



Expanding the mission of the UN Revolving Fund

by Kenji Sawada and James Otto

A workshop organized by the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) titled Sustainable Development of Non-Renewable Resources Toward the 21st Century was held in New York on 15–16 October 1998. The purpose of the workshop was to consider how to apply the concept of sustainable development to exploration and mining, and to explore related current and future roles of United Nations agencies. The workshop attracted over 35 high level participants. Fourteen speakers addressed a broad range of sustainable development and non-renewable resources management topics within a framework divided into key issue areas.

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There has been a considerable change in the mining industry over the past 25 years. Since the end of the 1980s, the private sector has been the major financial source for exploration and mining activities and the need for UN direct involvement in these activities has decreased. As the mining industry changes, so must UN institutions in delivering technical assistance and advisory services within the mining sector.

One aspect of past private sector and multilateral agency development approaches was that environmental and sustainable development issues were largely ignored or given a low priority. It has become apparent that multidisciplinary technical cooperation is called for at the end of the 1990s and into the 21st century to foster sustainable and social development. The New York workshop provided a forum for discussing a renewed role for the United Nations, and for the UNRFNRE in particular, in the field of non-renewable resources.

The United Nations General Assembly established the UNRFNRE in 1973 as a trust fund to be administered by UNDP. Its present mandate is to extend and intensify the activities of the UN system in the field of natural resources exploration for socio-economic development. The UNRFNRE is now commemorating its 25th anniversary and as the millennium closes it is useful to pause and reflect on the UNRFNRE's mission in the 21st century,

Organization of the workshop

The workshop was held over a two-day period and was co-chaired by two academics who have prior working knowledge of United Nations agency roles in non-renewable resources.¹ A series of presentations related to the theme of sustainable human development were presented by invited United Nations officers (from various agencies involved with non-renewable resources), by officers of multilateral institutions, by senior government officers, by academics, and by individuals who implement projects either through bilateral aid projects or as

private consultants.² The intent was to identify a wide range of issues that face the sustainable development of non-renewable resources. To promote maximum interaction, the audience was restricted in size and invitations were extended to key UN officers based in New York and Geneva as well as to representatives from UN missions. Initially, the workshop focus was on identification and discussion of non-renewable resource issues organized along the themes of Challenges for the Future, Meeting Future Challenges: Governmental Regulatory Policies and Legal Approaches, Lessons from the Public Sector, Lessons from Operational Experience, and the Role of International Organizations in Achieving Sustainable Development. The later half of workshop was devoted to a discussion of the present role of UN agencies with respect to non-renewable resources and to possible future roles for the UNRFNRE.

Issues related to sustainable development of non-renewable resources identified

The breadth of subjects brought up in the speaker presentations and in the subsequent discussions was wide. A list of the issues discussed that related to the sustainable development (SD) of non-renewable resources is given below to provide an indication of the topics identified and discussed. No attempt was made at the workshop to prioritize the issues discussed and their order below is not significant.

Examples of issues discussed that relate directly to sustainable development of non-renewable resources include:

- While developmental assistance has been successful in raising minerals foreign direct investment, investment has failed to produce SD economies; can this failure be addressed?
- How can the linkage between renewable and nonrenewable resources be explored more thoroughly?
- In the development of SD policy and activities, should a greater emphasis be given to recycling?

Professor David N. Smith, chairman of the UNRFNREs Workshop for Sustainable Development of Non-Renewable Resources.

- How can a government balance the dual roles, and differing objectives, of regulator and tax collector with regard to non-renewable resource development?
- Should marginal non-renewable resource projects that may not be able to pay their environmental and social costs be allowed to develop?
- Should local communities be involved in the negotiation or approval processes leading to project development?
- How do you create an environmental "ethos" in government?
- Can we identify "best practice" to support global modalities for SD in non-renewable resources?
- How can we insure that development of non-renewable resources generates adequate returns to governments?
- Governments have often failed to use mineral-derived funds to diversify economies – are there means to change this in the future?
- Can past failures to adequately manage small-scale mining be solved in the future?
- How can we better manage the negative impact of mining on the environment and local communities?
- Can we define SD in terms of non-renewable resources?
- Can we identify areas where international law, treaties, and protocols would be useful to promote SD in mining?
- Is it possible to develop SD standards at the international and national levels? If so, what should these standards be and how should they be enforced?
- Is it useful and possible to classify mineral resources and reserves using three key attributes – geological parameters, economic parameters and SD parameters?
- Should SD of minerals look beyond mineral development to the linkages

that their development have on other environmental attributes such as energy consumption, pollution, etc.?

- What are the implications of the Kyoto protocols on SD of minerals?
- How do we value SD and the impacts related to SD goals?
- Should, and can, commodity prices be adjusted to reflect environmental and social costs?
- Can non-market costs be valued?



