

Strategic Importance of Critical Minerals

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WHAT ARE CRITICAL MINERALS?

Critical minerals are defined as minerals essential to the economic or national security of the United States and that are vulnerable to supply chain disruption. Among the most important of these is a set of minerals vital to renewable energy technologies (also known as “energy transition minerals” or “green energy minerals”).

Clean energy technologies, computers, smartphones, and military readiness all rely on a handful of critical minerals that are in short supply. Growing demand is expected to lead to a global mining boom. Depending on how it is managed, this boom has the potential to either advance or undermine a range of social, economic, and environmental development goals.

Critical minerals have become a [top national security priority](#) due to their importance to the U.S. economy, high-level objectives on climate change, and U.S. military readiness. Additionally, the People’s Republic of China maintains a dominant position in both mining and mineral processing globally due, in part, to using non-competitive practices, including strategically targeting countries that have weak governance and are marred by corruption.

For USAID, critical minerals programming can advance our goals on climate change, biodiversity, conflict reduction, anti-corruption, economic growth, gender, and inclusive development. Mining operations can provoke conflict, violate human and labor rights, cause environmental degradation, worsen corruption, and exacerbate existing social inequities, especially in countries with weak governance. However, if these risks are proactively managed and companies commit to mining responsibly, mining can positively contribute to broad-based economic development.

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STRATEGIC CONSIDERATIONS FOR CRITICAL MINERALS

The table below describes some possible interventions relevant to specific sectors.

DEVELOPMENT ISSUES

PROGRAMMING OPPORTUNITIES



GOVERNANCE

Mineral-rich countries can be susceptible to a “resource curse,” in which communities fail to benefit from the resources in their country. This is often due to issues related to poor governance, such as corruption or low capacity of the government.

- Strengthen regulatory regimes to protect rights and the environment, leading to greater investment by U.S. and like-minded firms
- Create knowledge exchanges with miners’ groups, government, the private sector, Indigenous Peoples, local communities, and others to support policy reform
- Encourage participation in multi-stakeholder transparency initiatives, such as the [Extractive Industries Transparency Initiative \(EITI\)](#), to counter corruption



ECONOMIC GROWTH

Many mineral-rich countries are at the bottom of the UN Human Development Index. Mineral wealth could be a driver of economic growth, though in practice, it often fails to connect to the broader economy, excluding large parts of the population.

- Support participatory and transparent processes for revenue distribution and investments to advance local development
- Support investments that focus on women’s economic empowerment, including women-led businesses, to promote gender equity and inclusive development
- Advance policies and projects that promote value addition and mining’s linkages to the broader economy

“We can’t let [critical] minerals become the source of the next resource curse”

– USAID Administrator Samantha Power at COP27

DEVELOPMENT ISSUES

PROGRAMMING OPPORTUNITIES



ENVIRONMENT

Adverse environmental impacts of mining include deforestation and land degradation, biodiversity loss, air pollution from mine dust, soil and water contamination, and erosion.

- Monitor the implementation of environmental and social impact assessments to mitigate potential damages from mining
- Support legal artisanal mining zones and community rule-setting to reduce encroachment of artisanal and small-scale mining in protected areas
- Identify renewable energy opportunities in mining processes to reduce the sector's GHG emissions
- Support civil society and local communities to monitor the environmental performance of mines



CONFLICT & HUMAN RIGHTS

Mining operations worldwide have been linked to a range of human rights abuses, such as forced evictions, conflict financing, militarized policing, contamination of communities' water sources, modern slavery, child labor, and attacks on human rights defenders.

- Build capacity for civil society organizations (CSOs) to conduct human rights monitoring and improve corporate and government accountability
- Support communities to advocate for and defend their rights
- Improve mining governance to reduce conflict between small- and large-scale mining



PRIVATE SECTOR ENGAGEMENT

The private sector can play a vital role in improving development outcomes in mining, from "upstream" mining operations to "downstream" manufacturers. USAID can help convene stakeholders and catalyze change across the supply chain to drive these improvements.

- Encourage companies to implement strong international social and environmental standards
- Provide technical or legal support to communities to negotiate benefit-sharing agreements with companies
- Encourage downstream companies to engage in the protection of local environmental and human rights defenders active on mining issues



LEARN MORE

For more information about critical minerals visit: www.land-links.org/issue/critical-minerals

To discuss support for minerals programming, connect with the LRG team at landmatters@usaid.gov