries by raising a barrier to the European market. Mineral processing and value addition are already constrained in many African countries due to high costs and scarcity of electricity supply, and CBAM is viewed as an additional hurdle to Africa's industrialisation and a move by Europe to "kick away the ladder" after Europe industrialised with fossil fuels.

For example, Zambia has experienced acute electricity shortages in recent years. In 2024, severe drought constrained the country's hydroelectric power generation, limiting electricity to households to only three hours per day. To address this unprecedented electricity crisis, Zambia is turning to coal-fired power plants. This is a necessary step to unlock large amounts of electricity in the short- to medium-term at a scale that can power both households and industry, but it will subject mineral products processed in Zambia to CBAM penalties due to the higher level of carbon emissions associated with their production. The prospect of CBAM penalties will not help motivate European investment in mineral value addition activities in Zambia. Similarly, it will discourage non-European investors, including local investors, who may have intended to sell value-added products manufactured in Zambia to European markets.

By dissuading investment in African production and discouraging these producers from selling mineral products to the EU market, CBAM also makes it more difficult for European countries to diversify their CRM supply chains, thereby directly undermining European de-risking objectives. Such policies also damage Europe's image as a committed partner for mineral-rich African countries, making Europeans appear indifferent to the development needs of their African partners.

Local perceptions of ESG standards

African stakeholders prioritise ESG standards differently from their European counterparts, viewing them as one consideration among broader economic and development goals. Other pressing issues, such as job creation, infrastructure expansion and industrialisation are equally—if not more—important to African countries. Their governments need to balance ESG against these priorities. Interviews conducted in Namibia and Zambia support this view and reflect broader African experiences.

The strategic partnerships that the EU signed with African countries emphasise the EU's commitment to high ESG standards (see table 2). The centrality of this issue in the European "offer" suggests that the EU sees their ESG commitment as an element that helps make its offer unique, and perhaps superior, compared to other countries. However, pushing high ESG standards is unlikely to appeal to African partner countries if they do not approach ESG standards in the same way.

Table 2. Key aspects of the EU's CRMs agreements with African states

Country	Namibia	DR Congo / Zambia	Rwanda
Date of agreement	November 2022	October 2023	February 2024
Key resources	Unspecified sustainable raw materials (potential for lithium, cobalt, copper, iron ore, and rare earth elements) Green hydrogen	Copper Cobalt Coltan Tantalum, tin, tungsten Rare earth elements	Tantalum, tin, tungsten, and niobium Potential for lithium and other rare earth elements
Focus areas	▸Integrating raw materials and renewable hydrogen value chains; ▸Environmental, social, and governance (ESG) cooperation; ▸Funding for soft and hard infrastructure required for project development; ▸Capacity building, training, and skills development along raw materials and renewable hydrogen value chains; ▸Cooperation on research and innovation; ▸Regulatory alignment, standards, and certification.	▸Integration of sustainable raw materials value chains; ▸Mobilisation of funding for the development of infrastructure; ▸Cooperation to achieve sustainable and responsible production; ▸Cooperation on research and innovation; ▸Capacity building to enforce relevant rules.	

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On mining

Namibia and Zambia have thriving mining sectors, with Chinese mining companies prominent in both countries. In Namibia, Australian and Canadian companies are also notable, while in Zambia, Canadian, Indian and South African companies are big players. Emirati and American companies have also recently entered the Zambian market. No European-domiciled mining companies are currently active in these countries, but they have been in the past, thereby allowing a degree of comparison.

Copper production by various mining corporations in 2021

Company	Total copper produced, MT ▼	Share	Principal ownership	Mine	Sme
Kalumbila Minerals/FQM Trident Ltd	233	29	FQM (Canada): 100%	Solwezi/Kalumbila	X
Kansanshi Mining Plc/First Quantum Minerals	201	25	ZCCM-IH: 20%, FQM (Canada): 80%	Solwezi	Kan 300, copp
Lumwana Mining Co. Ltd	109	14	Barrick: 100%	Lumwana	X
NFC Africa Mining Plc	62	8	ZCCM-IH: 15%, CNMC: 80%	Chambisi	X
Konkola Copper Mines Plc	59	7	ZCCM-IH: 20.6%, Vedanta Resources (India): 79.4%	Chingola and Nchanga mines	Nch 311, ano 3,00 cob
CNMC Luanshya Copper Mines Plc	58	7	China Nonferrous Metal Mining Co (CNMC) 80%; ZCCM Investment Holdings (ZCCM-IH) 20%	Luanshya	Luar

Additional 6 rows not shown.

