



# Regional Policy Dialogue on Just Transitions for Critical Energy Transition Minerals in the Arab Region

*Virtual, 24 July 2024 (11:30 – 13:30 Beirut Time),*

*with simultaneous interpretation (Arabic and English).*

Organized by United Nations Economic and Social Commission for Western Asia (ESCWA), in partnership with Arab Industrial Development, Standardization and Mining Organization (AIDSMO), and with the support from the Secretary-General's Working Group on Transforming the Extractive Industries for Sustainable Development.

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## 1. Objective:

The main purpose of this **Arab regional policy dialogue** is to gather feedback and recommendations to address the main areas of work and initiative of the “[UN Working Group on Transforming the Extractive Industries for Sustainable Development](#)” on “Harnessing Critical Energy Transition Minerals for Sustainable Development” and to enrich the content with the experiences of Arab countries.

## 2. The Context

Effective climate action and the global deployment of renewable energy technologies relies on the sufficient, reliable, and affordable supply of critical energy transition minerals (CETMs). For the energy transition to be just, a careful assessment must be made of when to extract and when to leave the minerals in the ground that also considers nature-based solutions to climate change. When a decision is made to extract, these minerals must be extracted, processed, transformed, and recycled in line with the highest social/human rights and environmental standards (with FPIC as a key standard) and in ways that advance equity<sup>1</sup> and multiple SDGs.

Given the volume of extraction and processing required, the expected pace of development, and the geographical concentration, CETMs are of particular importance to sustainability transitions, relations between nations, and sustainable local development, particularly in developing countries pursuing industrialization and structural transformation priorities.

Major investments are needed to increase supply, with financial analysts predicting that more than US\$1.7 trillion will be needed between 2020-2035.<sup>2</sup> Investment in the mining of CETMs rose by 30% in 2022, however, global lead times to discover and develop mining projects average more than 16 years and current investments are falling short.<sup>3</sup>

With careful planning, investment and management, countries with large reserves of CETMs have an opportunity to transform economies, create green jobs, and foster sustainable and inclusive local development. However, mineral resource development has not always met this promise and has too often been characterised by enclave economic activity with few long-term linkages and benefits to local economies, thus missing the opportunity to utilise them for larger economic transformation. As stated by UN Secretary General António Guterres, when announcing the [Panel on Critical Energy Transition Minerals](#), critical minerals are a critical opportunity – to create jobs, diversify economies, and dramatically boost revenues. But only if they are managed properly. The race to

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<sup>1</sup> Gielen, D. (2021), Critical Materials for the Energy Transition. International Renewable Energy Agency, Abu Dhabi. [https://www.irena.org/-/media/Irena/Files/Technical-papers/IRENA\\_Critical\\_Materials\\_2021.pdf?rev=e4a9bdc93614c6c8087024270a2871d](https://www.irena.org/-/media/Irena/Files/Technical-papers/IRENA_Critical_Materials_2021.pdf?rev=e4a9bdc93614c6c8087024270a2871d)

<sup>2</sup> Kettle et al. (2020). Faster decarbonisation and mining: a crisis of confidence or capital? Wood Mackenzie. <https://www.woodmac.com/news/opinion/faster-decarbonisation-and-mining-a-crisis-of-confidence-or-capital/>

<sup>3</sup> IEA (2021). Ibid.

net zero cannot trample over the poor. The renewables revolution is happening – but we must guide it towards justice.”<sup>4</sup>

Building trust between producers and consumers, between producers and their local communities, and amongst producers is essential for just transitions.<sup>5</sup> A just minerals transition means transforming the economy through mineral development in a way that is as fair and inclusive as possible to everyone concerned, equitably sharing benefits, creating decent work opportunities, supporting economic diversification, and leaving no one behind, while strengthening social and environmental safeguards and the rule of law.<sup>6</sup>

Meaningful relations of trust require coherent policies, safeguards, and proper planning and management of mineral development without which this economic activity can be an impediment to sustainable development. Efforts to raise sustainability and human rights standards, and ensure public participation in decision-making, will need to be redoubled to ensure and preserve public trust.

Several countries in the Arab region are well endowed with renewable energy resources and there is significant potential for the adoption of clean energy technologies and the energy transition minerals offer several opportunities for resource-rich countries in the Arab region. Some of the key opportunities include the potential for economic diversification, higher revenue generation, an increase in direct and indirect jobs, higher inflows of foreign direct investment (FDI), better returns on investment, opportunities for infrastructure development, and the emergence of new business models with an environmental, social and governance (ESG) focus.

### 3. Participants

The Arab Regional policy dialogue will include the participation of senior government managers, officials, advisors, representatives from arab regional organizations, the private sector, experts from academia and think tanks, Youth, civil society, and other relevant stakeholders from the respective region.

