

# Global Roundtable on Transforming Extractive Industries for Sustainable Development

25 May 2021

Heads of States and Governments, Ministers, and representatives from major extractive companies, the private sector, civil society, think tanks, academics, and principals from the United Nations called for urgent and bold action to transform extractive industries to support Sustainable Development. During the Global Roundtable on Transforming Extractive Industries for Sustainable Development, a central issue that emerged was the need to: (i) support commodity-dependent countries in their recovery from COVID-19; and (ii) ensure that all countries, regardless of their energy mix or level of development, contribute to, and benefit from, the just transition to a net-zero future, and capitalize on this opportunity to create more diversified, inclusive, and sustainable societies.

The meeting underscored the *need for multilateral action*, including:

- *Providing concessional finance and addressing liquidity constraints* of commodity-dependent developing countries to bolster a global recovery from COVID-19, e.g., by reallocating Special Drawing Rights (SDRs); using innovative instruments such as debt-for-climate swaps; massively bolstering liquidity to support commodity-dependent SIDS (including Papua New Guinea) and operationalizing the REDD+ mechanism.
- *Reducing dependence on revenue from fossil fuels and enhancing resilience*, including by diversifying economies such as by creating Sovereign Wealth Funds (SWFs); ending fossil fuel subsidies and reforming tax sectors to incentivize sustainable practices; creating an enabling environment for ESG investments to support the SDGs; integrating just transition criteria into ESG assessments; building upon efforts to create a sustainable financial taxonomy system; and de-risking investments.
- *Improving the governance of extractive industries*, e.g., by tackling illicit financial flows and corruption and ending tax havens as conduits for illicit financial flows in the region; bolstering transparency and good governance practices; harmonizing national regulation and practices for local, national, and foreign-owned companies; and ensuring MNEs pay their fair share of taxes in areas where value is added.
- *Supporting a green and circular economy*, e.g., by investing heavily in R&D, technology, and innovation; developing raw material strategies to support a circular economy, such as the EU's Raw Material Alliance; and removing all barriers to the sharing of technologies intended to combat climate change.
- *Ensuring a just transition to sustainable systems*, e.g., ensuring vulnerable groups, including civil society and indigenous groups, are involved in the design and monitoring and evaluation of extractive operations; designing long-term national plans to achieve a just transition to net-zero and accompanying financial strategies to achieve those goals, building upon integrated national financing frameworks; and re-distributing revenue to invest in the sustainable development of local populations, including re-skilling programmes for the green sector.
- *Enhancing regional cooperation and collaboration* on an unprecedented scale, e.g., by bolstering transparency and traceability across the entire value chain; and creating and

effectively implementing regional frameworks to govern the extractives sector, including the African Mining Vision (AMV) and Escazú Agreement.

In their specific policy proposals, participants also drew on the recommendations included in the Secretary-General's Policy Brief on Extractive Industries, and focused on both immediate financing needs to support countries through the COVID-19 pandemic, and the need to transform the sector to secure a just transition to a net-zero future. Participants across the board also highlighted the need for a holistic approach that assesses country needs on a case-by-case basis, particularly given that some countries are poised to benefit from the green transition, while those dependent on fossil fuels could face a difficult adjustment period in the short-term. In this regard, while Heads of State and Government from Mauritania, Guyana, Rwanda, Turkmenistan, Kazakhstan, Trinidad and Tobago, the Vice President of the European Commission, and Ministers and Senior Representatives from Colombia, Belgium, Chile, Argentina, Morocco, Egypt, and the UK all noted expressed commitment to greening the sector, Papua New Guinea called for greater international support to all SIDS to ensure that they do not have to extract natural resources to stay afloat, and the Russian Federation called for the energy transition to strike the right balance between environmental goals (SDG 13) and energy efficiency and access (SDG 7).

Private sector participants, including BP, Pan American Silver Corp, China Petrochemical Corporation (SINOPEC), and the International Council on Mining and Metals (ICMM) also underscored the importance of transitioning to green energy and acknowledged that aligning their investment portfolios with ESG investments is an economically sound decision. Pan American Silver Corp highlighted the danger of national governments raising taxes too ambitiously, which they noted can drive away investment from foreign owned businesses, and the need to formalize the ASM sector. BP asserted that they have introduced a new strategy to diversify and decarbonize their operations and to support a just transition, including through the recent establishment of an offshore wind business and an online portal to support recruitment. ICMM also emphasized the importance of bolstering transparency by publishing both the positive and negative impacts of the industry in partnership with the public sector and civil society.

The meeting was convened by the Secretary-General and brought together Heads of State and Government from Mauritania, Guyana, Rwanda, Bolivia, Turkmenistan, the Democratic Republic of the Congo, Kazakhstan, Ghana, Trinidad and Tobago, and Papua New Guinea, in addition the Vice President of the European Commission, Ministers from Colombia, Belgium, Chile, Argentina, Morocco, and Egypt, the Deputy Minister and Head of the Federal Subsoil Resources Management Agency (Rosendra) of the Russian Federation, and the G7 Envoy on Economic Resilience of the UK. The High-Level Segment. The three thematic panels also convened private sector players such as BP, Pan American Silver Corp, and SINOPEC, among others, and civil society actors, including the Extractive Industries Transparency Initiative (EITI), the International Council on Mining and Metals (ICMM), and the Fund for the Development of the Indigenous Peoples of Latin America and Caribbean (see list of participants attached). The five Executive Secretaries of the Regional Economic Commissions (RECs) provided their reflections on the way forward before the Deputy Secretary-General provided closing remarks.

