THIRTEENTH PLENARY MEETING OF THE POLICY DIALOGUE ON NATURAL RESOURCE-BASED DEVELOPMENT

Building collective knowledge for actionable policies

ANNOTATED AGENDA

25 – 26 November 2019 - OECD, Paris (OECD Conference Centre, Room CC4)

ABOUT THE POLICY DIALOGUE

The Policy Dialogue on Natural Resource-based Development is a multi-year intergovernmental process of knowledge sharing and peer learning among OECD and partner countries producing minerals, oil and gas on how to harness natural resources for structural transformation and more inclusive and broad-based development. Compared to other fora, the added value of the Policy Dialogue on Natural Resource-based Development lies in its unique structure designed to facilitate the generation, systematisation, and access to tacit and newly developed collective knowledge through collaborative OECD and non-OECD evidence-based policy analysis.

The Policy Dialogue focuses on four Work Streams: (i) Shared Value Creation and Local Development; (ii) Revenue Management and Spending; (iii) Getting Better Deals, and (iv) Domestic Resource Mobilisation (tackling BEPS, corruption and commodity trading transparency).

The Policy Dialogue is a cross-directorate OECD initiative, led by the Development Centre and involving relevant Directorates that can contribute or lead in specific policy domains, namely, the Centre for Tax Policy and Administration (CTPA), Development Cooperation (DCD), Environment (ENV), Financial and Enterprise Affairs (DAF), Global Relations Secretariat (GRS), Legal Directorate (LEG), Public Governance and Territorial Development (GOV), and Trade and Agriculture (TAD).

For more information, visit the website: http://www.oecd.org/dev/natural-resources.htm

OBJECTIVES, STRUCTURE, FORMAT OF THE EVENT AND PARTICIPANT EXPECTED CONTRIBUTION

The Thirteenth Plenary Meeting of the Policy Dialogue on Natural Resource-based Development scheduled for 25-26 November 2019 at the OECD is held back-to-back with the OECD 2019 Green Growth and Sustainable Development Forum (GGSD) on "Greener future for extractive and heavy industries: Innovation and fiscal
implications”, taking place on **26-27 November at the OECD in Paris**. Through its Policy Dialogue, the OECD Development Centre is supporting the organisation of the GGSD Plenary Session 1 – The low-carbon transition: Fiscal implications for resource-rich and importing countries, by contributing to the Issues Paper developed together with the OECD Environment Directorate and the OECD Centre for Tax and Policy Administration. The new guidance on “Using Extractive Revenues for Sustainable Development: Policy Guidance for Resource-rich Countries” will also feature among the reference documents for the GGSD Plenary Session 1. The Policy Dialogue is also assisting with the preparation of Parallel Session A on: "Greening the extractive sectors: mission possible?". The Thirteenth Plenary Meeting will complement the GGSD Forum, by focusing on the decarbonisation of fossil fuels.

The two-day Thirteenth Plenary Meeting of the Policy Dialogue meeting will bring together representatives of governments, international organisations, extractive industries, civil society, and think tanks and will provide opportunities to advance the work under the different Streams of Work, according to the roadmap agreed upon at the Twelfth Meeting of the Policy Dialogue on 20-21 June 2019.

The first day **25 November 2019**, will begin with two sessions to advance work under the IGF/OECD joint project on BEPS in mining and launch the new phase of Work Stream 2 on Revenue Management and Spending to explore how extractive revenues can support the low-carbon transition. The afternoon will feature a thematic discussion under Work Stream 1 on how the oil and gas sector can support the low-carbon transition, with new examples on innovative technologies for decarbonising fossil fuels for validation in the online Compendium of Practices.

The second day **26 November 2019 (only morning)**, will feature two sessions to advance work in respect of the Thematic Dialogue on Commodity Trading Transparency.

The objectives of the meeting are as follows:

**Work Stream 1 - Shared value creation and local development**

- During previous Plenary Meetings of the Policy Dialogue, participants had the opportunity to discuss cost-effective solutions for the integration of renewables into extractive activities and the diversification of oil and gas industry portfolio.

- At the Thirteenth Plenary Meeting participants will explore innovative options for decarbonising fossil fuels, through the deployment of innovative technologies. Additional examples will be tabled for discussion for possible inclusion in the online Compendium of Practices, which supports the implementation of the Framework for Extractive Projects on Collaborative Strategies for In-Country Shared Value Creation Framework for Extractive Projects.

