

Informed Dialogue and Decisions for Sustainable Development

Adoption of the UNFC



UNFC Adoption Group Report-out at EGRM-15; Geneva-CH, 26/04/2024



RESOURCE MANAGEMENT WEEK

2024



UNECE

Purpose of the UNFC-Adoption Group

Mandate from EGRM-14:

- **Identify challenges** in widespread UNFC adoption for decision support for governments, industry and capital allocators.
- **Propose solutions to EGRM** and its Bureau, **given the urgency** in addressing resilience in energy transition and critical resource management.

This is the report-out of the UNFC Adoption Group and concludes with recommendations **and a call for action.**

UNFC Adoption Group – What we have done



- Strong team to divide the analysis and include diverse contributions
 - Core group has twenty members, extended group another thirty
 - Shared passion for this topic
- Analysis of adoption challenges along five themes:
 - User groups: resource governance, business management, capital allocators
 - Cooperation & capabilities, digital enablement
- Two hybrid workshops and some fifty virtual meetings
- Survey of adopters, refusers and potential users
- Engagements with TAG and the EGRM Bureau, secretariat
- Published comprehensive report:
[UNFC Adoption Group Report ECE-ENERGY-GE.3-2024-10.pdf \(unece.org\)](https://www.unece.org/energy/energy-efficiency/energy-efficiency-report-2024-10.pdf)



Acknowledgement

- UNFC Adoption Group members
 - Core & extension group
 - Theme coordinators
 - Editors Alistair J., Sigurd H., Matthias H.
- NPD & Shell for hosting workshops
- EGRM Bureau and TAG for input
 - Esp. Charlotte Griffiths and Karen Hanghøj

Themes ->	Resource governance/ SH	Business management/ MH	Capital allocation/ SH	Cooperation & capabilities/ SH	Digital enablement/ MH
Coordinator	Erika Ingvald, SGU, VC EGRM	Kerstin Brinnen, LKAB	Jerry Kwame Ahadjie, ADB	Alistiar Jones, Imperial College	Ian Betts, Shell & OSDU® Forum
Core Group	Antje Wittenberg, BGR	David McDonald, VC EGRM. VC EGRM	Damian Brett, World Bank	Bianca Derya Neumann, Chair, EGRM Young Member Group	Viktor Babashev, VC EGRM. Timal Consulting Group, Kazakhstan
	Milan Grohol, EU DG Grow. VC EGRM	Ulises Neri, ICE SRM Latin America and the Carribbean. VC EGRM	Ian Betts, Shell and Open Group	Slavko Vekoslav Solar, UNECE	Bianca Derya Neumann, Chair, EGRM Young Member Group
	Peter van der Keur, GEUS			Tunde Ariskeola, AU - Amrec	
	Stig-Morten Knutsen, NPD, VC EGRM			Ian Betts, Shell & Open Group	
	Ulrich Kral, Environ. Agency Austria, Chair Anthropogenic Resources WG			Ulises Neri, ICE SRM Latin America and the Carribbean. VC EGRM	
				Ekaterina Lovchuk, International Relations ANCO "EUES Eurasian Union of Experts in Subsoil"	
Ext. Group	Guillaume Bertrand, BGRM	Barbara Pribyl, Consultant, Australia	Daniel Trotman, EY	Carolina Coll, Chair EGRM Communications Group. CGG	Holger Rogner, IIASA
	Claudio Virues, Alberta Energy Regulator, EGRM Social and Environmental Working Group	Felix Ocitti, AU-Amrec Working Group	Kathryn Campbell, Of Council, Sullivan & Cromwell	Eddy Sánchez Rivera, Costa Rican Institut of Electricity; Geosci: Technical Group SICA	Milan Poczik, Sinegon
	Grant D. Wach, Dalhousie University	Janne Hokka, GTK		Jeremy Webb, Climate Change Chief Executives Board, New Zealand	Paul Allan, Quorum Software
	Harikrishnan Tulsidas, UNECE	Jodi-Ann Jue Xuan Wang, EGRM Young Member Group. Pan-Commonwealth Coord. at Youth Climate Change Network			Peter Clark, Belltree Group
	Hendrik Falk, Government of Northwest Territories, Chair EGRM Minerals Working Group	Karin Ask, Equinor			Tomas Milo, McGill University
	Rafael Edgardo, GIZ SV	King Lee, World Nuclear Association			Will Van Der Merwe, Lumivero
	Robert Tomas, EU DG Grow	Michael Lynch-Bell, Portfolio Board Mamber. Past Chair, EGRM			
	Serge van Gessel, TNO, Chair EGRM Injection Projects Working Group				
	Snježana Miletić, Geol. Survey Slovenia, EU ICE-SRM				
	Zoltán Horváth, Geological & Geophysical Institute Hungary				