***Commitments by Member States and Calls for Support to the United Nations***

**The Democratic Republic of the Congo highlighted that they will host a summit in late June 2021** as a direct outcome of this Initiative, which will **focus on how the DRC and neighboring countries can transition to becoming major exporters of batteries**, while diversifying their economies, enhancing resilience and value addition in regional value chains, and adding local content and job creation for vulnerable communities in the process.

In addition to this concrete outcome, several countries highlighted their current national plans and efforts to green the extractives sector. For example, Mauritania is developing a Roadmap for the creation of green hydrogen; Guyana has developed a low-carbon development strategy; Rwanda is embarking on a shift towards developing electric vehicles (EVs); Turkmenistan is developing its fourth national communication on climate change; Trinidad and Tobago has identified the incorporation of renewable energy into its national policy mix as a key medium-term development goal; Colombia introduced a reformed royalty redistribution system, which provides targeted support to vulnerable territories, small scale artisanal miners (ASM) and environmental projects; Belgium is committing over US \$6 million to invest in transparency and accountability in the sector, with a particular focus on ASM; Chile is phasing out coal plants by 2040 and is moving towards clean mineral production; Egypt has introduced a mining law that includes the sustainable management of resources; and the Russian Federation has harmonized its national classification system of crude oil with the United Nations Framework Classification for Resources (UNFC) and has set up the Moscow Skills Center. The EU has adopted the European Green Deal and introduced battery passports to increase due diligence for traceability and recycling, and is working to further enhance harmonization and classification schemes to bolster sustainability in the sector, including by developing a sustainable financial taxonomy system and building upon the UNFC and United Nations Resource Management System (UNRMS) under development. The EU's Raw Material Alliance, which is currently working in close collaboration with Latin America, Australia, Serbia, and the Ukraine, is also hoping to engage with interested parties in Africa soon.

Several countries and stakeholders also called for greater support from the United Nations to achieve a just transition and support the de-carbonization of their economies; and encouraged the United Nations to leverage its position by creating additional initiatives in this regard. For instance:

- **Mauritania** called on the UN to set up an **initiative to accelerate the development of renewable energy in Africa and the Arab Region**, including by supporting the transfer of technologies.
- **Guyana** called for the creation of a **Tourism Resilience Fund**; the full implementation of the **Addis Ababa Action Agenda (AAAA)**; the **operationalization of the REDD+ mechanism**; and greater ambition **on NDCs**.
- **Bolivia** called for the release of patents on COVID-19 vaccines and the creation of an **Earth Assembly** to accelerate the preservation of the planet.
- **Turkmenistan** called for the UN to create an **international roadmap on developing green hydrogen** in the energy sector.
- **Papua New Guinea** called for the UN to **mobilize advanced economies to support SIDS to preserve rainforests**.
- **Tatiana Mitrova**, Director of the Skolkovo Energy Center, Russian Federation called for the **UN to create an online platform to share best practices, and develop guidelines for regulatory and financial frameworks for a just transition**, and for the creation of a **global training program for local governors** to encourage the creation of policies to support local

communities during the energy transition, including by re-purposing physical infrastructure to create new jobs.

### *The Way Forward and the Working Group on Extractive Industries*

Going forward, the Executive Secretaries from the five Regional Economic Commissions all highlighted how they will work to implement the recommendations from the Secretary-General's Policy Brief into concrete actions at the national and regional level.

- **ECE** underscored the need to develop a coherent **Global Framework for Extractive Industries with Member States**, and invited Member States to issue a statement of intent in the next year and undertake the rapid alignment of actions with that intent in the years following.
- **ECLAC** stated they would be supporting countries in their efforts to avoid a race to the bottom, bolster the good governance of natural resources through the effective implementation of the Escazú Agreement, reform tax sectors to add local value, and invest in industrialization and technological innovation in the region.
- **ESCAP** underscored the importance of ensuring a complete phase out of coal in the Asia-Pacific Region, and noted that they will be working on **promoting cross-border power grids, developing the SDG 7 Roadmap with Member States, and accelerating the Green Power Corridor**. ESCAP will also be working with IRENA and UNEP to prepare for the **High-Level Dialogue on Energy** during the 76<sup>th</sup> Session of the UN General Assembly.
- **ESCWA** noted that they are **planning to establish a platform for coordination between the private sector and governments to de-risk investments in sustainable energy**, provide policy advice to encourage the adoption of a circular economy framework, and create re-training and re-skilling programs focused on women and youth empowerment.

**The representative from the Russian Federation and the International Institute on Sustainable Development (IISD) both supported the SG's call for a Working Group on Extractive Industries. Following the event, Canada and UNEP have also indicated their interest in this Initiative.**

The outcomes of this process could also be further elaborated upon and could leverage the work in several upcoming meetings, including the **Summit** on creating a regional value chain related to the production of **electric batteries to be held in the DRC in June 2021**, the **High Level Dialogue on Energy** to be hosted by the UN in September 2021, and the **World Circular Economy Forum (WCEF)** to be hosted by Canada in September 2021.