**Work Stream 2 – Revenue Management and Spending:**

- International action to combat climate change is already rapidly reshaping the economic context of natural resource-based development, aiming to decouple economic growth from greenhouse gas emissions. Participants in the Tenth Plenary
Meeting of the Policy Dialogue on Natural Resource-based Development agreed to deepen and expand the work on revenue spending, to explore how revenues from non-renewable natural resources can finance and support the low-emission transition and deliver on the Sustainable Development Goals. Financing the transition will require that a substantial share of government budgets, supported to a significant extent by the extractive sector in natural resource-rich developing countries, is channelled in a manner that prioritises low-emission, climate-resilient infrastructure, green technologies, and skill development. Prioritising public spending in transition-related areas can contribute to closing the infrastructure and technology gap that several countries, particularly developing economies, experience while also generating jobs and growth that will outlast non-renewable resource extraction.

- Over the next biennium, Work Stream 2 will host a series of thematic dialogues to improve understanding around fiscal policy options and mechanisms that policymakers in natural resource-rich countries can use to mobilise resources, including private capital, to finance the transition.

- The Thirteenth Plenary Meeting will provide an opportunity to take stock of the role of sovereign wealth funds (SWFs) and strategic investment funds (SIFs) in green finance, and to better understand the potential of these investment funds to support the low carbon transition. Key issues for discussion include how SWFs and SIFs can be encouraged to green their portfolios and mobilize private capital for green investment, and the strategies available for them to do so.

**Work Stream 4 – Domestic Resource Mobilisation (tackling BEPS, corruption and commodity trading transparency)**

*Thematic Dialogue on Commodity Trading Transparency*

- At the Twelfth Plenary Meeting, participants welcomed the recognition by the EITI that two different reporting templates for the disclosure of information on commodity trading are needed – one for SOEs and one for buyers – in order to reflect the different environments that these entities operate in, whilst noting the importance of expanding the reach beyond EITI countries with the objective of creating a level playing field across all countries, including trading hubs. Participants also welcomed the progress made by the OECD toward the development of guidance to support SOEs in selecting buyers of their publicly-owned commodities.

- The Thirteenth Plenary Meeting will provide an opportunity to consider the progress made by the EITI to develop reporting guidelines for buying companies on their oil purchases from resource-rich countries to help inform the implementation of Requirement 4.2 in the EITI Standard, and to discuss priorities for further reporting guidance for natural gas and minerals. Participants will also have the opportunity to discuss the role that key commodity trading hubs have in the global economy and to learn about current regulatory requirements in those hubs, including on commodity trading transparency.
**BEPS in mining**

- At the Twelfth Plenary Meeting, the IGF and the OECD Centre for Tax Policy and Administration provided an update on the on-going review of 90 international tax treaties to identify the treaty provisions that are most critical for resource-rich countries in order to protect their right to tax mineral income, determine a proper allocation of taxation rights, and consider any possible modifications to the United Nations Double Taxation Convention between Developed and Developing Countries and/or OECD Model Tax Convention on Income and on Capital.

- The Thirteenth Plenary Meeting will provide the opportunity to share the results of the research on international tax treaties in relation to mining and developing countries.

The meetings of the Policy Dialogue **depart from** the traditional conference format distinguishing between speakers and audience. **Every participant** plays a role as both **a knowledge holder and a knowledge recipient** while the **OECD Development Centre** acts as **a neutral knowledge broker**, by contributing to framing the issues and facilitating the generation, systematisation, and access to tacit or newly developed collective knowledge.

Participants are not only expected to share relevant experience, policies, and case-studies but also to clearly articulate their knowledge needs and indicate, which countries they would like to learn from to build or further refine their knowledge base. **In this interactive setting, there are no prepared speeches, official statements or long presentations. Proposed guiding questions** aim at helping participants prepare their contributions and identify relevant issues they would like to see addressed during the meeting.

**Reference documents** are distributed ahead of the meeting in order to help participants prepare their contributions, support the discussion and move the process forward. Participant contributions are expected to be **short, narrative** in style, and **reactive** to other interventions.