Problem Statement of Sustainability

- **Resilient** – affordable, reliable, and sustainable (**and acceptable** to the impacted communities)
- **Sustainable** - to meet the needs of the present, without compromising future generations to meet their needs
- **Just (intergenerational)** - to prioritize long-term (collective) needs over short-term (individual) gains

This is a multifaceted challenge asking for

- ✓ **Informed debate** amongst stakeholders
- ✓ **Integrated and dynamic capabilities** to collaborate

Adoption of UNFC can enable informed debates, collaboration, and decisions in sustainable resource management



Needed: Integrated & Dynamic Capabilities



- Resource governance should **set framework conditions allowing**
 - **Efficient economies**
 - **Reliable regulations**
 - **Higher recovery**
 - **Appropriate financing**
 - **Responsible finance**
 - **Having a future**
 - Businesses **to deploy their best capabilities in ways that**
 - Capital allocators **can finance.**
- ✓ These stakeholders should **excel as partners**
- ✓ Exploiting and respecting each other's **capabilities and interests**

... how to get there?



Challenges from a User Perspective



- Why would I need another Classification System?
- What benefit will I have using UNFC in shaping my projects?
- Show me use cases where UNFC led to decisions?
- Why would the UN-Secretary General call for action to use UNFC?
- I want to use UNFC – who can I call for support?

Purpose

Support

- How 'green' is my project?
- How can I decarbonize my portfolio?
- How can we meet our National Determined Contribution?
- What can I do to get public acceptance of my project?

Metrics

Standards

Use Cases



Recommendations by UNFC Adoption Group

1. **Communicate** and promote **the purpose** of UNFC
2. **Add Metrics** that Matter
3. **Establish Alliances with Standard Setting Organisations**
4. **Develop Strategic Use Cases**
5. **Engage with Potential Adoption Champions**
6. **Establish UNFC user support** capacity
7. **Update UNFC Supplementary Specifications**
8. **Digitalize** and save resources



PURPOSE of UNFC

UNFC is the framework for
Classification* of projects
and reporting of sources & products

And the information framework
for dialogue, collaboration and decisions
in sustainable development of resources.

* Classify:

E: *Viable*, i.e., economic under compliance with respective law.

F: *Feasible*

G: *Confidence*



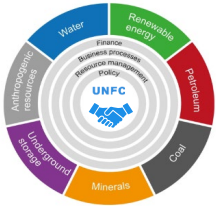
Project Example

Metrics this user needs



Enabling

- › To compile information in key metrics
- › To compare attractiveness of options in
 - › Economic
 - › Environmental
 - › Social terms
- › Informed dialog & decisions
- › Constructive public-private partnerships



Category	Class	Rationale
E2	potentially viable	Viable development identified, FID is expected
F2.1	further evaluation	Appraisal (drilling) activities ongoing
G	1, 2, 3	HC recoverable estimates (PRMS = P90/P50/P10)

