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Addressing the Fragmentation of Multilateral Approaches on Transition Minerals

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An initiative of the



1. Addressing the Fragmentation of Multilateral Approaches on Transition Minerals

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Summary:

Despite numerous United Nations agencies and international organizations, including UNEP, UNCTAD, UNDP, UNIDO, IGF, OECD, IEA, and IRENA, working to address the various challenges related to the supply of transition minerals critical for the energy transition, the fragmentation of efforts has led to significant challenges such as a lack of coordination and information exchange and inadequate capacity. Potential solutions include integrating minerals into the Sustainable Development Goals, establishing a new global framework like the "Sustainable Development Licence to Operate" proposed by the International Resource Panel, and creating a dedicated international agency for minerals.

Fragmented multilateral responses to challenges around minerals and other extractives are mostly a consequence of a legacy of limited interest from the most developed economies: as mineral operations increased in (mining), or relocated to (processing), emerging markets including China, the issues that arose became programmatic priorities of various agencies and organizations in different ways, leading to siloed interventions.

The rise of the criticality agenda, linked to energy transition ambitions as well as geostrategic tensions, is changing the paradigm: because minerals-relating issues are interlinked and all ultimately influence reliability and responsibility of mineral supply, the need for strategic intervention requires more systemic approaches. This will be key in enabling multilateral institutions to fully play their role in leveling the playing field, guiding all parties through a fair transition and possibly redesigning fundamental principles to meet global and existential stakes for humanity.



1.1. International Collaboration on Transition Minerals: UN Agencies and Key Organizations' Contributions

United Nations Agencies and Initiatives Addressing Transition Minerals

Numerous United Nations agencies are actively engaged in addressing the complexities surrounding transition minerals. These include the United Nations Environment Programme (UNEP) [1], the United Nations Development Programme (UNDP) [2], the Regional Economic Commissions [3] [4] [5], the United Nations Conference on Trade and Development (UNCTAD) [6], the United Nations Industrial Development Organization (UNIDO) [7], and the Intergovernmental Forum on Mining, Minerals, Metals, and Sustainable Development (IGF) [8]. Each agency focuses on various facets of transition minerals, ranging from environmental considerations (UNEP) to the intersection with economic development (UNDP) and support for mining governance in developing nations (IGF). The International Resource Panel (IRP), established in 2007 as part of the UNEP, has been studying management of minerals resources as part of its mandate on global resource practices [9].

To enhance coordination and streamline efforts, the **"Transforming the Extractive Industries for Sustainable Development"** working group was established in January 2022 under the UN Secretary-General's purview [10]. Co-chaired by UNEP, UNDP, and the Regional Economic Commissions, this group aims to coordinate the UN's work concerning extractive industries. In April 2024, the working group launched the **Panel on Critical Energy Transition Minerals** [11] as part of a larger initiative "Harnessing Critical Energy Transition Minerals for Sustainable Development in Least Developed and Land-Locked Developing Countries – Just Transitions in Low Carbon Technologies". This Panel aims to craft global voluntary guidelines

for more responsible mining, to be presented at the UN General Assembly in September 2024.

Advancing Responsible Mineral Practices: Contributions of OECD, IEA, and IRENA

The **Organization for Economic Co-Operation and Development (OECD)** has been a pivotal actor in addressing issues surrounding mineral supply chains since the publication of its *Due Diligence Guidance for Responsible Supply Chains of Minerals* in 2011 as part of its promotion of responsible business conduct across borders (multinational enterprises) and value chain functions (risk-based due diligence guidance) [12]. Originally focused on minerals contributing to armed conflicts and human rights violations, the OECD has expanded its purview to encompass social and environmental impacts [13] leveraging its track record in fostering responsible practices and leadership in systemic, value-chains based approaches to sustainability and governance.

In recent years, the **International Energy Agency (IEA)** has intensified its attention on transition minerals, recognizing their integral role in clean energy technologies. The release of their 2021 report, *"The Role of Critical Minerals in Clean Energy Transitions"* [14] was instrumental in raising awareness of the exponential demand growth projected over the next two decades. The IEA responded to the 2023 G7 Ministers' Meeting on Climate, Energy, and Environment's request for more comprehensive information by publishing its inaugural *Critical Minerals Market Review* [15] and convened the first international Ministerial Summit on critical minerals and their role in clean energy transitions on September 28, 2023 [16]. A Voluntary Critical Mineral Security Programme was announced in the

2022 IEA Ministerial Communique, which would include national stockpiling and other measures designed to ensure resilient supply chains [17].

