ECOSOC Special Meeting on
Natural Resources, Peaceful Societies and Sustainable Development: Lessons from the Kimberley Process

Session on "Leveraging natural resources for peaceful societies and sustainable development"
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Remarks by USG Dr. Vera Songwe, Executive Secretary of the Economic Commission for Africa, on behalf of the Regional Commissions

Mr. President,

Excellencies,

Dear Colleagues,

Great natural wealth requires investment in the governance of these resources. We face the risk of ever widening in-equality globally driven by shocks such as the COVID 19 pandemic, the climate crisis, and the recent war in Ukraine.

But we are also in a time of great transformation, and our regions' mineral wealth can help drive this transformation in an inclusive manner- with the right governance.

- Minerals such as lithium, cobalt, and copper are essential for digitalization, renewables, and the deployment of electric vehicles.
- Current trends suggest consumption of critical raw materials will double by 2060.
- Electric Vehicles represent a $7 trillion market opportunity in 2030, and $46 trillion in 2050.
- Digital technologies can help us further transform the governance process for these critical resources.

Best Practices and Lessons Learned from the Kimberley Process

The soft law process of The Kimberley Process Certification Scheme (KPCS) has allowed governments facing internal conflicts to improve their capacity to exercise greater control over mining and trade in rough diamonds and increase their official diamond revenues.

- One of the major lessons learned from the Kimberley Process Certification Scheme (KPCS) is that it needs to have a broader **purpose besides a short-term focus on conflict.** The linkages between natural resources, conflict and wider governance and human rights issues should be addressed simultaneously for a better impact and outcome.
- Another critical part of the Kimberley process is the establishment of a separate Working Group on Statistics, which conducts statistical country analysis and contributes to trainings on data collection and statistical processing for diamond supply chain stakeholders.

Africa

- Africa is endowed with 30% of global mineral reserves, 8% of the world's proven oil reserves, and 7% of natural gas.
- Africa's overdependence on their extractives for energy is a major vulnerability as it exposes them to the vagaries of commodity prices.

Building deeper more integrated value chains, leveraging the African Continental free Trade Area, and based on the ideals of the African Mining vision can help build resilience and inclusion.

For example:

- The DRC is at the heart of the dynamic battery value chain as it accounts for nearly 70% of the world's cobalt production and 50.7% of world reserves. Africa is also endowed with significant reserves of other strategic minerals, thereby creating the possibility of a robust regional value chain for batteries, EVs and renewable energy.
- Following the DRC-Africa Business Forum held in November 2021 organized by the Government of DRC together United Nations Economic Commission for Africa (ECA) and its partners Afreximbank, the African Finance Corporation (AFC), the African Development Bank (AfDB), the Arab Bank for Economic Development in Africa (BADEA), and the UN Global Compact, the DRC government agreed to establish and develop a battery value chain in the DRC and beyond.
- *[The mining sector in DRC contributed 98% of exports, 18% of GDP, and 11% of jobs in 2021 and will only capture an estimated USD$11billion market value in 2025 if it exports raw minerals. However, if the DRC captures 20% of the market value to produce battery precursors, which is estimated at USD271 billion for 2025, it will add around USD54billion to the current DRC revenue of USD50billion and its GDP would pass the trillion-dollar mark.]*

Asia and the Pacific

- The extractives industry in the Asia-Pacific region is closely linked to the global transition to clean energy systems. Countries in Asia and the Pacific account for 80% of global coal production and global coal demand. At the same time, the region has large reserves of critical mineral resources and a prominent role in critical mineral production.
- Interesting initiatives are being developed by some countries in this region to improve the sustainability of the extractives industry. Examples exist in Australia with cobalt or in New Caledonia with nickel (to meet the environmental and labor standards being set by large consumers like Tesla, which currently purchases around 1/3 of New Caledonia's production).

Arab region

- The Arab region is abundant with extractive resources, mainly fossil fuels, phosphates, ammonia, and aluminium. As of 2020 the Arab region held 46% of the world's crude oil reserves and 27% of the world's natural gas reserves, mainly located in the Gulf. Mining (phosphate) is a major sector in Jordan and Morocco.
- Some Gulf countries are embracing the Circular Carbon Economy (CCE) framework and other innovations (solar power, blue and green hydrogen) whilst investing heavily in the mining sector to diversify their economies.
- In this region, the development of the extractive industry, safeguarding its longevity and ensuring that resources continue to benefit the region in a sustainable manner hinge on several factors, such as using international and regional financial institutions to build and diversify project development pipelines; Addressing distortionary price mechanisms; Strengthening governance and addressing illicit financial flows; and developing sustainable consumption models.

Latin America and the Caribbean

- LAC has a significant endowment of non-renewable resources, with 19% of world reserves of oil, or in minerals, with reserves of copper, tin, graphite, lithium. **A key challenge in the region is the illicit financial outflows** from these sectors, which between 2004 and 2013, totaled 131.5 billion.
- **The Escazú Agreement,** adopted in 2018, is a best practice in Latin America and the Caribbean. This Agreement is the world's first binding provision on human rights defenders in environmental matters and addresses key aspects of environmental management and protection from a regional perspective.

Europe and Central Asia (UNECE region)

- In Europe and Central Asia UNECE is encouraging a move to 'circularity' to improve the management of natural resources and has established a Team of Specialists on ESG Transparency and Traceability of Sustainable Value Chains for the Circular Economy
- Guidelines on Promoting PPPs Waste-to-Energy (WtE) Projects for the Circular Economy have been made available for policymakers, private sector representatives, and civil society.
- Another important UNECE Standard on a Zero Tolerance Approach to Corruption in PPP Procurement has a potential to unlock potential of PPPs for achieving the SDGs and to contribute to establishing peaceful societies.

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- The issue of extractive industries should be addressed holistically from the broader sustainability and economic growth perspectives and as part of an opportunity for a green recovery to build forward better post Covid-19.

- In conclusion, allow me to outline some key priorities for the way forward to build on the **lessons learned from the Kimberly Process**:

    - The need to continuously reinforce the capacity of governments to enhance the transparency and traceability of critical minerals, and most importantly to improve their revenues from these sectors
    - The need to reinforce inclusion of SMEs in the Kimberley Process and in the management of critical minerals more generally and have an accessible framework for their inclusion.
    - The opportunity to use digital technologies such as blockchain and artificial intelligence to improve the traceability of critical minerals
    - The opportunity to improve the 'circularity' of the minerals sectors in our region, contributing to more sustainable models of production and consumption

- Finally, I invite delegations to review the UN Policy Brief, "Transforming the Extractive Industries for Sustainable Development," issued by the Secretary-General in 2021, which has 18 specific calls to action, that we are working on operationalizing along with partners.

Thank you