Type	Metric	Unit	G2 Figures		
			Base Case	'Green' Power	Blue-H2
Product	Total Oil Production*	boe	xx	➔	⬇
	Total Gas Production*	boe	xx	⬆	⬇
Duration (physical)	Expected FID	year	xx	⬇	⬇
	Time to develop	years	xx	⬇	⬇
	Production time	years	xx	➔	⬇
Economic	Royalties*	mIn USD	xx	⬇	⬇
	Profit Sharing*	mIn USD	xx	⬇	⬇
	Taxes*	mIn USD	xx	⬇	⬇
Environm.	GHG Emissions*	t CO2e	xx	⬆	⬆
	CO2 Intensity*	kg/boe	xx	⬆	⬆
	Other*	tbd.	xx	➔	⬇
Social	Employment direct*	years FTE	xx	➔	⬆
	Employment indirect*	years FTE	xx	⬆	⬆
	Investment in country*	mIn USD	xx	⬆	⬆
	Investment in community*	mIn USD	xx	⬆	⬆
	Investment in capacitation*	mIn USD	xx	⬆	⬆
	Investment in tech transfer*	mIn USD	xx	⬆	⬆
STC/Innovation collaboration*	mIn USD	xx	⬆	⬆	

* metric avail. in annual figures over life-of-field

UNFC User Support Capacity

- Within the [Expert Group and UN Member States](#) wishing to participate - to
 - [Oversee consistent use](#) of UNFC and enable capacity-building
 - Involve coordinated [International Centres of Excellence on Sustainable Resource Management](#)
 - [Align strategies](#) for training, templates, helpdesks, collaboration, digital enablement, qualified persons
 - [Building trust](#) in reported information.
- [Build alliances](#) with established standards organisations.
- [Support use cases](#) and potential adoption champions.



Digital Enablement

Learning from Practitioners

- Information and decision support systems are increasingly being built and maintained through collaboration and use of cutting-edge digital technology.
- Developing the required structures (e.g. standards, technology and software) are best done in an environment where organisations will co-create the capabilities they need.
- There are many examples from the energy and resources sectors, e.g., OSDU® Forum
- This could be considered for UNFC - to be successful it requires initiation via a small group of interested parties with the vision and commitment to jointly deliver a working outcome.
- It would require:
 - Mobilisation of participants from the UNFC Stakeholder Groups (Govt / Regulator / ICE + Industry + Financiers).
 - UN (UNECE) sponsorship and effort to 'get the participants in a room'.
 - A mechanism for addressing 'anti-trust' considerations.
 - A clear 'why?' to motivate contribution of resources from the participant organisations.
- Coordinated responses and investment (mostly in-kind) are needed to put this system in place.



How to implement the recommendations

And by whom?

Table 2 Proposed implementation of the recommendations. Bold text indicates where primary responsibilities lie within each task.

