G7 DFI Critical Minerals Position Paper
August 2025

Preamble

Ensuring a sustainable supply of critical minerals for new energy and advanced technologies and defense capabilities is increasingly central to global economic resilience and long-term prosperity. As demand accelerates, substantial new investments are required to secure and diversify the supply chains of important raw materials. However, many structural challenges, including policy uncertainty, limited safeguards, energy and infrastructure gaps and a shortage of skilled labor exist, alongside inherent geological, environmental and technical risks associated with mining investments. Together these, continue to constrain emerging markets and developing economies' (EMDEs) ability to attract and sustain quality investments into mining and adjacent sectors.

In recognition of these challenges, the G7 endorsed the Five-Point Plan for Critical Mineral Security under Japan's Presidency in 2023. To further advance implementation of the Five-Point Plan, this year's Canadian presidency has launched the G7 Critical Minerals Action Plan, which reiterates the need for capital and capacity-building support for securing and diversifying the international supply of responsible minerals.

We, the G7 public and private oriented bilateral development finance institutions (DFIs), play a pivotal role in catalyzing private capital and strengthening the capacity of private sector actors in emerging markets and developing economies to drive economic development. Many of our institutions are already active as implementing partners in collaborative initiatives, such as the Mineral Security Partnership Finance Network (MSPFN), and making strategic investments in critical mineral supply chains and complementary economic development activities.

We recognise the strategic importance of the G7 critical minerals agenda and will continue to explore opportunities to contribute within our respective mandates, where appropriate. This paper articulates a shared G7 DFI perspective on how our roles intersect with the broader G7 critical minerals agenda and outlines potential joint actions we may consider in support of it.

A. The DFI Mandate and Positioning on Critical Minerals

1. The mission and purpose of the development finance institutions

We, the group of G7 DFIs, share a mission of promoting meaningful economic development by fostering private sector-led growth and in the markets we serve. As public, mission-driven financial institutions, we bring return-seeking investments and expertise to EMDE projects that achieve both commercial and development impact objectives.

G7 DFIs seek to remain flexible and adaptable partners and creatively invest across the capital stack to take on appropriate risk to promote the mobilization of private capital. We aim to create innovative financial product offerings that facilitate investment in a way that targets the specific needs of this industry (insurance, offtake price support, etc.).

Responsibly managed private sector enterprises are crucial to sustainable economic development. A thriving private sector contributes to economic growth and employment. It can provide goods and services and generate tax revenue for important social and economic infrastructure. We strive to support enabling environment reforms and make investments in programs and businesses that help create jobs, boost growth, reduce inequalities, improve biodiversity, and avoid and minimize E&S harms for long-term prosperity, while at the same time pursuing our national interests.

2. Current DFI Activity on Critical Minerals

We, the G7 DFIs, are at different stages of engagement in the critical minerals sector. DFC, JBIC/JICA, the EIB, and KfW are already financing activities across extraction, processing, and enabling infrastructure. Others are actively exploring opportunities or assessing how their mandates can support this agenda. This diversity reflects varying institutional capacities and priorities, but a shared recognition of the sector's strategic importance. Together, we are committed to strengthening coordination and developing the frameworks required to scale G7 investment in critical mineral value chains.

3. Adjacent infrastructure to enable critical mineral value chains

We consider the critical mineral agenda a significant development opportunity for EMDEs. While countries seek to boost the output of responsibly produced and processed minerals, there exists immense needs and opportunities to develop the enabling physical infrastructures – roads, rails, ports, water, wastewater facilities, telecommunications and energy networks. These avenues for economic development also present opportunities for local entrepreneurs and small and medium enterprises to flourish, creating new jobs and stimulating economic development. But to fully unleash the economic potential, we must acknowledge the concurrent need to develop and implement conducive local policy and regulatory environments to provide greater certainty to private sector investors and ensure the appropriate environmental and social safeguards are in place and to minimize the risks of corruption.