### 4. UN Support on Just Transitions for Critical Energy Transition Minerals

To support a just and sustainable energy transition and accelerate the achievement of the Paris Agreement and the UN Sustainable Development Goals, the United Nations Secretary General launched a [Panel on Critical Energy Transition Minerals](#) with a view to ‘develop common and voluntary principles to build trust, guide the transition and accelerate the race to renewables’<sup>7</sup>. Along with this Panel and guided by it, the [UN Secretary-General’s Working Group on Transforming the Extractive Industries for Sustainable Development](#) is working on an initiative entitled ‘**Harnessing Critical Energy Transition Minerals for Sustainable Development in Least Developed and Land-Locked Developing Countries**’<sup>8</sup>. The main objectives of these efforts are to build trust,

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<sup>4</sup> <https://www.un.org/sg/en/content/sg/personnel-appointments/2024-04-26/critical-energy-transition-minerals-panel>

<sup>5</sup> UNFCCC (2022). Implementation of just transition and economic diversification strategies: a compilation of best practices from different countries. Bonn.

[https://unfccc.int/sites/default/files/resource/A%20compilation%20of%20best%20practices%20on%20JT%20and%20EDT.p](https://unfccc.int/sites/default/files/resource/A%20compilation%20of%20best%20practices%20on%20JT%20and%20EDT.pdf)  
[df](https://www.ilo.org/wcmsp5/groups/public/--ed_emp/--emp_ent/documents/publication/wcms_432859.pdf); ILO (2015). Guidelines for a just transition towards environmentally sustainable economies and societies for all. International Labour Organization. Geneva. [https://www.ilo.org/wcmsp5/groups/public/--ed\\_emp/--emp\\_ent/documents/publication/wcms\\_432859.pdf](https://www.ilo.org/wcmsp5/groups/public/--ed_emp/--emp_ent/documents/publication/wcms_432859.pdf)

<sup>6</sup> A whole of society approach to just and equitable transitions “encompasses pathways that include energy, socioeconomic, workforce and other dimensions, all of which must be based on nationally defined development priorities and include social protection so as to mitigate potential impacts associated with the transition”

United Nations Framework Convention on Climate Change (UNFCCC; 2023) Decision -/CMA.5. United Arab Emirates Just Transition work programme. [https://unfccc.int/sites/default/files/resource/cma5\\_auv\\_5\\_JTWP.pdf](https://unfccc.int/sites/default/files/resource/cma5_auv_5_JTWP.pdf)

<sup>7</sup> <https://www.un.org/en/climatechange/critical-minerals>

<sup>8</sup> For the purposes of this initiative, the term “critical energy transition minerals” refers to the mineral commodities that are necessary for the construction, production and storage of renewable energy. The focus on CETMs is due to the scale of their demand and urgency given climate ambitions and time scales, and possible externalities and opportunities contained in their development.

reliability, resilience, and benefit-sharing in existing critical energy mineral supply chains; and support producer countries in transforming these supply chains to harness opportunities and develop their productive, trade and regulatory capacities for long-term sustainable development. The initiative builds on existing frameworks, initiatives, processes, and partnerships to galvanize system-wide UN collective action for impact at scale. Three outputs are envisioned:

- **[UN Knowledge Hub on Extractives](#)**: An online platform that brings together relevant knowledge and tools on extractives focusing first on critical energy transition minerals.
- **[Toolkit on Critical Energy Transition Minerals](#)**: A toolkit for UN Resident Coordinators and other partners to engage with countries that host and produce these minerals, illustrating what is available within the UN system and elsewhere.
- **[UN Framework for Just Transitions on Critical Energy Transition Minerals](#)**: A framework that will include principles, policies, and partnerships. While the principles will be developed by the SG Panel on Critical Energy Transition Minerals; the policies and partnership recommendations will be developed based on inputs from UN entities, technical partners, countries and other relevant stakeholders, the latter through a series of policy dialogues.

In a second phase of the initiative and building on prior consultations, the recommendations proposed in the UN Framework would be tailored to and implemented in a set of pilot LDCs/LLDCs through UN Country Teams and partners. The main goal of this phase will be to strengthen and build durable institutional country capacities (minerals assessment, regulatory, negotiating, trade and investment, technological, environmental oversight) and provide integrated policy support for a just transition. These would help attract investments and development, job, productive and trade opportunities while protecting the people and the planet. This phase of the work will support countries leveraging the UN system, existing partnerships, communities of practice and networks.

## 5. Issues for Discussion

### A. Strengthening the regulatory environment for just transitions in critical energy transition minerals.

Various mining sector policy, governance and regulatory frameworks exist. However, the current mining governance landscape has become crowded with international and regional frameworks, industry and multi-stakeholder standards and initiatives, in addition to national laws and policies. A more coherent and coordinated approach to mining sector governance and regulatory frameworks is needed to ensure that industries involved in critical minerals extraction and use respect human rights and address environmental, social, and security risks throughout the extractive lifecycle.

Can we envision a mining governance framework and regulatory environment suitable for the context of scale and time around the development of critical energy transition minerals, considering the economic, social, environmental, and institutional dimensions of these parameters?