Source: Author's construct based on various sources.
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In both Namibia and Zambia, there is a nostalgic view of the large British (or partly British) mining companies—still viewed locally as "European"—that once operated there. [2] This is particularly true for Rio Tinto in Namibia and Anglo American in Zambia, which were known for their significant investments in safety standards, social services for local communities, skills development of their workforce and employee benefits. [3] This correlates with findings from Ching Kwan Lee's detailed study of mining companies in Zambia, which found that the past practices of these mining giants still serve as a reference point for what is realisable in the African mining sector.

Since the late 1990s, the landscape of mining ownership in Namibia and Zambia has undergone significant transformation, reflecting broader shifts across Africa's extractive industries. Economic pressures drove some major European mining firms to exit, reshaping the sector's corporate composition. Anglo American withdrew from Zambia in 2002 after struggling to turn around the Konkola Copper Mines (KCM). Vedanta Resources, which is registered in the United Kingdom but is viewed as an Indian company, took over KCM in 2004 and has been in intermittent control of this group of mines since then. Similarly, Swiss Glencore exited Zambia's Mopani Copper Mines (MCM) in 2021, returning ownership to the government; in 2024, the UAE's International Resource Holding acquired a majority stake in MCM. In Namibia, Rio Tinto left in 2018 after making a strategic decision to exit uranium and coal operations globally, selling its local stakes to the China National Uranium Corporation (CNUC). The departure of European mining companies and the parallel shift of private capital to focus solely on maximising shareholder value have resulted in a marked decline in the social investments of most mining companies in these countries. Resentment in Namibia and Zambia about mining companies' lower corporate social responsibility (CSR) commitments today must be seen in this historical context.[4]

Although related—and often wrongly conflated—CSR obligations are different to ESG standards: whereas ESG standards relate to companies' business practices, CSR refers to social investments companies make locally, such as the building of schools and hospitals or the establishment of training programmes. When focusing specifically on ESG standards, the EU's offer is no longer seen as particularly distinctive. African countries have strengthened their legal and regulatory frameworks and most African countries, including both Namibia and Zambia, have entrenched certain ESG requirements in their national legislation (see table 1). This makes compliance with these requirements mandatory, not an optional offer that investors can make. From this perspective, EU promises to adhere to ESG standards as part of its unique offer appear misplaced, particularly in Namibia, where confidence in the government's ability to enforce compliance with national ESG requirements is high. Both countries also impose broader regulatory requirements, apart from ESG standards, including social and environmental impact assessments, which must be approved before mining licenses can be issued.

Nonetheless, although Namibia and Zambia have entrenched certain ESG requirements in their regulatory frameworks, weak, incomplete and outdated laws relating to the mining sector make enforcement difficult. Governance standards are often less prominent than environmental and social standards in national laws and regulations, although both countries are making progress on aspects such as public disclosure of beneficial ownership. Government capacity to effectively enforce ESG regulations is also a challenge, particularly in Zambia. As mining activity expands to meet growing CRM demand for the energy transition, the Zambian government's ability to monitor and enforce compliance with environmental standards and tax obligations, for example, is struggling to keep pace, despite the centrality of mining to the economy.[5] According to Zambian government statistics, mine accidents and fatalities increased from 43 accidents and 19 fatalities in 2023 to 98 accidents and 31 fatalities in 2024, largely due to a rise in illegal artisanal and small-scale mining, which is known for poor health and safety standards and causing environmental damage. This has alarmed local stakeholders who are concerned that environmental and social risks will rise as mining increases to meet CRM demand.

Another reason that African stakeholders do not see European companies as distinctive is that they view large multinational companies from other OECD countries (notably Canada and Australia) as being bound to equally high ESG standards. They consider companies from OECD countries as having relatively better business practices than some Chinese competitors, who are more frequently associated with environmental and social violations (although Chinese companies are not the only ones to commit such violations). The most common complaints against Chinese mining companies include providing inadequate protective gear for staff[6], offering lower wages than OECD firms and having more frequent environmental accidents. A case in point is the recent catastrophic collapse of a tailings dam (which stores mining waste) in Chambishi, Zambia: it released over 50 million litres of acidic pollution into the Mwambashi River. In contrast, Zambian stakeholders highlighted Canadian mining company First Quantum Minerals as one of the leading employers in the country, due to perceptions that it prioritises health and safety, pays decent wages, provides staff housing and fosters professional development opportunities for its workforce.[7]