4. The need for complementarity with policymakers and private industries

We recognize that our actions must complement and support our policymakers' goals and strategies. Further, we are collaborators with private industries and financial institutions want to prioritize opportunities for private finance mobilization. DFIs are uniquely positioned to meet the private sector where it is, leveraging core or concessional capital, each with its risk-return dynamic, to de-risk opportunities across key sectors. We also seek complementarity with other related public finance institutions, such as export credit agencies, development aid agencies, and sovereign wealth funds, to ensure we are leveraging the most effective tools and interventions within our shared public resources to deploy and mobilize finance for this important agenda. In some cases, this means our public finance peers and private sector partners would lead transactions for which we may opportunistically participate and pursue.

5. Acknowledging existing constraints

As investors, we want to acknowledge the structural limitations hindering many DFIs in scaling direct engagements within the mining sector.

i. **Suitability of investment products**: early-stage upstream exploration and extraction projects often require the types of investment products that sit outside of our product offerings and risk appetite but that may be offered by our peer public finance institutions and private sector partners.
ii. **Upskilling and expertise**: we need more expertise and teams to cover the array of interrelated and regionally diverse mineral supply chains, general technical mining expertise, knowledge on principles of critical mineral markets, and the capacity effectively measure development impact.
iii. **Availability of projects**: due to the lack of geographic diversification of global mineral processing facilities and the lack of technical capabilities supporting the development of high-quality extraction projects adhering to environmental and social standards, we face a limited set of investment opportunities. There are also further constraints in the identification investable projects, project development timelines, and funding requirements. Furthermore, some regions lack the inherent geological conditions to host economic quantities of minerals and therefore are simply not prospective for certain critical raw materials. Projects linked to substitution of certain CRMs, mining, refining and recycling face similar challenges relating to technological readiness, lack of competences and local logistical and industrial ecosystems.
iv. **Adequate risk appetite including environmental and social risk**: we and many of our public and private peers have limited mandates or risk tolerance for mining and related infrastructure due to environmental and social and reputational risks, limiting, in some circumstances, our ability to directly engage in these projects despite their potential development impact.

B. Tangible Opportunities for Action

Acknowledging our shared positioning, we have identified a set of concrete actions that would enable greater DFI action.

1. Improving DFI's Understanding and Internal Capacity

Action 1: Increase knowledge-sharing opportunities with partners to improve the DFI expertise and understanding in critical mineral and related infrastructure projects.

We, as the G7 DFIs, have varying levels of financing and technical assistance activities in and around the extraction, processing and recycling sectors. To enable greater action, we seek to explore talent exchange and technical workshop opportunities with our respective institutions and export credit agencies (ECAs), and leverage industry associations such as the OECD Forum on Responsible Mineral Supply Chains, the Sustainable Critical Minerals Alliance, the RISE Partnership, and the Mineral Security Partnership to build up our collective technical expertise on critical minerals.

Action 2: Invest in R&D and pilot projects focused on advanced recycling technologies, material substitution, and resource efficiency to enhance internal capacity and technology transfer.

DFIs can play a catalytic role by funding innovation ecosystems that accelerate the commercialization of circular technologies. This includes supporting startups, research centers, and industrial consortia working on critical mineral recovery from end-of-life products, industrial waste, and low-grade ores. These efforts also open new opportunities for technology transfer and skills development in partner countries, fostering inclusive and sustainable industrial growth, and encouraging countries' industrial integration into global supply chains on more equitable and resilient terms.

2. *Providing Technical Assistance (TA), Project Development Support and Knowledge to Improve the Quality of Projects*

Action 3: Structure and implement, fit-for-purpose TA and improve project compliance with environmental and social standards.

Recognizing the lack of technical capacity in many mineral-rich countries to develop high quality projects that meet the commercial, environmental, and social requirements of the DFIs, we seek to develop a set of technical assistance products, ideally with standardized terms across the DFIs, that could provide the necessary project development support to project developers. The product structuring will build on the successes of our members' past technical assistance offerings, such as DFC's $3.8m in project development support to Trinity Metals in Rwanda[1] to conduct baseline studies to support updated environmental and social impact assessments, an employee skills development program, health and safety standards and an environmental and social management system (ESMS) for a tungsten mining operation.

