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Mineral Resources Governance in the 21st Century
Key Facts and Messages

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Professor Paul Ekins
University College London
UNEP International Resource Panel

Full report will be available at:
http://www.resourcepanel.org/reports

Summary

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1. What are the key challenges for governance of mineral resources?
2. Why do we need a new governance framework: the Sustainable Development Licence to Operate (SDLO)?
3. What are the practical implications of the SDLO and the next steps?

Many governance challenges

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Development outcomes are challenged or undermined by:

- **Enclaved nature of the mining sector** in many countries.
- **Negative and enduring impacts of mining**: environmental, social, economic, cultural and political.
- **Uneven distribution and finite nature** of mineral resources, feeding geo-political risks.
- **Volatility of commodity prices**, macro-economic effects.
- Difficulty of **managing large and volatile capital inflows**.
- **Information asymmetries** between governments and companies, technical complexities of large-scale projects.
- Lack of **accountability and transparency**.

Governance of mining today

- Growing recognition that a **well-managed mining sector can support wide range of development outcomes** across the Sustainable Development Goals.
- There are a **plethora of governance frameworks at multiple scales** that seek to reinforce the social, environmental and economic outcomes of mining: e.g. Africa Mining Vision, EITI, GRI, Model Mining Development Agreement, IRMA, Natural Resource Charter, ICMM, etc.
- **Social Licence to Operate** processes are now commonly used to secure consent and involvement of local community stakeholders. How to secure it is not a straightforward exercise. It does not come as a surprise that EY considered it the #1 business risk in 2019-2020

Mining and conflict

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- **Mining is still a major source of conflicts because of disputes over**

- land ownership;
- ‘unfair’ compensation;
- inequitable resource distribution;
- environmental degradation;
- mine-induced poverty; and
- conflict over human rights abuses