**The event will be closed-door and held under Chatham House Rule of non-attribution of sources in order for participating countries and stakeholders in the multi-stakeholder consultation to engage in frank and thought-provoking discussions.** It is expected that this method of work will be conducive to the establishment of a trustworthy environment where participants engage in open and constructive exchanges that could pave the way for the collective development of new knowledge as well as innovative and mutually beneficial policy solutions.
## DAY 1 – Multi-Stakeholder Plenary Meeting

25 November 2019 (Room CC4, OECD Conference Centre)

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<th>Time</th>
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<td>08:30 – 09:30</td>
<td>Registration &amp; Breakfast</td>
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<tr>
<td>09:00 – 09:15</td>
<td>Welcoming remarks by the OECD Development Centre</td>
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<td>09:15 – 10:30</td>
<td>Work Stream 4: Domestic Resource Mobilisation: tackling BEPS</td>
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### Work Stream 4: Domestic Resource Mobilisation: tackling BEPS

#### Session 1: IGF-OECD BEPS in mining programme

This session will provide the opportunity to present the results of the year’s work on international tax treaties research in relation to mining and developing countries. IGF and the International Senior Lawyers Project (ISLP) have prepared a Zero Draft Practice note on tax treaties and the mining sector in order to receive early feedback from participants. A framework for mineral valuation and its application to bauxite will be presented by the OECD, thus complementing the existing OECD studies on mineral product pricing for gold, copper, thermal coal and iron ore, published by the Platform for Collaboration on Tax in 2017 as a supplement to the Toolkit Addressing Difficulties in Accessing Comparables Data for Transfer Pricing Analyses.

**Objectives:**

- Support governments to better design international tax treaty provisions through the development of guidance based on state of the art research;
- Provide feedback on the IGF/ISLP Zero Draft Practice Note;
- Improve understanding for pricing minerals with opaque markets, like bauxite.

**Kick-off interventions by:**

- Ms Alexandra Readhead, Technical Advisor, Inter-Governmental Forum on Mining Minerals, Metals and Sustainable Development (IGF)
- Mr Vy Tran, Senior Adviser – Transfer Pricing, OECD Centre for Tax Policy and Administration (CTPA)
Guiding questions:

- Which cases involving tax treaties and the mining sector would help to illustrate the issues explored in the practice note?
- What are the lessons of resource-rich countries with respect to treaty negotiation and design?
- Are there specific examples of ways that resource-rich countries have modified their tax treaties to better protect their right to tax mining income?

For reference:

- IGF/ISLP, Zero Draft Practice Note on Tax Treaty Design for Resource-Rich Countries (for discussion and early feedback)

10:30 – 11:00 Coffee Break

Work Stream 2: Revenue Management and Spending

Chair: Mr Dastan Umirbayev, Director of Macroeconomic Analysis and Forecasting Department, Ministry of National Economy, Republic of Kazakhstan

Session 2: How extractive revenues can support the low carbon transition: thematic dialogue on Sovereign Wealth Funds (SWFs) and Strategic Investment funds (SIFs)

Participants in the Tenth Plenary Meeting of the Policy Dialogue on Natural Resource-based Development agreed to deepen and expand the work on revenue spending, to explore how revenues from non-renewable natural resources can finance and support the low-emission transition and deliver on the Sustainable Development Goals. This session will feature the first of a series of thematic dialogues to improve understanding around fiscal policy options and mechanisms that policy makers in natural resource-rich countries can use to mobilise resources, including private capital, to finance the transition. The focus will be on Sovereign Wealth Funds (SWFs) and Strategic Investment Funds (SIFs), to better understand how they can contribute to advancing the low-carbon transition by greening their investment portfolio, including through divestment strategies from coal and other carbon-intensive assets, assessing their performance as green investors, and their capacity to mobilise private capital for green investments.

Objectives:

- Take stock of green investment practices of Sovereign Wealth Funds and Strategic Investment Funds;
- Understand what more can be done to encourage Sovereign Wealth Funds and Strategic Investment Funds to green their portfolio and mobilise private capital for green investments;
Identify any gaps and possible next steps to strengthen the role of Sovereign Wealth Funds and/or Strategic Investment Funds to support the low-carbon transition in natural resource-rich developing countries.

**Kick-off interventions by:**

- Dr Lahra Liberti, Head of Unit, Natural Resources for Development, and Dr Håvard Halland, Senior Economist, Natural Resources for Development Unit, OECD Development Centre.
- Dr Ben Caldecott, Director of the Oxford Sustainable Finance Program, Oxford University.
- Ms. Stella Ojekwe-Onyejeli, Executive Director and Chief Operating Officer, Nigeria Sovereign Investment Authority.