Nonetheless, even though OECD firms have better ESG practices, local stakeholders felt that even OECD companies could still improve their compliance with ESG standards, particularly around the transparency of accounting amid suspicions of tax evasion.[8]

On green hydrogen

The EU-Namibia strategic partnership also includes an EU initiative to help develop Namibia's green hydrogen sector. Namibia is endowed with notable solar and wind resources, ample land and large ports on Africa's west coast, making it well placed to produce green hydrogen, which offers significant potential for the decarbonisation of hard-to-abate sectors such as transportation, and steel and cement production.

The dynamics of the EU's engagement in green hydrogen in Namibia have been quite different from those in the mining sector. Notably, in comparison to the mining sector, European companies have so far had a greater edge. There are reportedly a number of projects in the pipeline with a value of about $20bn, including the Hyphen Hydrogen Energy project in the coastal town of Lüderitz and others in the port city of Walvis Bay. [9]EU support has tended to focus on projects that could export green hydrogen and derivative products to the EU, which would contribute to Europe's decarbonisation and energy transition.

However, the EU's support for the sector's development has not been without detractors. Local stakeholders mentioned several concerns related to ESG. First, in a country where only 56% of the population has access to electricity, many believe that expanding local energy access should take priority over exporting green hydrogen and derivative products to Europe and other export markets. As a result, projects that intend to produce solely for export markets have weaker support locally than those that plan to also serve the local market in some way, such as by making derivative products like producing green ammonia for fertiliser or electricity for the national grid.[10]

Second, the EU's support for some green hydrogen projects appears to fly in the face of its stated commitment to high ESG standards. An example is Hyphen Hydrogen Energy's 1 GW project, which is planned for construction on 4,000 square kilometres of the Tsau//Khaeb National Park. Local environmental groups have opposed locating the project in the national park and have argued that it would harm animal and plant life in one of the world's top biodiversity hotspots. Although the companies involved appear to be taking ESG very seriously and they are taking careful steps to mitigate the environmental impact of the project, some local stakeholders thought the EU would not permit a similar large-scale energy project to be constructed in a protected area in Europe. The fact the EU supports this project in Namibia gives rise to a perception locally that the EU is only paying lip service to adhering to ESG standards in Africa, and it places lower importance on protecting the environment in Africa than in Europe.

Additionally, Namibia is an arid country. Green hydrogen needs a lot of fresh water, which is scarce in Namibia, forcing companies to turn to desalinating seawater as an alternative. Desalination is energy-intensive and creates concentrated brine as a by-product. For every litre of potable water produced by desalination, 1.5 litres of liquid polluted with chlorine and copper are also generated. This brine is twice as saline as seawater and can wreak havoc on coastal and marine ecosystems if not diluted and dispersed properly. It is not yet clear how large-scale green hydrogen projects in the country would manage this waste to prevent it from creating environmental damage.

If the EU hopes to maintain credibility in Namibia's green hydrogen sector, it must address these lingering ESG concerns. The gap between the EU's stringent environmental rhetoric and its willingness to support projects with potential ecological risks threatens stakeholder trust. Likewise, failure to address challenges of local energy access while driving forward projects that intend to produce energy products for export could weaken local support for the sector.

Critical misalignments

In addition to African stakeholders not viewing European ESG standards as particularly distinctive, there are also differences in how African stakeholders approach ESG standards and how they rank them vis-à-vis other policy priorities.

Differences in the relative prioritisation of ESG components

The relative importance of ESG elements varies between Africa and Europe. The EU places the most emphasis on the environmental aspect of ESG, but many African stakeholders favour the social dimension. African stakeholders believe mining companies' social standards ought to also encompass broader CSR commitments. There is a view that some mining companies today limit their social investments to the bare minimum necessary to ensure the uninterrupted performance of their workforce. Stakeholders find this inadequate and unfair in compensating local communities for the adverse impacts of mining. Critics also contend that companies often design their CSR initiatives without adequate consultation with local communities or consider social investments made in previous years to be the end of their CSR obligations. These issues can result in projects that do not address communities' most pressing, current needs. Consequently, in both Namibia and Zambia, there is support for CSR obligations to be regulated in the same way as environmental standards, rather than leaving social investments to the voluntary generosity of mining companies. [11]

