



International  
Resource  
Panel



# Mineral Resources Governance in the 21<sup>st</sup> Century Key Facts and Messages

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**Report 2018 of the Global Assessment series**



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

# Objectives of the Report (1)

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- A better understanding of the current governance landscape in the mineral sector
  - Identify governance gaps and limitations;
  - Point to building blocks for a more robust governance framework;
  - Develop a framework that can accommodate the supply and demand landscape which is in a flux going forward.
- Goal: how the mining sector (mineral value chain) can play a crucial role in the transition towards sustainable development.
- Arguing for global joint responsibility.

# Structure of the Report (1)

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- PART I : **MINING TODAY**
  - Mining in global economy
  - Artisanal and small-scale mining
  - Trends in extractive sector towards 2050
  - Environmental and social impacts of mining
- PART II: **MINERAL RESOURCE GOVERNANCE TODAY**
  - Challenges of extractive sector governance
  - Current governance architecture
  - Effectiveness of Mineral resource governance instruments
  - Pre-requisites of an effective mineral resource governance framework

# Structure of the Report (2)

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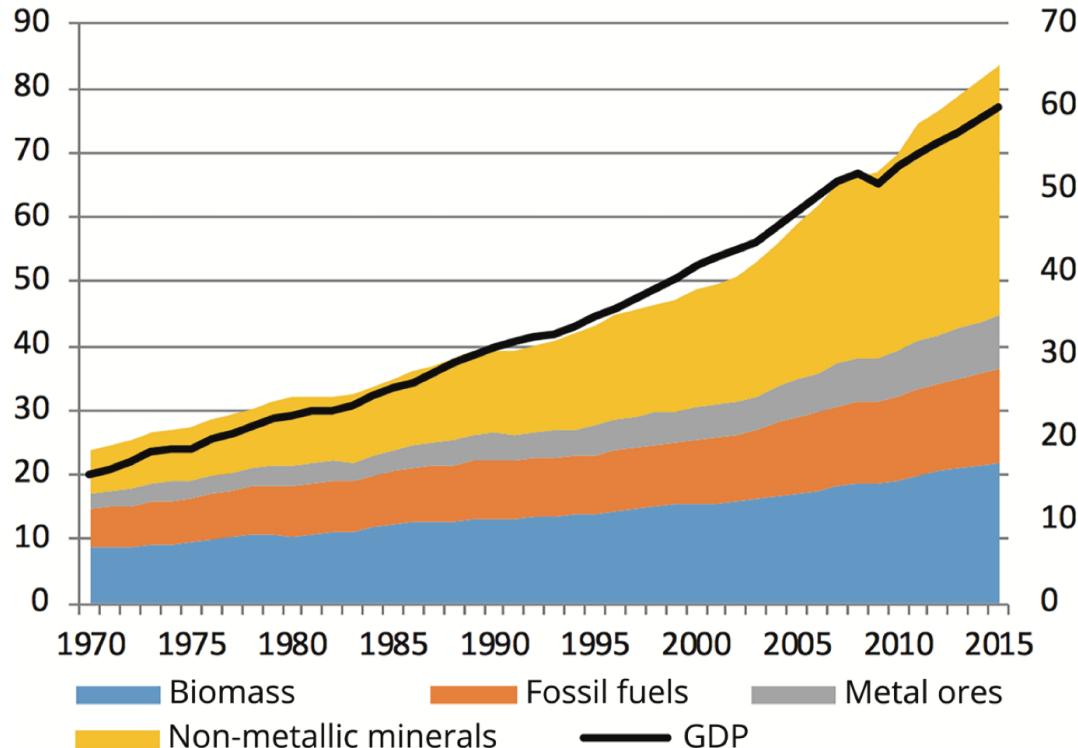
- **PART III: MINERAL RESOURCE GOVERNANCE FOR SUSTAINABLE DEVELOPMENT**
  - Towards a sustainable development licence to operate (SDLO)
  - Implications and implementation of the SDLO
  - Summary and conclusions

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?

# Present and future of mining



**Figure 1:** Global material extraction in billion tonnes  
(LEFT SCALE), global GDP (RIGHT SCALE) in trillion US dollars<sup>1</sup>

Source: IRP 2017: Resource Efficiency

- Mineral resources **extraction has increased markedly in recent decades** at a faster rate than economic growth.
- **Extractive sector could struggle to meet demand over next 2-3 decades** for several minerals for which substitutes are not readily available.
- **Risk of price volatility** that could hamper efforts to deliver enduring benefits for resource-rich countries, coupled with environmental and social risks.

# 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 License to Operate** processes are now commonly used to secure consent and involvement of local community stakeholders.