**Guiding questions:**

- Are Sovereign Wealth Funds suitable instruments to safeguard not only the financial wealth but also the climate of future generations? If so, what specific conditions should be met (e.g. specific mandate, different portfolios with clear objectives and dedicated institutional arrangements)?
- How can Sovereign Wealth Funds combine their role as commercial investors with a new focus on climate finance to support the low-carbon transition?
- How can Sovereign Wealth Funds and Strategic Investment Funds interact to better help countries meet the challenges of the low-carbon transition? To this end, how can Sovereign Wealth Funds help scale up Strategic Investment Funds?

**For reference:**

- OECD Development Centre, Investing in the Low-Carbon Transition: the role of Sovereign Wealth Funds and Strategic Investment Funds *(for discussion and comment).*

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<th>Time</th>
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<td>13:00 - 14:30</td>
<td>Buffet lunch in Room Roger Ockrent, Château de la Muette</td>
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<tr>
<td>14:30 – 18:00</td>
<td>Work Stream 1: Shared Value Creation and Local Development</td>
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<td>Co-chairs: Liberia and Norway</td>
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Hon. Emmanuel O. Sherman, Deputy Minister for Operations, Ministry of Lands, Mines and Energy, Republic of Liberia; and Professor Petter Nore, Senior Consultant, Norwegian Agency for Development Cooperation, Kingdom of Norway

Session 3 (Part 1): Decarbonising fossil fuels through technological innovation?

In a global low-carbon scenario, fossil fuel exporting developing countries face the risk of being left with “stranded assets” and “unburnable carbon” with the further acceleration of major technological breakthroughs in clean technology and declining technology prices. This session discusses technological innovation contributing to the decarbonisation of the fossil fuel sector, which is of crucial importance for a sustainable low-carbon transition in resource rich economies. The deployment of low-carbon technologies in the sector, such as carbon capture and geological storage (CCS), is a critical tool to achieve the ambitious goals of net-zero emissions set by the Paris Agreement to the United Nations Framework Convention on Climate Change (UNFCCC). The associated quick economic returns can also help to propel a more ambitious structural low-carbon transformation agenda forward. This is particularly true for fossil fuel-based economies that are exposed to increased vulnerability, given their persistent dependence on fossil fuel extraction, supply and use and the challenge they face to reduce carbon emissions, while pursuing poverty alleviation and sustainable growth objectives. This session will provide the opportunity to map innovative low-carbon technologies, to assess their technical feasibility and costs of their deployment at scale, in particular in emerging and developing economies.

Objectives:
- Map low-carbon technologies that can be deployed in the oil and gas sector;
- Assess the feasibility of scaling up the uptake of low-carbon technologies and challenges encountered so far;
- Discuss ways to foster low-carbon technology transfer to natural resource-rich developing countries and opportunities for the development of domestic value-added activities;
- Explore possible mechanism to drive systematic investment into low-carbon technologies, help de-risk investments for both governments and corporations, and overcome market barriers to scaling low-carbon solutions.

Kick-off interventions by:
- Dr Sara Budinis, Energy Analyst (CCUS), International Energy Agency (IEA)
- Mr Steve Schofield, Senior Adviser on Climate Initiatives, Shell International
- Dr Wolfgang Heidug, Senior Research Fellow in Climate and Environment, King Abdullah Petroleum Studies and Research Center (KAPSARC)
- Mr Jon Anton Johnson, Senior Adviser, Department of Economic Relations and Development, Ministry of Foreign Affairs, Kingdom of Norway

**Guiding questions:**

- What are the technological options for the decarbonisation of upstream operations in the fossil fuel sector? Which are most-cost-effective, and susceptible to be deployed at scale?

- Can these technologies be sustainably deployed in developing and emerging economies that are heavily dependent on fossil fuels?

- What lessons can be learned from the experience of advanced resource-rich economies in terms of enabling policies and smart incentives to foster the deployment of low-carbon technologies for fossil fuel production?

**For reference:**

- Paul Zakkour and Wolfgang Heidug, A Mechanism for CCS in the Post-Paris Era: Piloting Results-Based Finance and Supply Side Policy Under Article 6, KAPSARC, April 2019
- KAPSARC (2019), Paris Agreement, CCS Policy and Mechanisms, Workshop brief, July 2019

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<th>16:00 – 16:15</th>
<th>Coffee Break</th>
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During this session a set of new examples for decarbonising fossil fuels, through the deployment of innovative technologies, will be tabled for discussion for possible inclusion in the online Compendium of Practices, which supports the implementation of the Framework for Extractive Projects on Collaborative Strategies for In-Country Shared Value Creation Framework for Extractive Projects.