#### Possible Questions

- What could be an effective mix of domestic regulation and voluntary standards on critical energy transition minerals?
- How to increase participation rate and the implementation capacity of voluntary initiatives?
- How to enhance the interoperability, convergence, and shared learning between existing standards? Are there any good examples?

- What incentives can be introduced at multiple scales to unlock the investment potential and attractiveness of countries hosting CETM resources, while avoiding a race to the bottom that sacrifices standards and prevent capturing fair share of economic rent?
- What emerging issues or gaps exist that need to be appended to existing governance frameworks or should be addressed in their own right?

## **B. Promoting domestic value addition from critical energy transition minerals to reduce commodity dependence.**

Developing countries with substantial mineral reserves traditionally rely heavily on exporting these as minimally processed raw materials. This dependence exposes them to fluctuating international commodity markets, leading to economic vulnerabilities. The increased demand for critical energy transition minerals, while potentially exacerbating this dependency, also offers an opportunity to alter the existing economic model. In response to this opportunity, these Commodity Dependent Developing Countries can shift towards adding value to their mineral exports directly within their borders. This approach would allow them to capture more of the value chain, leading to increased revenues, employment opportunities, and reduced export revenue volatility. Additionally, it would contribute to these countries industrial development and green economic transformation by introducing new clean technologies and processes in the mining, processing, and manufacturing sectors.

### **Possible Questions**

- Which frameworks and initiatives have been most effective in promoting value addition and inter-sectoral linkages?
- Are there any success stories in developing research and development hubs in mineral producing developing countries?
- How could industry players across the critical energy transition minerals value chain contribute to domestic value addition?
- What kind of incentives and support from multi-lateral development banks could attract value addition investments especially in developing countries facing high debt?
- What is the relationship between environmental, social and governance risks and investment attractiveness? What role should due diligence play?

## **C. Enhancing fair trade opportunities in critical energy transition minerals.**

Developing countries face the challenge to balance capitalizing on their CETM reserves and avoiding the 'commodity trap.' Further understanding is needed on the dynamics of international trade in CETMs, and how to ensure resilience and sustainability in CETM supply chains through the diversification of mineral sources, the exploration of alternative minerals, and the implementation of sustainable mining practices.

Policy measures that promote fair trade and just transitions will become essential in the current landscape of trade-related policies, including tariffs, non-tariff measures, and the influence of export and import policies on shaping the CETM markets.

### Possible Questions

- How do we balance the objectives of the multilateral trade system with national development objectives in the context of climate change and CETM?
- What trade-related policy instruments have been successful in promoting domestic value addition and responsible production?
- How could alternative emerging technologies affect the expected mineral demand?
- What incentives exist to promote trade of responsibly produced minerals and mineral-based products?
- How can regional supply chains be fostered to build resilience, add value, reduce supply chain vulnerabilities, and ensure stability in the mineral value chain?

## 6. Programme

TIME	Session	Speaker
<b>11:30-11:45</b>	<b>1. Introduction and Overview: Harnessing Critical Energy Transition Minerals for Sustainable Development</b>	
11:30-11:35	Welcome remarks and Housekeeping	Radia Sedaoui, Chief Energy, Climate Change and Natural resource Sustainability Cluster, ESCWA
11:35-11:40	Harnessing Critical Energy Transition Minerals for Sustainable Development - Just Transitions in Low Carbon Technologies	María José Baptista, Interagency and Intergovernmental Affairs, New York Office, United Nations Environment Programme
11:40- 11:45	Prospects of Minerals for Clean Energy Technologies in Arab Region	Mostefa Daoud, Officer-in-Charge of Mineral Resources Management, AIDMO
<b>11:45-12:30</b>	<b>2. Strengthening the regulatory environment</b>	
11:45-11:52	Scene-setting: A coherent and coordinated approach in the governance of critical energy transition minerals.	Murtiani Hendriwardani, Policy Advisor, Intergovernmental Forum on Mining, Minerals and Metals
11:52-12:30	Moderated Discussion around Guiding Questions	Meeting Participants, moderator Radia Sedaoui (ESCWA) and Murtiani
<b>12:30- 13:20</b>	<b>3. Domestic Value Addition and Trade of Critical Energy Transition Minerals</b>	
12:30- 12:45	Scene-setting: Strengthening productive capacities for value addition and Trade dynamics and considerations.	Clovis Freire Junior, O.i.C, Commodities Branch, Division on International Trade and Commodities, UN Trade and Development (UNCTAD), TBC
12:45-13:20	Discussion around Guiding Questions	Meeting Participants
13:20-13:30	<b>Closing</b>	
13:20-13:30	Highlights of discussion and closing remarks	Rodrigo Furtado Messias, Natural Resources Division, Economic Commission for Latin America and the Caribbean (ECLAC), TBC Radia Sedaoui, ESCWA