# 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**.

# The imperative for change

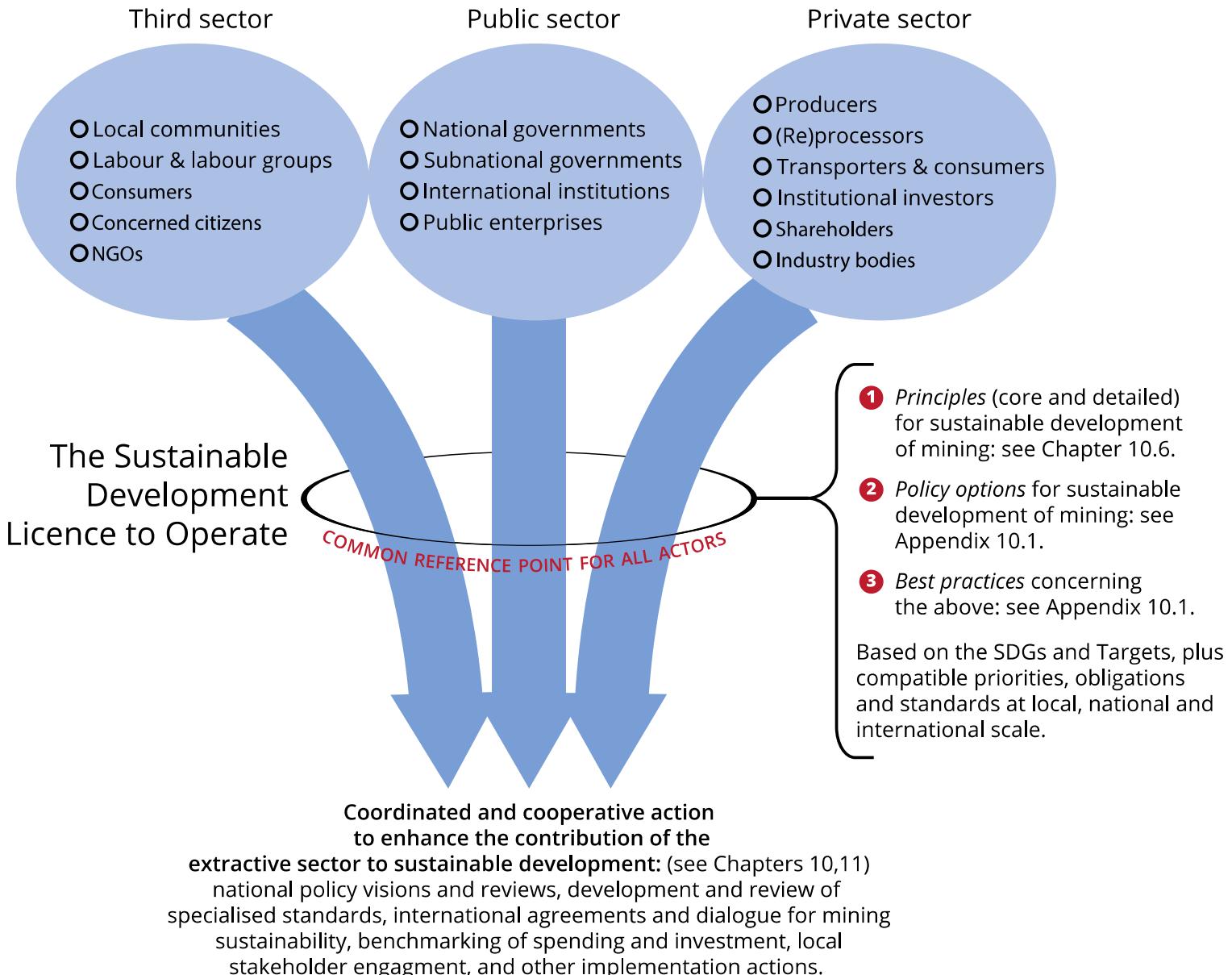
- The **Sustainable Development Goals** represent a paradigm shift—a political consensus on holistic outcomes that the mining sector should support.
- The **sector-specific and fragmented nature of current mining governance** is incompatible with the holistic decision-making needed to implement the SDGs.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

# Introducing the SDLO

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- 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 License to Operate** to accommodate full range of subject matter covered in the SDGs, at multiple 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 license in the regulatory sense!

# SDLO components + implementation



# Practical implications in diverse contexts

- **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.

# Specific options for next steps

- **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 platform** — for continued dialogue and advocacy on cross-cutting issues illuminated by the SDLO.
- **Regional platforms** — to engage host and home regions on issues of sustainable development and security of supply, reconciled through commitments such as the Africa Mining Vision and EU Raw Materials Initiative.
- **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)

# 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
- **CMVs** — national 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

# Moving forward – important considerations



- **Breaking enclaves** - linkages with other sectors leading to economic diversification
- **Promoting value addition** - addressing the mineral value chain
- **Resource-driven industrialisation** —
- **Economic transformation of resource-rich countries** — to attain the SDGs (rent capture)
- **Addressing Security of supply concerns** for global north
- **Resource efficiency** - absolute decoupling



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# Thank you

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