

SOCIAL AND ENVIRONMENTAL CONSIDERATIONS OF RESOURCE CLASSIFICATION

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Webinar on Sustainable and integrated natural resource management: Values, principles and requirements
10 September 2020

SOCIAL AND ENVIRONMENTAL CONSIDERATIONS



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- Social and Environmental Issues:
 - Little or no consideration in the past
 - Recent emphasis on them has resulted in many resource supply projects being delayed or cancelled.
- **Environmental:** the physical, chemical, and biological impact on, or changes to, the surrounding pre-existing environment, due to a project (e.g. heavy metal contamination in soils or water, disruption of wildlife habits and migration characters, etc.).
- **Social:** The impact on humans and society, of Environmental changes, such as:
 - Effects stemming from environmental changes (e.g. health issues due to heavy metal contamination).
 - Changes in social systems and structures, (e.g. ownership claims, traditional land usage, land and other value changes, changes in local population community structures, the creation of jobs and economic activity, etc.).

RECOVERY PROJECTS



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- Can be:
 - Positive: raw materials, revenue from taxes and royalties, jobs
 - Negative: degradation of the environment, disruptive effect on society
- Social and Environmental Considerations. Can lead to legal, contractual, environmental, and/or government approval issues that affect the timing and implementation of a project:
 - Access to market
 - Construction of or access to production and transportation facilities
 - Internal and external approval
 - Access to financing



- Social and Environmental Consideration Task Force (now Working Group) established in 2015

- Reports for the 2018 EGRM meeting:
 - Draft guidance for accommodating environmental and social considerations in the United Nations Framework Classification for Resources. ECE/ENERGY/GE.3/2018/3

 - Accommodating Social and Environmental Considerations in the United Nations Framework Classification for Resources: Concepts and Terminology. ECE/ENERGY/GE.3/2018/4.
 - Addresses additional issues that arose during the work of the E-axis Working Group

2020 REPORTS



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- Guidance for Social and Environmental Considerations for the United Nations Framework Classification for Resources
 - Provides guidance relevant to the UNFC Update 2019.
 - Does not consider all the recommendations of the 2018 reports

- Principles of Resource Classification ECE/ENERGY/GE.3/2020/3
 - Addresses basic topics on classification

INTERNALITIES AND EXTERNALITIES



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- **Internality** A cost or benefit that affects an equity participant in a project.
- **Externality** A cost or benefit that affects a party who did not choose to incur that cost or benefit.
- Operating organisations must now consider Externalities that have not traditionally been part of a resource assessment.

SELECTED TOPICS



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- Classification provides information to decision makers
- Realm of Discourse (ROD):
 - Conditions, Context, Reason, for assessing and classifying a resource.
 - Different for different users
- Contingency: a condition that must be satisfied to assign a resource to a UNFC EFG Class
 - Embodied in a Decision Rule
 - May be simple (yes/no) or probabilistic (quantitative or qualitative)
- Clarification of terms in a Glossary
 - E.g. What do E1 “Reasonable expectations” E2 “Reasonable prospects” mean?
 - Commercial, Economic, etc.
- Sustainable Development Goals (SDG). What are the Social and Environmental classification contingencies?

Thank you

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