Abuya, 2015, https://doi.org/10.1016/j.exis.2015.12.008

New urgency for critical minerals

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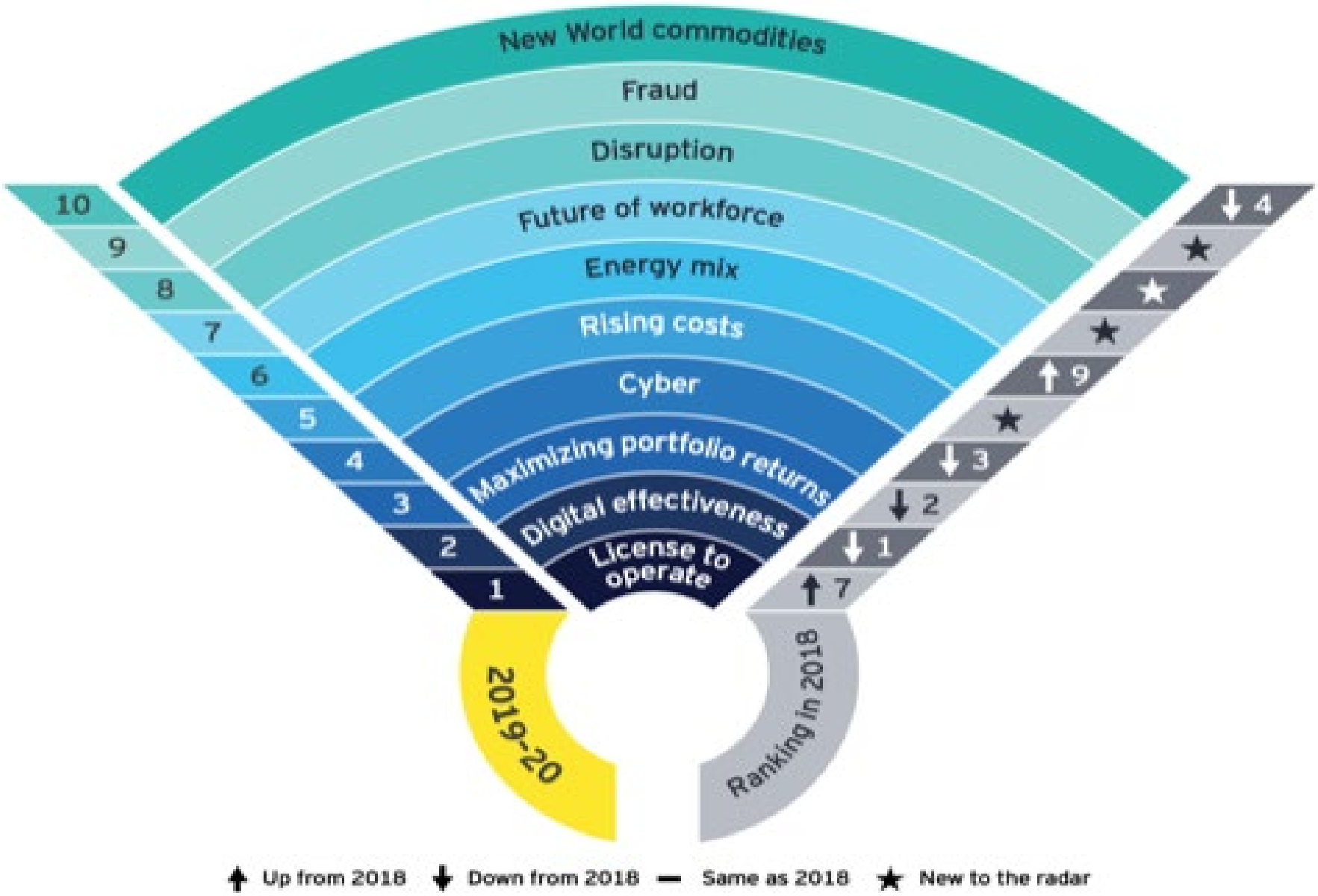
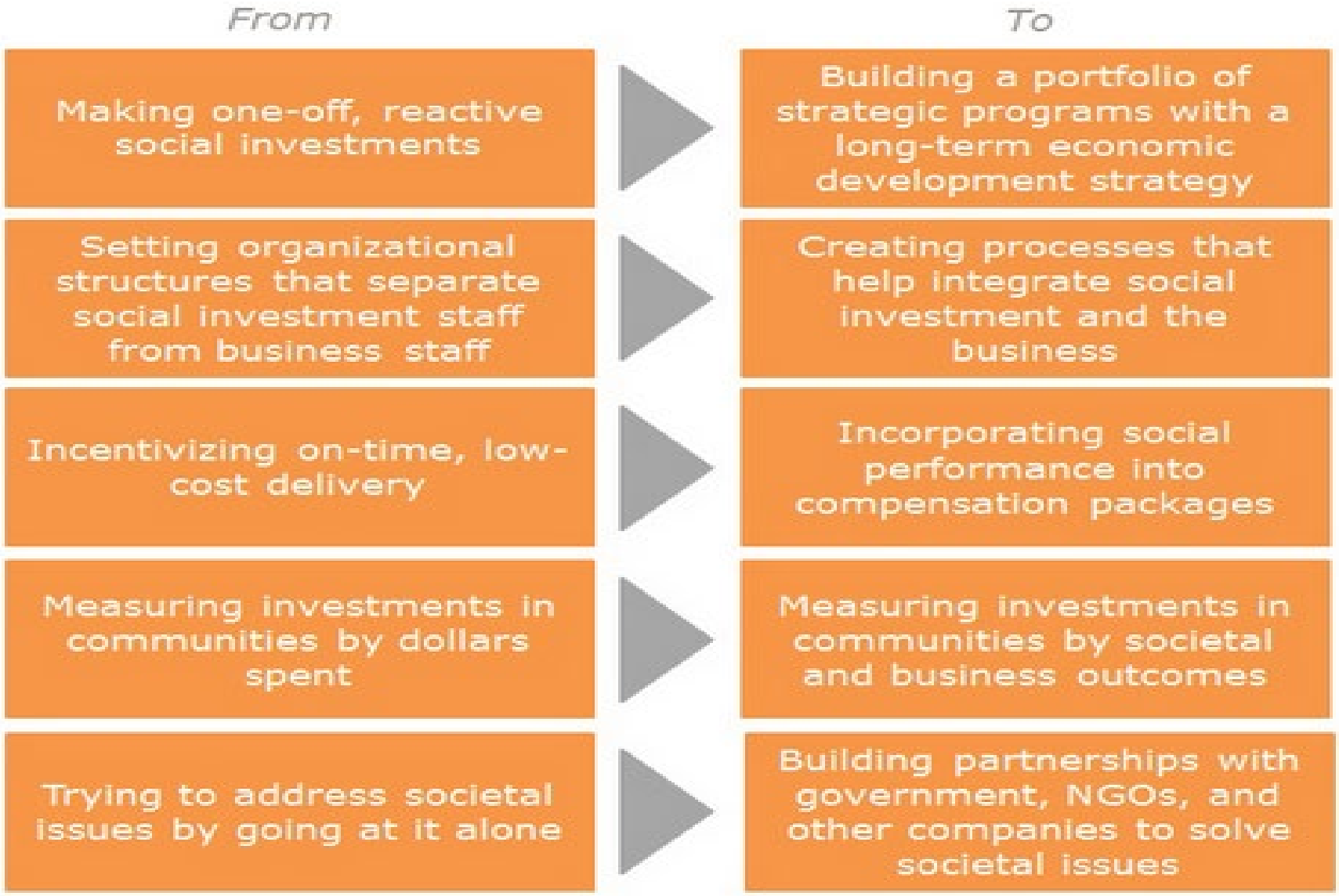
Metal	Demand 2013 / Production 2013	Demand 2035 / Production 2013	Related Innovative technologies
Lithium	2%	385%	Lithium-ion batteries, lightweight airframes
HREE (Dy/ Tb)	85%	313%	Magnets, e-cars, wind power
Rhenium	98%	250%	Superalloy
LREE (Nd/ Pr)	79%	174%	Permanent Magnets (especially for e-cars and wind power)
Tantalum	38%	159%	Micro-capacitors, medical technology
Scandium	17%	138%	SOFC fuel cells
Cobalt	4%	94%	Lithium-ion batteries, Synthetic liquid fuels
Germanium	39%	81%	Fibre optic, Infrared technology
Platinum	0%	60^	Fuel cells, catalysts
Tin	50%	42%	Lead-free solders, wind mills
Palladium	8%	47%	Catalysts, seawater desalination
Indium	29%	45%	Displays, thin layer photovoltaics
Gallium	25%	37%	Thin layer photovoltaics, Integrated Circuits, White LEDs
Silver	22%	32%	Lead-free solder, nanosilver, Radio Frequency Identification Devices, microcapacitors, high-temperature supraconductors, concentrating solar panels
Copper	1%	29%	Electric motors, RFID
Titanium	4%	18%	Seawater desalination, medical implants

