



Beyond the SLO: Insights from the IRP's report on Mineral Resources Governance

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Full report will be available at:

<http://www.resourcepanel.org/reports>

Present and future of mining

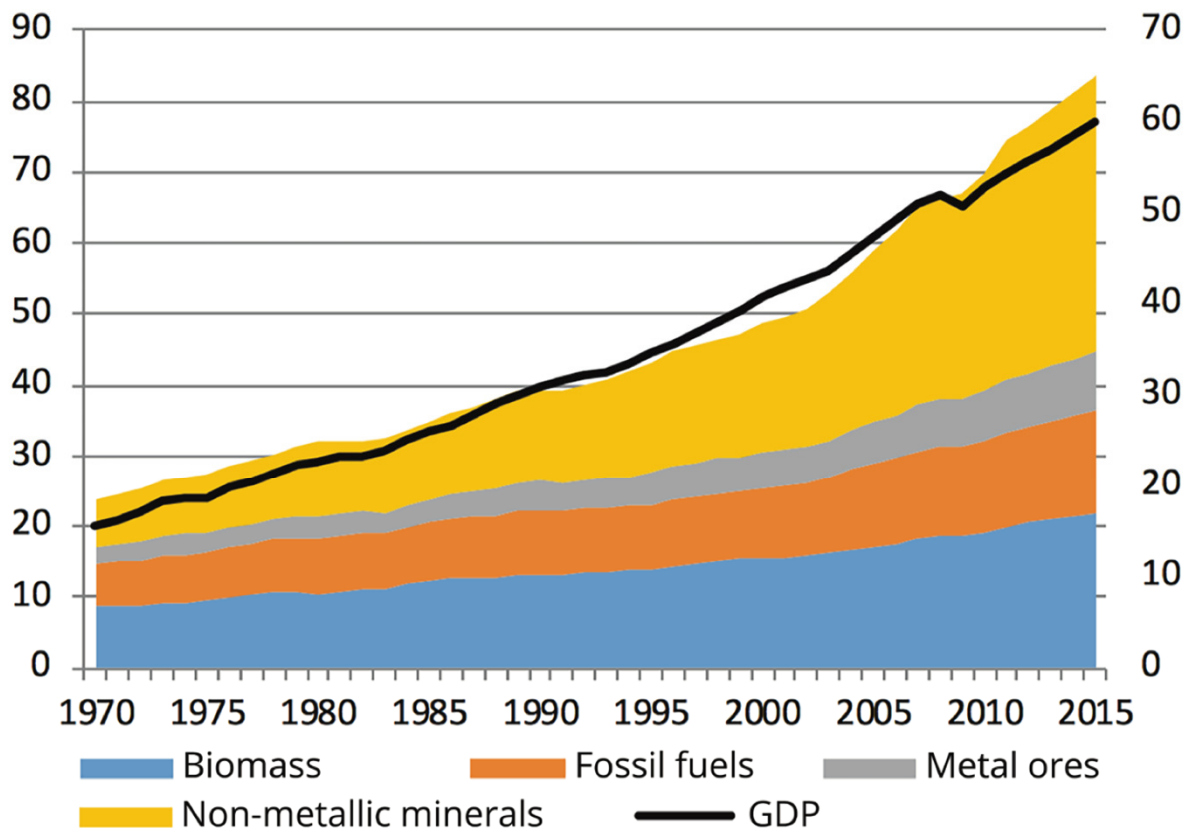


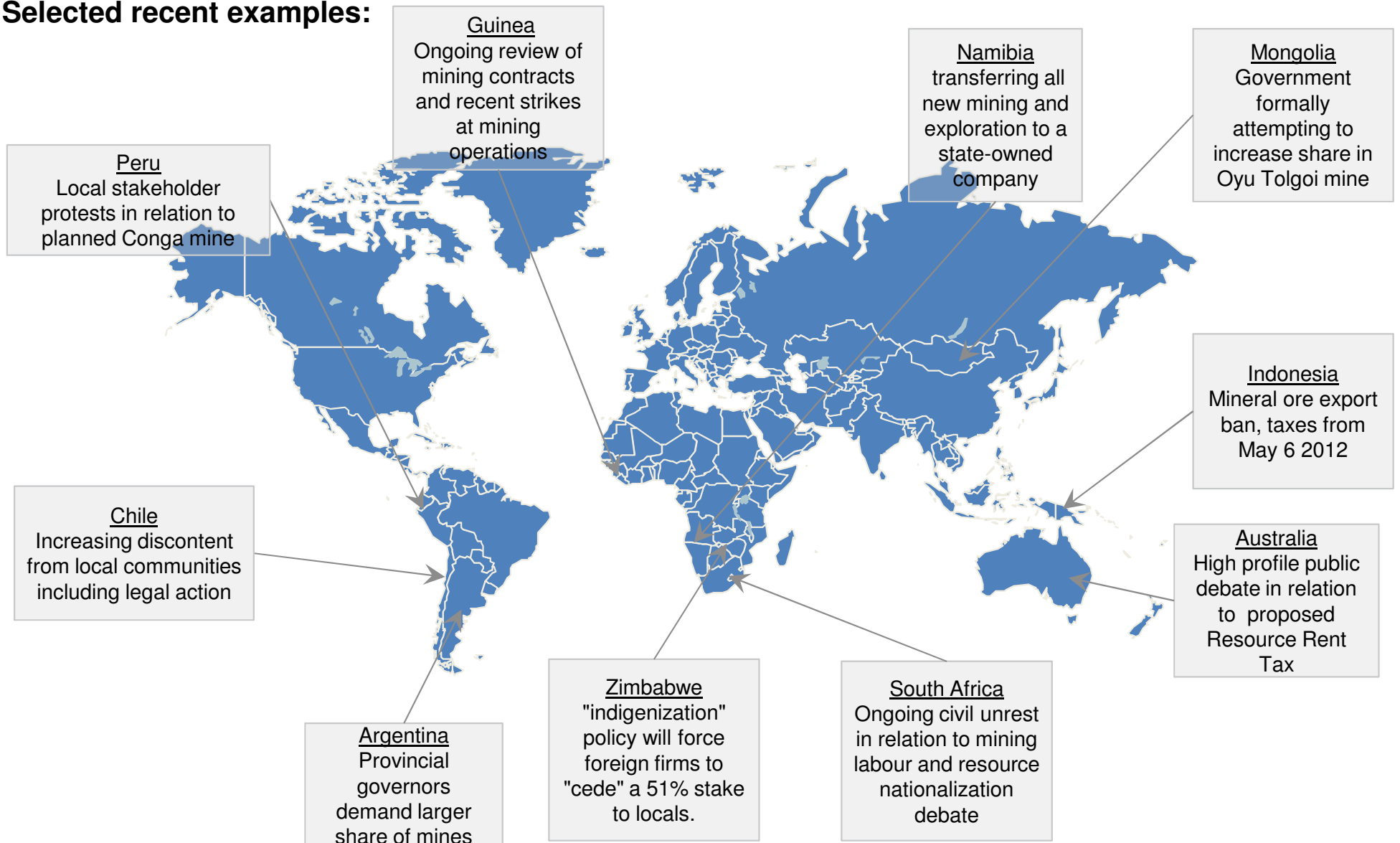
Figure 1: Global material extraction in billion tonnes (LEFT SCALE), global GDP (RIGHT SCALE) in trillion US dollars¹

Source: IRP 2017: Resource Efficiency

- Mineral resources **extraction has increased markedly in recent decades**, most recently 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 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.

The rise of new mining related conflict and policy debates has increased the importance of creating a shared understanding of value

Selected recent examples:



Many governance challenges

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 Licence to Operate** approach does not accommodate the nexus of environmental, social and economic concerns at multiple levels of scale.
- Growing recognition that a **well-managed mining sector can support wide range of development outcomes** across the Sustainable Development Goals.

