

Transforming Extractive Industries for Sustainable Development

MAY 2021



II. Challenges in the extractive industries sector

⁹ United Nations (2021). Financing for Development in the Era of COVID-19 and Beyond Initiative. Available at www.un.org/en/coronavirus/financing-development

defenders, in extractive sectors, which include a high percentage of indigenous people, are especially vulnerable to death and harassment.¹⁷

c. ENVIRONMENT

Extractive industries have a significant environmental impact at both the local and global level. Water, air and soil contamination from extraction, smelting and transportation processes, water use competition, and the destruction of habitat and protected areas are among the persistent environmental challenges facing the sector. Limited legislation and weak law enforcement lead to ecosystem degradation and a loss of biodiversity. Negative environmental impacts are also exacerbated by informal and illegal extractive industry

operations. (e)10-158 (4)0.575 (d)-102(r)-5.6 (o)263 ()0.5 (i)-4.ytl(o)-10 (l i)-7.5 (m)-11.6 (p)-3.7 (a)-6.3 (c)8ie ion33 (a)pe

except for 2019,²⁵ while the sharp and continued fall in renewable energy costs have made investing in clean energy sources particularly attractive.²⁶ Only in April 2021, Saudi Arabia's second PV tender, the 600 MW Al Shuaib pro-

-(O)-15. Al Siratg r,n ep (l)-3.3 (a8.8 (B8w25.6 (o)-8m[s]-4.6 (e)-14.9 r(a8.8 (r)

REGIONAL AND GLOBAL COLLABORATION

The interdependence of extractive industries and the energy sector calls for greater regional and global coordination to manage shocks and smooth transition processes. The United Nations, through its Regional Economic Commissions (RECs), can provide a platform for dialogue among Member States, and serve as a source of knowledge generation and a common ground for gathering technical expertise.

To manage the global energy transition, regional frameworks should be further developed or established with the aim of aligning extractive industries with the SDGs, Paris Agreement, the Convention on Biological Diversity, the Minamata Convention and human rights principles. Efforts should also be made to adhere to and implement strong existing regional or global

frameworks, such as the African Mining Vision (AMV), the Escazú Agreement, and the Global Industry Standard on Tailings Management in Mining, and to create similar frameworks to encourage best practices and safeguard access to information and participatory decision-making in regions where they do not exist.

Additionally, while some countries and regions are adopting green energy and circular economy plans, they should ensure that they do not continue to invest in harmful practices abroad.

In this regard, developing a framework for the traceability and transparency of

IV. Calls for action

The recent crisis has accelerated the green transition and opened up new opportunities to reform the extractive industries to support a global economic recovery and enable a just transition to a sustainable, net-zero, and inclusive economy. A holistic approach should be fostered that considers the distinct needs of resource-rich developing countries with those of developed countries. It also should provide for greater long term diversification, and targeted support to vulnerable groups, including women, indigenous communities, youth, and those who will be initially displaced by the transition. Enabling a just energy transition to a sustainable management of natural resources which supports people, prosperity, and planet requires strengthening sub-regional, regional and global collaboration.

The extractive sector has reached a critical juncture. Decisions and investments taken today will shape the world's ability to recover from the pandemic, achieve the 2030 Agenda for Sustainable Development and the Paris Agreement, and avert the impending climate disaster. COVID-19 presents a once-in-a-lifetime opportunity to build back better by reducing the systemic vulnerabilities in our global economy. This includes addressing the inequalities inherent to the extractives sector, which continues to prioritize profit for private interests over long-term sustainable and inclusive development.

Transforming the extractives sector into an engine for sustainable development that can support a just transition for all is an essential part of this challenge. It is up to us to meet it.

Recommendations to transform the extractives sector are divided into six areas, addressing (i) financing for development: debt relief

n

GOVERNANCE AND REVENUE MANAGEMENT

4. Harmonize national standards and further



TECHNOLOGY, INNOVATION, AND A CIRCULAR ECONOMY

13. **Lower barriers to trade and intellectual property, abolish protectionist policies, facilitate technology transfer and make available global data collection technologies,** including satellite imagery, to make sure all countries effectively combat climate change.
14. **Adopt policies that assess upstream and end-of-life impacts of clean technologies** to ensure that extractive industries adopt sustainable and responsible practices and circular business models to meet rising mineral demand.
15. **Implement a shared principles-based, integrated, sustainable resource management framework** using tools such as the existing United Nations Framework