Top 10 business risks



Companies in the extractives sectors can adjust their approach to societal issues.



sharedvalue.org/extractives

LEVELS OF SHARED VALUE CREATION FOR EXTRACTIVES COMPANIES

Reconceiving Products and Markets 1

- → Build local markets for intermediate products created by extractive activity (e.g., drinking or irrigation water, electricity)

Redefining Productivity in Value Chains 2

- → Improve local workforce capabilities
- → Strengthen suppliers in the value chain
- → Increase local disaster and emergency preparedness, response, and rehabilitation capabilities
- → Improve utilization of water, energy, and other resources used in operations

Creating an Enabling Local Environment 3

- → Develop the local cluster supporting the extractives sectors
- → Invest in shared infrastructure and logistics networks
- → Partner with other local clusters and government in building community infrastructure
- → Play an active role in broad-based economic and community development
- → Improve local and national governance capacity

The imperative for change

- The Sustainable Development Goals represent a paradigm shift—a political consensus on holistic outcomes that the mining sector should support.
- The sector-specific and fragmented nature of current mining governance is incompatible with the holistic decision-making needed to implement the SDGs.
- The Social Licence to Operate approach does not accommodate the nexus of environmental, social and economic concerns at multiple levels of scale.

Introducing the SDLO

- Flexible framework designed to enable all relevant stakeholders to **assess compatibility of their decision-making with the SDGs and Targets**, and with relevant regional or national commitments.
- **Extends the Social Licence to Operate** to accommodate full range of subject matter covered in the SDGs, at multiple temporal and spatial scales along the minerals value chain.
- Incorporates set of **Principles, Policy Options and Best Practices** derived from the SDGs and Targets.
- Not a substitute for, or duplication of, laws, regulations, policies, industry standards, etc. Not a licence in the regulatory sense!

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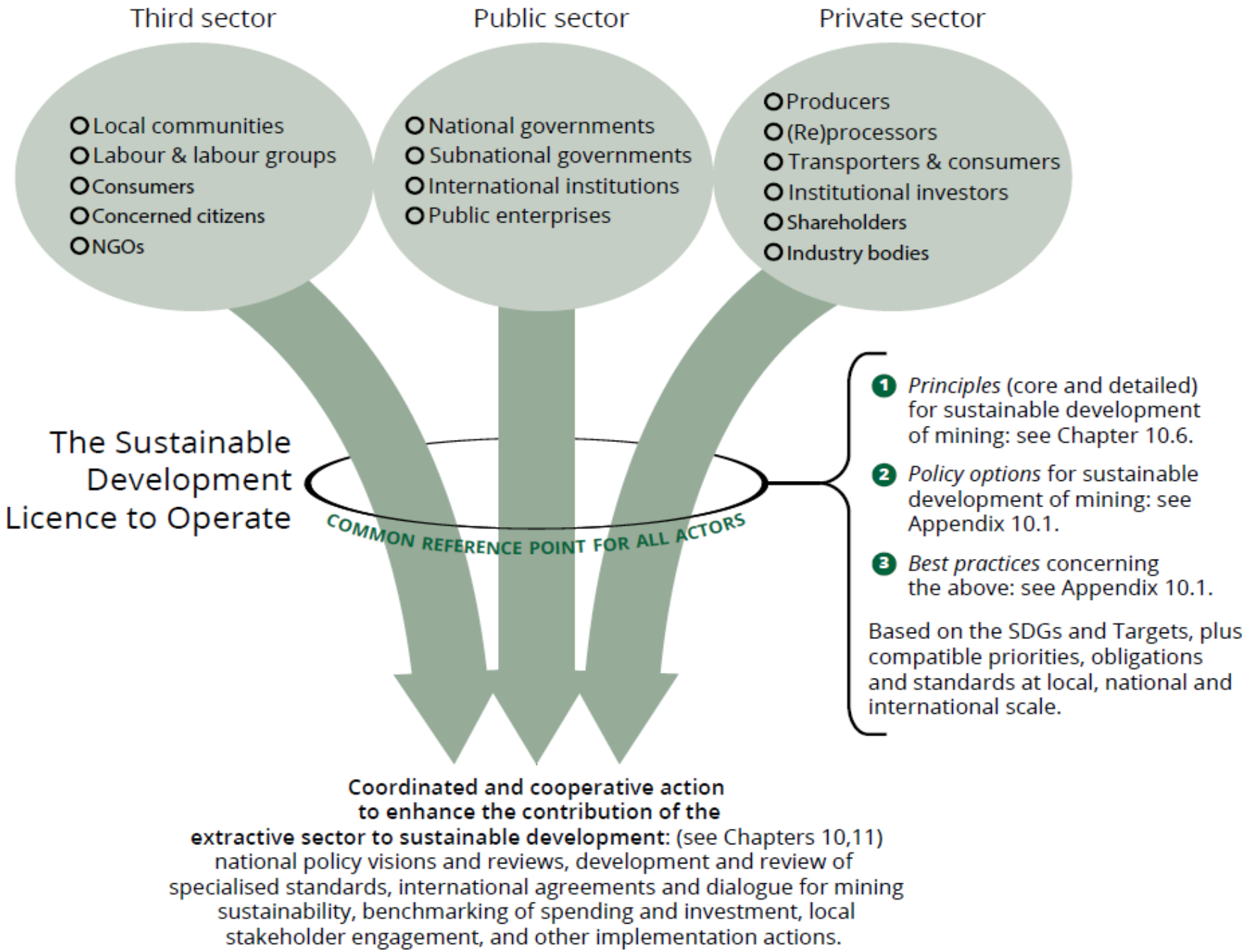
Mineral resource governance in the 21st Century