- Since the production of non-renewable resource will incur environmental and social costs, can we determine what an acceptable level of such negative costs is?
- Can and should governments use lax environmental and social legislation to attract foreign direct investment?
- Should governments wait until the countries have "developed" before moving to implement SD policy?
- Can the golden rule, "do unto others as you would have them do unto you" be applied to ethics in mining?
- Is it realistic to expect central governments to decentralize decision-making authority by empowering local communities with decision-making powers?
- When defining "impact on local communities" who should be considered as part of the local community?
- Because of the negative impacts that mining can have on the environment, does mining activity tend to be locat-

ed in communities with the least political power?

- Should a portion of taxes generated by an extractive resource project be earmarked for affected communities and peoples?
- What is the respective informational role of government and the private sector?
- What quantitative measures can we use as indicators of SD?
- Can we take minerals related information that has historically been collected and disseminated by UN and government agencies for granted?
- What types of public/private sector partnerships can promote SD in mining?
- Which stakeholders should have a role in determining and implementing SD policy?
- When developing a project to extract non-renewable resources, what practical steps should be taken to involve local people, communities, government and other stakeholders in project planning, construction, extraction, closure, and post closure activities?
- Can the concept of "integrated resource management" be applied to achieve SD objectives?
- To what extent should the final landscape of an extractive site be subject to advance planning or regulation, and who should decide what it should look like?
- How can benefits from extractive projects be calculated in respect of local communities and other affected stakeholders, what should be counted, and who should be responsible for the calculation?
- What benefits and costs are associated with artisanal and small-scale mining?
- Can and should artisanal mining be permitted and regulated?
- What should government involvement in artisanal mining be – regulatory, fiscal, information provider, environmental manager, etc?

A survey vessel on a mission offshore southwestern Sri Lanka. 400 million cubic meters of heavy mineral bearing sediments were discovered.



- What is the role of the private sector in sustainable development (SD) of nonrenewable resources?
- How can assistance programs for artisanal and small-scale miners be institutionalized so that at project completion progress achieved will be continued, maintained and even expanded?
- Should small-scale mining projects be focused at the macro (national), meso (affected community), or micro (individual miner) level?
- What types of projects will encourage small-scale miners to change their mining methods so that negative environmental and social impacts are lessened?
- Is it useful, or counter-productive, to mobilize affected communities when addressing small-scale mining in their vicinity?
- Should small-scale miners receive legal title or authorization to the lands they work?
- How can cleaner technologies be introduced effectively to small-scale miners?
- What codes of conduct; social, environmental and economic impact study guidelines; local community handbooks; etc are needed to implement SD principles?
- Is an "enclave" model still valid for a large mine operating in the 1990s and beyond?
- What accounting systems can be used by extractive resource projects to measure SD progress?
- What laws, regulations, guidelines and so forth are needed to achieve SD objectives?

Examples of issues discussed relating specifically to the role of the UN include:

- What is the role of the United Nations in SD of nonrenewable resources (exploration? technological innovation? information services? regulatory and policy advisory services? environmental protection? etc.)
- What is the role of the UNRFNRE in SD of nonrenewable resources?
- How can the UN improve the role of science in the shaping of SD public policy?
- Minerals have been effectively dropped from the UN "debate" – should they have a higher priority and if so, how?
- Is there a way to avoid fragmented, non-coordinated, and cross-purpose SD work within UN agencies?
- How can linkages be formed between UN agencies to more effectively exchange SD information?
- Should UN mineral related activities be redirected to focus on industrial mineral development?
- Since small-scale mining is a hot issue in many countries, should the UN form programs to address this sector and if so, should the programs be focused broadly at the interregional level or be site specific?
- Should the UN take on a more active role advising university mining programs on curriculums that include SD courses?
- How can the UN act more effectively to act as a catalyst between the public and private sectors?
- How can the UN more effectively aid governments in developing SD laws,

regulations, guidelines and similar regulatory instruments?

- What training programs can the UN offer to governments to aid in achieving SD objectives?
- Should the UN take a role in the creation of a SD international code of conduct?
- What is current role of the UNEP, UNCTAD, UNRFNRE, UNIDO, ILO, regional commissions, UNDP, World Bank, UNESCO and other multilateral agencies with respect to the non-renewable resource sector?
- Is there a lack of minerals dialogue in the UN at the present time and if so, what agency should take the lead to address this?

Suggestions for an Expanded UNRFNRE Role in the 21st Century: A roundtable type discussion was conducted to generate ideas about possible new roles for the UNRFNRE in the 21st century. The workshop participants identified a number of important activities currently not being undertaken by other UN agencies that may be appropriate for future UNRFNRE involvement. The participants did not attempt to prioritize the suggestions, nor was there an attempt to arrive at a consensus regarding any suggested activity. The list of ideas presented below illustrates some of the possible new UNRFNRE roles that were discussed by the participants.