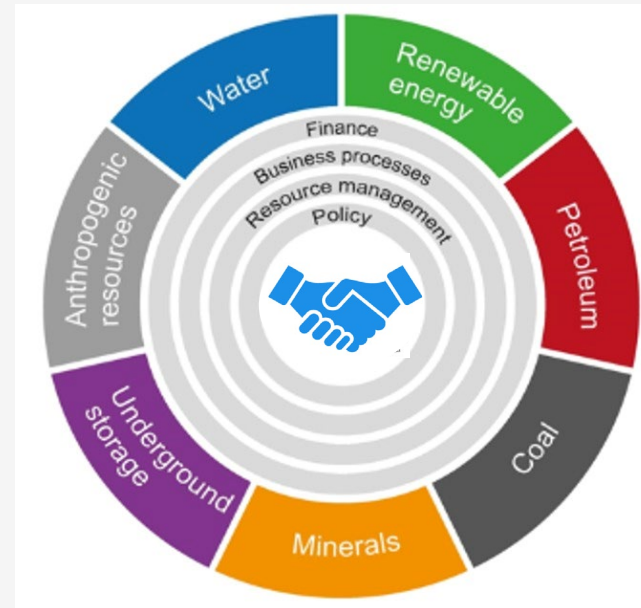
Recommendations	Task and Responsibilities				Comments
	Bureau of the Expert Group on Resource Management providing direction		National/International Centres	Others: industry, capital allocators, Non-Government Organizations, professional bodies, academia	
	Expert Group on Resource Management Secretariat	Expert Group on Resource Management Working Groups/ Task Forces			
1. Communicate and promote the purpose of using UNFC - from a user perspective beyond: UNFC is meant to provide comparable information for wide range of resource projects along their technical, environmental, and social value chains and enable project monitoring and informed dialogue on decisions in sustainability. Bureau of the Expert Group on Resource Management is recommended to deliver a promotion activities and communication plan to cater for the specific needs of target governments, business, capital allocators.	Continue to support communications through networking and at stakeholder meetings. Revised focus on UNFC is as a common information tool for collaboration and decision making in Sustainable Resource Management. Manage the Expert Group on Resource Management Membership and networks.	Communications working group, with support of UN Framework Classification for Resources working groups, develop communications packs for different stakeholder groups on the use of UNFC as a common information tool for collaboration and decision making in Resource Management.	Tailor and cascade communication to national, regional, and sub-regional bodies.	Tailor and cascade communication.	Focus on purpose: If sustainability, social impact or decarbonization is sought after, UNFC enables the solution, the way to get there. UNFC is a solution to a problem, not a tool looking for a problem.
2. Add Metrics that Matter – the Expert Group should work towards extending UNFC to include physical, economic, environmental, and social metrics that projects carry, and most users need in addition to quantities and qualities of sources and products. The initially recommended metrics are listed in Annex B.	Negotiate, distribute, and protect UN Standard metrics as these are developed and recognised to have global applicability.	Steer negotiations with help of Task Force/working group leads in development of standard metrics, Bridge to existing metrics.	Negotiate and agree metrics that projects carry and that users in their community need. Identify metrics that need international standardisation and seek their recognition by UN.	Contribute education, research and consultancy services related to decision support using recommended metrics.	Metrics task force or working group could be considered a new ERGM non-resource specific task together with decision support.
3. Establish Alliances with Standard-Setting Organizations –	Continue to lead in establishing strategic partnerships and setting up Memoranda of	Expert Group on Resource Management experts support	National authorities to regulate relevant UN methods. Governments	Organizations which set standards for industry sectors	A standards priority list should provide focus, e.g.,

Suggestions are made in the report – including resourcing options:
[UNFC Adoption Group Report ECE-ENERGY-GE.3-2024-10.pdf \(unece.org\)](https://unece.org/unfc-2024-10)

UNFC – for better decisions making

UNFC is the framework for
Classification of projects
and reporting of sources & products

And the information framework
for dialogue, collaboration and decisions
in sustainable development of resources.



Conclusion

UNFC-Adoption Group has fulfilled its mandate given at EGRM-14

EGRM is kindly asked to

- Agree to the value of using **UNFC as an information framework** to support dialogue and decisions
- **Accept eight recommendations** for accelerated & widespread UNFC adoption
- Request Bureau to **lead their implementation** with urgency
- Adoption Group report has comprehensive content for implementation and resourcing options
- Further details of implementation can then be worked

We can contribute to UNFC becoming the framework for informed decisions, **to SDGs and 2030 Agenda**



Recommendations by UNFC Adoption Group

1. **Communicate** and promote **the purpose** of UNFC
2. **Add Metrics** that Matter
3. Establish **Alliances with Standard Setting Organisations**
4. Develop Strategic Use Cases
5. Engage with Potential Adoption Champions
6. Establish **UNFC user support** capacity
7. Update UNFC Supplementary Specifications
8. **Digitalize** and safe resources

... to enhance capability building for decision support



THE VIEWS EXPRESSED ARE THOSE OF THE AUTHOR BASED ON THE WORK OF THE UNFC- ADOPTION GROUP* AND DO NOT NECESSARILY REFLECT THE VIEWS OF THE UNITED NATIONS.

Thank you!