The **International Renewable Energy Agency (IRENA)** launched the Collaborative Framework on Critical Materials for the Energy Transition in March 2022, as a platform for dialogue, exchanges and collaboration on the gaps and solutions for the energy transition that relies on critical materials [18]. Following a number of technical papers on specific transition minerals, they published a comprehensive report on the geopolitical implications of mineral supply chains in July 2023 titled “Geopolitics of the Energy Transition - Critical Minerals” [19].



1.2. Barriers to Effective Governance of Transition Minerals: Coordination, Representation, and Capacity Issues

Lack of Coordination and Information Exchange

The current landscape of institutions addressing mineral-related issues is marked by a **lack of coordination and integration**. The UN Secretary-General's working group on extractive minerals fails to encompass the full spectrum of UN agencies engaged in mineral-related initiatives. Some of these agencies, such as the IGF (UN type 2 agency) which assists their over 80 Member States in developing mining frameworks and offers technical assistance for more sustainable mining practices, have overlapping mandates with other agencies, such as UNDP and UNEP, and/or with highly-recognized civil society organizations with significant influence and partial funding from other agencies or multilateral institutions.

The lack of coordination within the UN system is **compounded by the lack of coordination**

within each Member State's Ministries. The Environment Ministers might not coordinate with the Mining and Energy Ministers, each representing their country in separate assemblies. This fragmentation of mineral-related work among various actors hampers the flow of information.

Furthermore, UN agencies have been known to **operate in silos**, sometimes launching bilateral initiatives with member States with little to no coordination with other relevant organizations [20]. Member States sometimes address the same requests to different agencies, also posing a risk of duplication of efforts. This disjointed approach hampers the effectiveness of interventions and impedes progress toward addressing complex mineral-related challenges on a global scale.

Lack of Inclusive Representation

The current framework for addressing mineral-related issues is deficient, particularly in terms of representation and inclusivity. For example, despite efforts by the IEA to position itself as a pivotal technical player on mineral matters, its full-fledged members are predominantly from developed countries. Although the IEA has been working to expand its membership and engage a wider set of mineral-producing countries, there is much more to be done to adequately represent the diverse interests and perspectives of all stakeholders across the globe.

Furthermore, while numerous international organizations purport to engage with civil society, their operations remain entrenched within a traditional Westphalian framework that privileges **nation-states as the primary actors**. Within this paradigm, non-governmental actors, including civil society organizations and the private sector, often find themselves relegated to peripheral roles, limited to mere observers or consultants without substantive integration into the decision-making process.

This hierarchical structure **marginalizes the voices and perspectives of non-state actors**, constraining their ability to influence policies and initiatives that directly affect them and the communities they represent. Despite efforts to create avenues for consultation and participation, the inherent power dynamics within these organizations perpetuate a system where state interests take precedence. This is evident in the recent Panel on Critical Energy Transition Minerals, where the overwhelming presence of states, numbering over 100 when accounting for all countries within the African Union and the European Union, contrasts sharply with the limited representation of civil society actors, totaling just 17.

Moreover, the dominance of state-centric approaches overlooks the valuable expertise, resources, and perspectives that non-state

actors, particularly civil society organizations and the private sector, bring to the table. These actors often possess invaluable insights and on-the-ground experience that can enrich policy discussions and contribute to more effective and inclusive decision-making processes.

Lack of Effective Capacity

Existing international organizations and agencies are facing significant challenges as they endeavor to address the escalating awareness of the critical importance of transition minerals. This emergent field represents a paradigm shift, **necessitating a substantial allocation of human resources and time by organizations that may not have initially prioritized this issue**. For instance, the IEA, originally established as an energy security organisation, now finds its mandate expanded to transition minerals – a topic that falls outside its original mandate. The task of addressing this emerging topic **may strain already limited financial and human resources**. The teams dedicated to tackling these issues within each institution are notably small (though expanding) and operate with modest resources, particularly when considering the vast scope and complexity of the challenges involved.