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

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

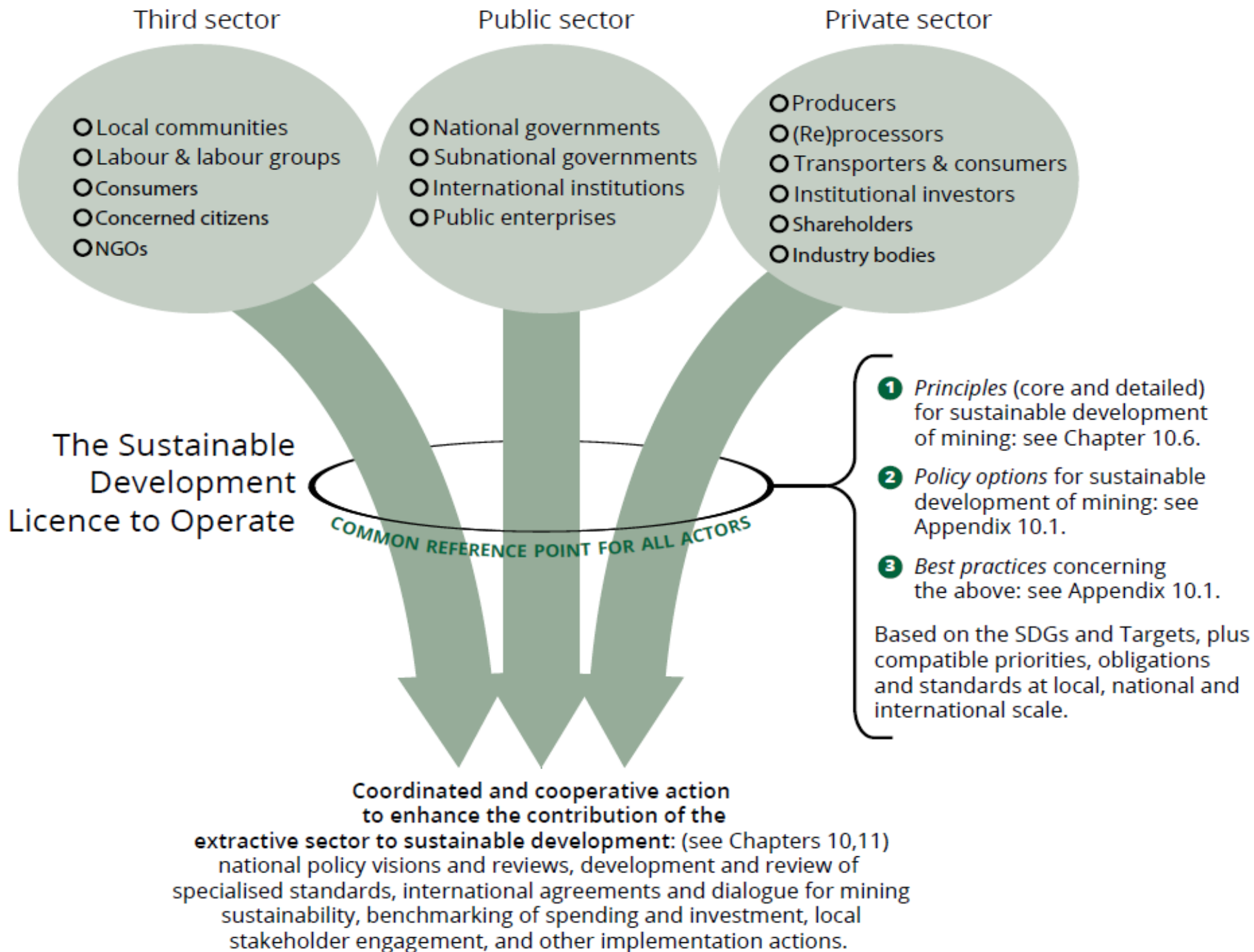
2

- 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



Single recommendation

- **EU to enter into Sustainable Commodity Agreements based on achievement of the SDGs with major countries exporting commodities to the EU as initial step to negotiation of a Global Agreement on Minerals**



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Thank you



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