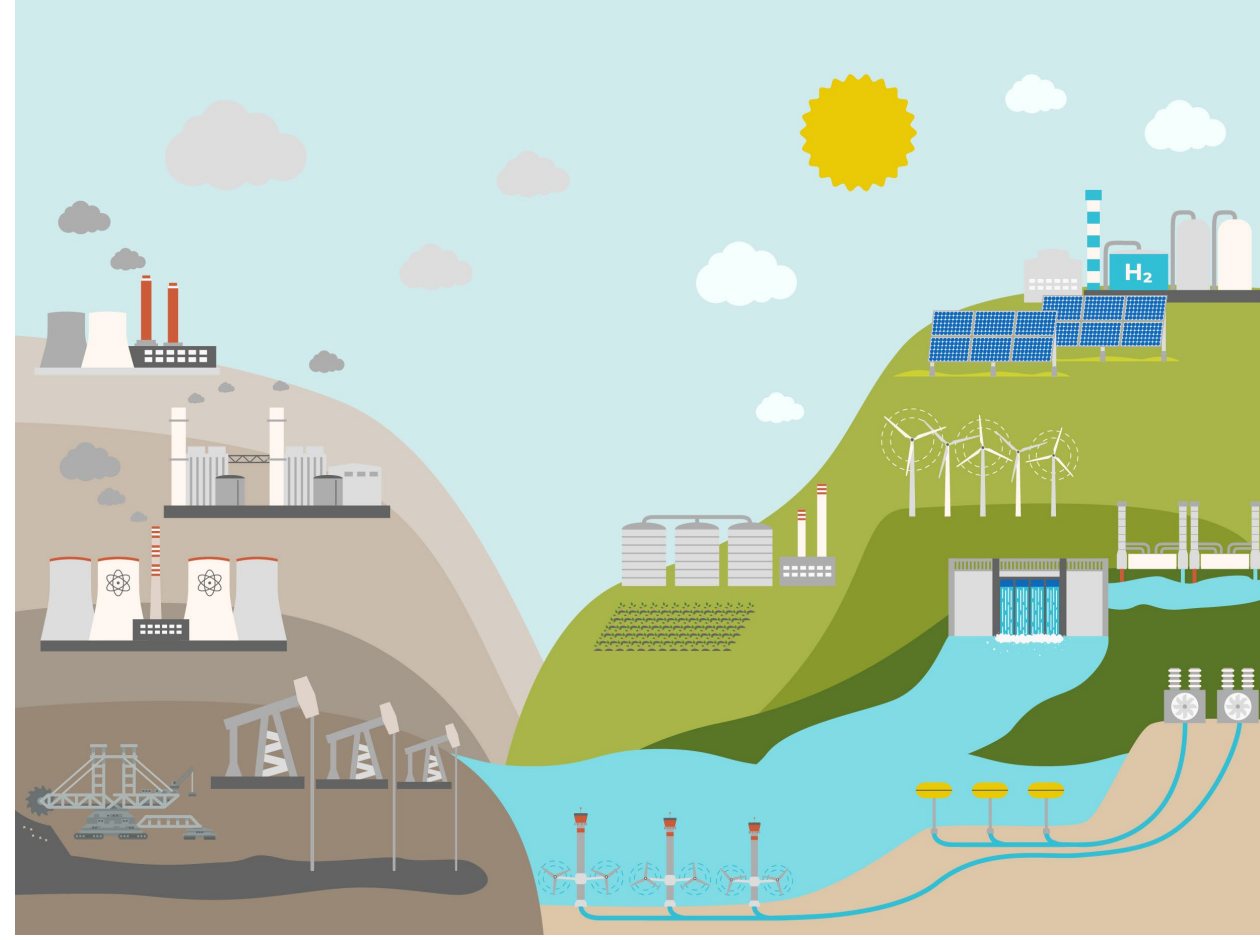
Matthias Hartung
Chair of the UNFC Adoption Group

UNECE

Date 26 | 04 | 2024, Geneva



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