The limitations in resources also have broader repercussions, as they result in critical aspects of mineral-related issues remaining unaddressed. For instance, challenges related to market opacity for certain minerals and trade barriers, which traditionally fall under the purview of the Bretton Woods system, often go overlooked. The International Monetary Fund (IMF) has maintained a low profile on these issues, occasionally publishing reports [21] but otherwise remaining discreet. Notably, the World Trade Organization (WTO) appears to be largely absent from discussions surrounding mineral-related challenges, leaving a significant gap in global governance efforts in this domain.

1.3. Avenues for Reflection: Exploring Ideas for a More Robust Global Framework on Transition Minerals

Reframing: Integrating Minerals into Sustainable Development Goals

Despite being omnipresent in our daily lives, minerals are conspicuously absent from the UN Sustainable Development Goals (SDGs) and Agenda 2030. The lack of terms such as "mine" or "mineral" within the SDGs not only mirrors the negative perception of the mining industry but also results in overlooking the crucial role minerals play in the energy transition. Additionally, it fails to adequately address the challenges related to their extraction, processing, and utilization.

Several experts have suggested that minerals could be added to the future SDGs through the concept of "mineral security" akin to "food security," within the UN system, as to acknowledge their role in a multitude of essential functions, including shelter, transportation, agriculture, green industrialization, and energy production, as well as their importance in achieving sustainable development objectives [22].

Another conceptual framework for considering transition minerals is the "common goods" framework. Because of their catalyst role to the global energy transition, access to minerals and minerals themselves could be considered as a resource so important that the focus would have to shift from private or even national interests to the collective well-being of humanity or the planet. This designation could motivate increased action and raise awareness about the importance of responsible mineral management and sustainable resource use. It could also pave the way for the establishment of governance frameworks and policies focused on the long-term sustainable use and preservation of transition minerals for the benefit of current and

future generations. International organizations could play a crucial role in holding actors accountable and act as guardians of these resources through the management of certain projects in "hotspots of biodiversity" or taking place on indigenous land.

Addressing the Normative Gap: the Need for a New Global Framework on Minerals

The existence of a "normative gap" concerning global challenges related to minerals and the fragmented institutional landscape to tackle these issues is acknowledged by numerous stakeholders, including the UN. It is in response to these shortcomings that the UN Secretary-General announced the establishment of a Panel on Critical Transition Minerals during COP28 to develop a set of global common and voluntary principles.

Within the UN, the IRP in particular is advocating for a holistic approach: a comprehensive and cohesive global framework to address the challenges associated with transition minerals. Named "Sustainable Development Licence to Operate", this would be a governance framework with consensus-based principles and best practices aligned with the SDGs [23]. This would require (i) establishing an international consensus, through existing forums, on the content and structure of a Sustainable Development License to Operate, (ii) forming bilateral and plurilateral agreements among governments to ensure security of supply of raw materials and promote resource-driven development, as well as (iii) implementing regular reporting mechanisms to track progress towards sustainable development, such as a global "State of the Extractive Sector" review or similar process.

A new International Agency of Minerals & Metals

There has been ongoing discussion within the international community regarding the establishment of a new International Agency or Organization dedicated solely to minerals and metals. The IRP has put forward a proposal for the creation of such an entity as part of the Sustainable Development Licence to Operate [24]. This entity would serve to facilitate data sharing and foster bilateral and plurilateral agreements on resource security and development. Similarly, the French Institute of International Relations (IFRI) has advocated for the establishment of an independent international agency as the primary means to ensure responsible mineral supply chains and uphold high international standards in production and processing [25]. Such an agency would also aim to secure development benefits for producing countries and promote technological innovations in extraction, production, and recycling.

The case for establishing a new International Organization dedicated to minerals underscores the need for a global integrated structure to tackle challenges such as environmental and social impacts along the supply chains and price volatility. By consolidating efforts under a single entity, there is potential to foster enhanced international cooperation and data sharing, leading to improved transparency and informed decision-making. Moreover, such an organization could play a pivotal role in assisting developing countries in building capacity and implementing sustainable practices for the management of their mineral resources.

Conversely, critics argue that the establishment of a new agency may result in duplication of existing efforts and initiatives. They contend that resources might be better allocated towards reinforcing the work of existing bodies and enhancing coordination among them. While the

prospect of a new International Organization offers promising opportunities for addressing the complexities of mineral governance, careful consideration of potential redundancies and the optimization of existing frameworks are essential aspects to weigh in the decision-making process.



Notes

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