ESG-first vs ESG as one of many priorities

There are also key differences in how European and African countries weigh ESG standards against other policy priorities. European authorities place primary importance on ESG standards, whereas policymakers in Namibia and Zambia consider ESG standards alongside other policy priorities, notably job creation, industrialisation, infrastructure development, poverty reduction and economic growth. These issues are beyond the remit of ESG frameworks but are of considerable concern to African policymakers. African stakeholders argue ESG standards should not overshadow or limit the possible economic advantages of the mining sector.[12] Mineral-rich African countries, like Namibia and Zambia, are determined to capitalise on the surge in demand for critical minerals to advance these other policy priorities. Yet the EU's strict ESG standards leave no room for trade-offs, even where this would better accommodate the policy priorities of African partners.

Corporate governance vs public governance

The governance aspect of ESG is often incorrectly understood among both African and European stakeholders. Governance considerations under ESG frameworks are technically limited to the company's governance; they do not encompass the host country's governance of the mining sector or the country's governance more broadly. Yet references to governance under ESG often imply a broad definition, whereby governance essentially becomes a catch-all for everything that is not environmental or social. For example, host government transparency in the allocation of mining licenses is not an ESG issue as it does not pertain to a company's business practices. Although mining sector governance is undoubtedly important, it should not be confused or conflated with ESG standards. An unduly broad remit of ESG inflates the perceived ESG risk that European companies associate with investing in African countries, providing additional discouragement.

European primary concerns

The EU's strict ESG standards shape European mining companies' risk assessments, making ESG concerns a primary consideration when operating in African jurisdictions. [13] European companies are particularly concerned about the reputational consequences of ESG violations. For example, a drop in lithium prices may force a mining firm to suspend operations and lay off workers, potentially violating labour commitments under ESG's social pillar. Europe's higher ESG standards make compliance harder and create greater scope for reputational blowback, dissuading European involvement in activities deemed risky in ESG terms, particularly those operations that require multi-decade commitments, such as mining.

Additionally, European mining companies are concerned about the extra costs that ESG compliance adds to production, especially in operations in more challenging contexts. Higher production costs mean more expensive products, which makes it harder to find buyers. European mining companies in Africa will need to sell their mined CRMs to European buyers if their efforts are to directly contribute to de-risking Europe's CRM supply chains. Yet most European buyers are not yet willing to pay a premium for ESG-compliant mineral products, so European companies hesitate to operate where ESG compliance may affect pricing. European companies are in an impossible situation in this regard: adhering to high ESG standards will likely raise their production costs, but failing to adhere to ESG standards creates damaging reputational risk.

African primary concerns

On the African side, there's some resistance to the imposition of European ESG standards locally. African stakeholders thought their governments should have more power in determining what ESG standards and requirements apply locally. Zambian stakeholders, in particular, worried that imposing European ESG standards on the country sets the bar too high, making compliance difficult in the local context. They advocated for a more collaborative approach, where European firms first take a seat at the table by investing and then work jointly with local partners to gradually raise ESG standards. [14] They saw this approach as more beneficial to African partners and believed it would improve local perceptions of Europe as a trusted and collaborative partner.

More broadly, African stakeholders felt Europe has somewhat lost sight of the urgent priority of the global energy transition. Strict European ESG standards hinder access to green energy resources and obstruct African countries' efforts to expand energy access and lift their populations out of poverty. European reluctance to finance mining (or natural gas for that matter) undermines economic growth in African countries and slows their transition away from more environmentally harmful activities, such as the widespread use of biomass for cooking, which is causing significant deforestation, including in Zambia, one of the world's largest carbon sinks. African stakeholders are frustrated that European companies baulk at investing in the continent because of ESG concerns when their investments could advance Africa's energy access and economic growth.

For the Africa-Europe partnership to function more effectively, European and African partners must more closely align on the relative importance of environmental, social and governance aspects, as well as how ESG standards are prioritised against other policies. Better understanding these dynamics would help both sides to negotiate trade-offs. Europe can show its commitment to collaboration and mutual respect by embracing a shared approach to ESG standards that reflects both African and European interests.