3. *Expanding DFI Co-Financing and Support to Mining and Adjacent Infrastructure and Services*

Action 4: Explore opportunistic co-investment and/or partnership with home country industries, funds, and ECA partners and respective international banks.

We want to actively engage our home country ECAs, export and project finance institutions, industries, and funds with considerable experience in critical minerals value chains to explore co-investment, enhanced coordination and partnership opportunities where we could play an effective role using our capital and resources. We will expand these partnership opportunities, learning from past co-investment partnerships such as the JBIC's USD2.5 billion co-financing partnership with

[1] Trinity Metals Secures $US3.8million funding from U.S. International Development Finance Corporation (DFC), Trinity Metals, 2024

Export Development Canada, KEXIM, KfW IPEX-Bank, and private financial institutions to support the Centinela copper mine in Chile.[2] As a starting point, we seek to formalize communication channels with MSPFN institutions and upstream project preparation facilities, such as the country and regional information platforms set up by the RISE Partnership, to broaden our project pipeline funnels and identify co-investment opportunities.

Action 5: Support the development of high-value mid-stream and downstream industries in EMDE countries.

China currently dominates global mineral processing and refining, controlling over 90% of rare earth elements and the majority of key battery metals, including approximately 60% of lithium, 98% of graphite, and 76% of cobalt, posing a significant geopolitical risk to G7 countries.[3] We recognize that achieving mineral security must entail supply chain diversification, which is critical to achieve supply chain resilience. As such, we seek to support more countries in developing local processing, refining, downstream industrial manufacturing, and recycling capabilities that will create new jobs, promote skill development, and enable countries to capture greater economic value from their mineral resources. We will incorporate these value-added midstream and downstream opportunities and considerations in our respective institutions' development of critical mineral-related strategies and financing solutions. Within this framework promoting critical mineral substitution strategies in downstream manufacturing can reduce dependency on a narrow set of critical materials while enhancing the value and competitiveness of locally extracted resources, fostering industrial development in EMDEs. Moreover, there is a significant opportunity to exploit the technological and infrastructural synergies of recycling projects with processing initiatives, potentially leading to greater material recovery in countries that are, in some cases, already destinations of critical mineral-rich exported waste, particularly e-waste.

Action 6: Support the development of adjacent infrastructure to improve economic development opportunities.

Infrastructure, services and workforce skills essential to the development, processing, and transporting of mineral products are often underdeveloped in EMDEs. Development of the adjacent and enabling infrastructure and services can promote local private sector growth and align well with our investment with impact mandates. As such, we seek to provide greater financing to support critical enabling infrastructure, such as roads, rail, and electricity infrastructure, which are linked to the key critical mineral supply chains. We will adopt more ecosystem financing approaches within our investment strategies to support the development of critical resource corridors, such as the DFC's $553M in infrastructure investments across the Lobito Corridor, a key mineral resource region in Angola and the Democratic Republic of Congo.[4] To support a more robust ecosystem approach, we will develop a common taxonomy amongst DFI partners to define eligible adjacent investments.

Action 7: Exploring pooled capital solutions with commercial banks and private investment funds to support individual projects.

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[2] Project Finance for Centinela Copper Mine Expansion Project in Chile, JBIC, 2024
[3] Global Critical Minerals Outlook 2024, IEA, 2024
[4] DFC Announces Investments Supporting Development Along Lobito Corridor, DFC, 2024

We reaffirm the need to crowd in private investment to create the scale of financing needed to support the critical mineral agenda. We seek to explore opportunities with fund managers, investors, and mining companies with strong track records in investing, developing, and operating safe mining and infrastructure assets to set up financing facilities that will pool commercial and DFI finance for a portfolio of projects. We will explore the feasibility of these solutions through existing platforms such as the MSPFN and RISE Partnership.

Where project-level challenges exist – such as operational constraints, difficulties in achieving DFI-related policy objectives, or barriers to mobilizing private capital, DFIs may consider seeking support from national governments and relevant international organizations to facility project implementation and the realization of strategic development goals.