- Implement programs concerned with small-scale and artisanal mining.
- Create programs providing loans and technical assistance to small-scale miners.
- Provide assistance and programs to governments and local industry relating to the geological and economic assessment, development and marketing of industrial minerals.
- Take a role in the collection, collation and distribution of geological information.
- Provide educational and technical assistance to the mineral industry, governments, communities and other

stakeholders affected or involved with the development of non-renewable resources.

- Act as a facilitator and catalyst between the private and public sector.
- Play the lead role in raising awareness within the UNDP about the importance of making minerals development part of the UN agenda.
- Assist in partnering and coordinating UN activities related to non-renewable resources to help avoid duplication and cross-purpose activities.
- Provide national geological survey organizations with assistance to improve their institutional capability to communicate geological and regulatory information to the private sector.
- Provide assistance to governments at the pre-mine stage to facilitate project development that takes into account the concerns of key stakeholders.
- Assist to increase the institutional and analytical capability of NGOs to deal with the development of non-renewable resources.
- Assist government in understanding how to mobilize funds to develop non-renewable resources.
- Create and manage an industry-funded trust available to assist in the cleanup of mine disasters when there is no fiscally sound party willing to pay.

Summary and recommendations

The participants of the workshop identified a wide range of issues related to the sustainable development of non-renewable resources. One of the tangible outcomes was the establishment of a network which will facilitate the sharing of information and the establishment of partnerships among UNRFNRE, other international organizations, NGO's, universities, governments, the UN agencies and the private sector. It was generally agreed by the participants that:

1. The UN has a vital role to play in the area of sustainable development of non-renewable resources;

2. UN activities in this area are spread out among several agencies and there is a need for improved coordination and alliance between UN agency activities to ensure that overlaps are avoided and critical areas are not neglected;
3. The role of the UNRFNRE can be diversified to include activities related to sustainable development that are not being done by other UN agencies.

Based on the workshop outcomes, it is recommended that UNRFNRE maximize its catalytic role in sustainable development of non-renewable resources through the implementation of the following:

1. To initiate concrete discussions for on-going UN projects in partnership with external organizations (for example, multidisciplinary technical cooperation including environmental protection, capacity building and technology transfer to communities in Mozambique, mitigation of mercury pollution in Suriname in close collaboration with the World Bank and US Geological Survey, etc.)
2. To analyze and review activities of the World Bank, UNEP, UNCTAD and regional commissions in order to identify areas for linkages and partnership aiming at a more integrated and comprehensive performance.
3. To identify the most important activities related to non-renewable resources that are currently neglected by other UN agencies and that UNRFNRE could undertake.
4. To seek the best way to maximize the usage of past UNRFNRE exploration activities to foster future sustainable development.

Notes

1. Professor David Smith, Vice Dean, Harvard Law School and Professor James Otto, Deputy Director Institute for Global Resources Policy and Management, Colorado School of Mines and Director of Graduate Studies, Natural Resources and Environmental Law Program, University of Denver College of Law.

2. The speakers, their affiliations and the titles of their presentations are as follows: George Pring, University of Denver, "Historical Perspectives and Challenges for the 21st Century;" Peter Cook, Peter J. Cook and Associates, "Non-Renewable Resources and Sustainable Development;" Kenji Sawada, UNRFNRE, "Creating a Sustainable Development Strategy for the 21st Century;" James Otto, Colorado School of Mines, "Regulatory System and Private Sector Investments in Non-Renewable Resources: A Perspective on Sustainable Development;" David Smith, Harvard Law School, "Negotiation of Natural Resource Agreements – Barriers to Environmental Protection;" John Cordes, Colorado School of Mines, "Mining and Sustainable Development: Local Communities and Pursuit of Full Cost Pricing;" John DeYoung and W. David Menzie, US Geological Survey, "The Changing Uses of Minerals Information – A Government Perspective;" Bethany Armstrong, Natural Resources Canada, "Partnerships in Promoting Sustainable Development of Metal and Minerals Internationally – The Role of Government;" Peter Oram, MGI Limited, "Community Involvement and Non-Renewable Resources Extraction;" Edward Henk Dahlberg, Minnesota State Department of Natural Resources, "Artisanal Gold Mining and Sustainable Development;" Thomas Hentschel, Manejo Integrado del Medio Ambiente en la Pequena Minería, "Implementing Environmental Protection Projects in Small-scale Mining;" Andrew Parsons, UNEP, "The Role and Activities of UNEP in the Mining Sector;" Peter Van Der Veen, World Bank, "Mining Sector Reform and Sustainability: The Role of Multilateral Institutions;" Olle Ostensson, UNCTAD, "UNCTAD's Activities in the Area of Non-Renewable Natural Resources." The Workshop Proceedings are forthcoming from the UNRFNRE. ■

For information on publication of proceedings:

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