Balancing ambition and reality

ESG standards are crucial for mitigating the negative impacts of mining, particularly on communities in close proximity to mines. They protect people and the environment while helping mining companies manage and mitigate risks to their operations. The importance of ESG standards is not in dispute. But the impasse Europe faces in establishing access to CRMs supply chains that are independent of China (ex-China) necessitates rethinking the European approach to ESG standards to make them more fit for purpose in the context of heightened geopolitical tensions and the urgent need for enhanced energy and mineral security. There are a few ways to approach climate policies more pragmatically, particularly as they relate to projects in countries outside of the EU.

First, and most importantly, European policymakers need to **address the clash between the EU's climate and de-risking goals** to encourage European mining companies to invest in Africa. One step to close this disconnect would be to **include CRM mining in the EU sustainable financing taxonomy** (subject to fulfilling agreed eligibility criteria), because Europe's energy transition actually depends on mining. This reform is necessary to unlock European public and private finance for mining and mineral processing operations.

Another step to make ESG standards and de-risking objectives more coherent would be to **allow mining companies to come into gradual compliance with ESG standards** and associated reporting requirements, such asunder the Corporate Sustainability Reporting Directive. Companies would undoubtedly need to meet certain standards from the outset, such as workplace safety and labour laws, but they could realise other requirements progressively, such as establishing responsible supply chain partnerships, improving energy efficiency and reducing waste. Mining companies, host governments and local communities would need to agree on this gradual compliance process, project by project, establishing clear milestones, and oversight and accountability mechanisms. EU and African partner countries would need to enact legal and regulatory amendments to provide for this process. A structured, milestone-driven approach—agreed upon by mining firms, host governments , and local communities—would ensure accountability while reflecting the realities of operating in complex environments.

Effecting these changes would require European public sector entities and those of member states to **reset their attitude toward mining**, recognising that although there are ESG risks associated with the industry, it is a "necessary evil" to provide the minerals needed for Europe's decarbonisation and energy and mineral security. If European climate policies more easily facilitated CRM mining operations in African countries, this could create opportunities to improve the way mining is done. Simply avoiding mining gives Europe no scope to improve practices in the sector and, critically, it impedes Europe's ambitions to access ex-China CRMs.

Another option is to **encourage lower-risk mining activities in Africa**, such as extracting CRMs from tailings dumps, which are storage sites for leftover mining waste. Such mining activities often pose lower environmental and social risks because they involve processing existing waste rather than extracting new materials. They can transform environmental liabilities into valuable resources while offering European firms an entry point into African markets. Once European companies are present in these markets, they can better gauge potential opportunities in mining or value addition in the country and expand their operations into other activities.

On the other hand, European policymakers also need to **make the European offer more attractive to African stakeholders** to help European companies establish a foothold in African mining. This requires a balanced approach—one that includes mutually agreed ESG standards while acknowledging broader African policy priorities, such as job creation, infrastructure development and industrialisation. European public sector entities could provide targeted technical assistance and capacity-building initiatives to help African governments strengthen their mining regulatory frameworks (including ESG requirements) and improve their monitoring and enforcement capabilities. In this way, ESG standards could be raised without sidelining Africa's economic goals.

By balancing ESG ambitions with practical realities, the EU can create a framework that supports European investment in African mining while securing its role in critical minerals supply chains.

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[1] Outcome of focus groups conducted in Windhoek, Namibia (November 18th 2024) and Lusaka, Zambia (November 27th 2024) as well as various stakeholder interviews. We could not access any credible public source databases which tracked European investment in either mining or mineral value addition activities DRC, Namibia, Rwanda, and Zambia

[2] Windhoek focus group, November 18th 2024; Lusaka focus group, November 28th 2024

[3] Windhoek focus group, November 18th 2024; Lusaka focus group, November 27th 2024

[4] Windhoek focus group, November 18th 2024; Lusaka focus group, November 27th 2024

[5] Interview with Zambia Revenue Authority, Mining Audit Unit, November 27th 2024

[6] Lusaka focus group, November 28th 2024

[7] Lusaka focus group, November 28th 2024

[8] Interview with Zambia Revenue Authority, Mining Audit Unit, November 27th 2024

[9] Interview with EU Delegation, November 21th 2024

[10] Windhoek focus groups, November 18th and 19th 2024

[11] Solwezi focus group, December 7th 2024

[12] Kitwe focus group, 3 December 2024.

[13] Interview with Euromines, 9 July 2024.

[14] Lusaka focus group, November 27th 2024; interview with independent expert, December 9th 2024

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