Gearing extractive industries towards sustainable development

Summary for policymakers and business leaders


Third sector
Public sector
Private sector
Local communities
Labour & labour groups
Consumers
Concerned citizens
NGOs
National governments
Subnational governments
International institutions
Public enterprises
Producers
(Re)processors
Transporters & consumers
Institutional investors
Shareholders
Industry bodies
The Sustainable Development Licence to Operate
COMMON REFERENCE POINT FOR ALL ACTORS
1 Principles (core and detailed) for sustainable development of mining: see Chapter 10.6.
2 Policy options for sustainable development of mining: see Appendix 10.1.
3 Best practices concerning the above: see Appendix 10.1.
Based on the SDGs and Targets, plus compatible priorities, obligations and standards at local, national and international scale.
Coordinated and cooperative action to enhance the contribution of the extractive sector to sustainable development: (see Chapters 10,11) national policy visions and reviews, development and review of specialised standards, international agreements and dialogue for mining sustainability, benchmarking of spending and investment, local stakeholder engagement, and other implementation actions.

Practical implications in diverse contexts

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- **Security of supply** — need for coherent governance across the whole value chain with overarching sustainable development objective.
- **Artisanal and Small Scale Mining** — needs to be recognized as a distinct and legitimate sector that requires a totally different governance approach.
- **Development minerals** — acute need for strategic policy and legal frameworks, principally at the national level. derived from the SDGs and Targets.
- **Integrated resources governance** — need for holistic governance underpinned by strategic environmental impact assessment, spatial or landscape planning, and natural capital accounting.

Next Steps

Specific options for next steps

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- **Global international agreements (International Resource Agency?)** — focusing on mainstreaming of sustainable development across mining value chains (e.g. price stability coupled with sustainability standards).
- **Global and Regional platforms** — for continued dialogue and advocacy on cross-cutting issues illuminated by the SDLO, and to engage host and home regions on issues of sustainable development and security of supply.
- **National level** — voluntary definition of paths to the SDLO (starting with SDLO gap analysis and benchmarking to determine the extent to which existing national policies, laws and regulations are aligned to the SDLO principles and aspirational goals)
- **Corporate level** — site-by-site reporting on social and environmental impacts

Build on selected initiatives

- **94 Equator Principles Financial Institutions (EPFIs)** — towards upward harmonization of global standards of good practice anchored on the SDLO
- **Global Pact for the Environment** — add extractives dimension
- **Country Mining Visions (CMVs)** — nationally determined paths for SDLO for continued dialogue and advocacy on cross-cutting issues illuminated by the SDLO.
- **OECD Guiding Principles for Durable Extractive Contracts** — to secure fairer deals
- **WEF RMDI (MVM)** — to align views on what constitutes shared value
- **Principals Group (GRI, RMDI, IGF, WRF, IRP, EITI, ICMM, etc)** — consolidation of existing instruments

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Thank you

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