



# Extractive Commodities

Natural resources are vital for many developing countries but often lead to social, governance and environmental challenges. Switzerland, as a global leader in commodities, has a responsibility to promote sustainability of the sector. SECO's Development Cooperation addresses these issues by supporting transparency initiatives, fostering responsible mining through partnerships, and supporting commodity-dependent countries in managing their public finances to advance sustainable resource management and long-term development.

## Rationale

Many developing countries are endowed with substantial natural resource wealth. In several of SECO's development cooperation partner countries – such as Peru, Ghana, South Africa, or Kyrgyzstan – mining and energy exports account for over 40% of total merchandise export value, underscoring their important role in national economies.

The extraction and trade of mineral resources have a profound impact on the economies, governance, and societies of resource-rich developing countries. While these resources can drive growth and generate revenue – exemplified by few success stories like Chile, Botswana, and Malaysia – many nations grapple with the 'resource curse.' This paradox highlights how significant contributions to GDP often coexist with economic underperformance, social unrest, poor governance, and exploitation. The negative consequences include environmental degradation, human rights violations (such as child and forced labour), hazardous working conditions, armed conflicts, corruption, and tax evasion, all of which hinder the potential benefits of resource wealth.

## Economic and Political Dimension in Switzerland

Switzerland is a global leader in commodities trading and processing, particularly well-known for its expertise in gold refining, where it processes a substantial share of the world's gold. The commodities sector is a vital contributor to Switzerland's economy, supporting numerous companies engaged in trading, shipping, financing, and inspection services.

This prominent role comes with significant responsibilities. Recognizing the growing public and political interest, the Federal Council published the "Background Report Commodities," which identifies challenges and offers recommendations for the sector. Under the leadership of the Federal Department of Economic Affairs, Education and Research (EAER), the Federal Department of Foreign Affairs (FDFA), the Federal

Department of Finance (FDF) these recommendations have been regularly implemented, with a focus on enhancing competitiveness, promoting integrity, and addressing environmental concerns. See the [SECO website](#) for more information.

### **Extractive Commodities in SECO's Development Cooperation Portfolio**

To address the challenges associated with the extractive sector, SECO has developed a portfolio of interventions aimed at enhancing sustainability, transparency, and governance in resource-rich developing countries. This work aligns with key recommendations from the Federal Council's "Background Report Commodities," including those related to the Extractive Industries Transparency Initiative (EITI), gold supply chains, corporate social responsibility (CSR) in the trading industry, and development cooperation.

### **Support for EITI**

SECO is a longstanding supporter of the Extractive Industries Transparency Initiative (EITI), a global standard for promoting the transparent and accountable management of extractive resources. Through financial contributions and technical assistance, SECO supports resource-rich countries in implementing EITI principles, fostering public accountability, and enabling informed debate on the use of extractive revenues for sustainable development. SECO's engagement helps ensure that countries meet rigorous reporting standards and effectively disclose revenue flows, contracts, and beneficial ownership information. See the [SECO factsheet](#) for more information.

### **Collaboration with EGPS**

SECO actively contributes to the Extractives Global Programmatic Support (EGPS) Multi-Donor Trust Fund managed by the World Bank. This collaboration enables SECO to address critical issues like governance reforms, artisanal and small-scale mining (ASM), and environmental sustainability. Through EGPS, SECO supports climate-smart mining initiatives, strengthens policy frameworks, and facilitates public-private partnerships, ensuring that extractive activities contribute to the global energy transition while minimizing adverse impacts. See the [SECO factsheet](#) for more information.

### **Collaboration with the IMF**

As a major donor to IMF's fiscal capacity development, SECO builds capacity of governments to better manage their inherently volatile resource revenues. This work improves the statistics on national resources and enhances the administration of / and compliance with resource taxes so that countries can ensure that the size of the resource-related taxes appropriately balance their need to finance their development goals while still protecting incentives for investors.

### **Engagement in Artisanal and Small-scale Gold Mining (ASGM)**


The programme for Artisanal and Small-Scale Gold Mining (ASGM) was launched at the end of 2025 as the successor to the Swiss Better Gold Initiative (SBG). ASGM aims to make artisanal gold mining more responsible, transparent, traceable, and economically sustainable by aligning market incentives, public policies, and international standards. It uses public finance to catalyse private co-investment, supports governments in strengthening governance frameworks, and promotes learning and coordination across countries and stakeholders.


### **Support for the Responsible Mining Index**

SECO contributed to the creation of the [Responsible Mining Index \(RMI\)](#) and the [Extractive Commodity Trading Report 2023](#). These reports evaluate the practices of mining and commodity trade companies worldwide, focusing on their impact on economic development, environmental management, social well-being, and governance. By fostering transparency and accountability, SECO contributes to better mining practices globally.

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