**Objectives:**

- Discuss and validate a set of new examples for possible inclusion in the on-line Compendium of Practices.

- Draw lessons from the validated example for developing resource-rich countries.
Examples presented for discussion and validation:

Example 1: How to reduce water consumption and high emissions from coal chemical plants through the deployment of CCUS technology for enhanced oil recovery in China

Kick-off interventions by:

- Professor Li Yongfeng, China University of Mining and Technology
- Mr Xu Dong, Acting Director, Research Center of New Energy Technology Research Institute, China Energy Corporation

Guiding questions:

- Under what conditions successful pilot CCUS projects could be scaled up in developing and emerging economies?

Example 2: How carbon taxation can help deploy CCS in natural gas production

Kick-off interventions by:

- Mr Gaute Erichsen, Deputy Director General Oil and Gas, Ministry of Petroleum and Energy, Kingdom of Norway (by video-conference)
- Dr Philip Ringrose, Specialist, Reservoir Geoscience, Equinor (by video-conference)
- Dr Svein Ingar Semb, Gassnova, TCM Asset Management

Guiding question:

- What kind incentives can governments create to drive the deployment of low-carbon technologies by industry?

Example 3: How to decarbonise a coal-fired power plant

Kick-off interventions by:

- Ms Magda Little, Director, Environment and Climate Change Canada (by video-conference)
- Ms C. Beth Hardy, Vice President, Strategy & Stakeholder Relations, The International CCS Knowledge Centre, Canada

Guiding question:

- How can Carbon Capture and Storage help decarbonise coal-fired power plants and which lessons can be drawn particularly for developing and
emerging economies that rely coal-fired power plants to meet their growing energy needs?

For reference:

- Draft templates for inclusion in the on-line Compendium of Practices (for discussion and possible validation)

## DAY 2 – Multi-Stakeholder Plenary Meeting

26 November 2019 (Room CC4, OECD Conference Centre)

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<td>08:30 – 09:30</td>
<td>Registration &amp; Breakfast</td>
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<tr>
<td>09:30 – 13:00</td>
<td>Thematic Dialogue on Commodity Trading Transparency</td>
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<td>Chair: Switzerland</td>
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<td>Mr Jürg Vollenweider, Program Manager, Federal Department of Economic Affairs, Education and Research EAER, State Secretariat for Economic Affairs SECO, Economic Cooperation and Development, Macroeconomic Support.</td>
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<td>09:30 – 11:00</td>
<td>Session 4: Working towards EITI guidelines and template for disclosures by buyers</td>
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<td>Based on reporting practices by buying companies and lessons learned from the EITI’s targeted efforts on commodity trading transparency and previous discussion in the OECD Thematic Dialogue on Commodity Trading Transparency, the EITI is tailoring its oil sales reporting guidelines and template for buying companies. Such guidelines can help inform implementation of Requirement 4.2 in the EITI Standard, which encourages disclosures by buyers on payments to government in EITI countries, and can help guide voluntary disclosures by buying companies in their annual reporting. They can also support host and home governments considering whether to encourage or require disclosure of information by buyers.</td>
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<td>Objectives:</td>
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<td>- Share the progress to date by the EITI on developing reporting guidelines and template for buying companies on their oil purchases from resource-rich countries.</td>
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<td>- Receive feedback on draft EITI reporting guidelines and EITI template from stakeholders.</td>
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- Discuss priorities for further EITI reporting guidance, such as disclosures by governments, SOEs and buyers on other commodity sales (gas and minerals) and payments related to resource-backed loans.

**Kick-off interventions by:**
- Ms. Ines Schjolberg Marques, Policy Director and Mr. Bady Baldé, Africa Director, EITI International Secretariat

**For reference:**
- EITI International Secretariat, Developing reporting guidelines for companies buying oil, gas and minerals from governments, Working document, November 2019 *(for discussion and comment)*

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<th>Time</th>
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<tr>
<td>11:00 – 11:15</td>
<td>Coffee Break</td>
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<tr>
<td>11:15 – 13:00</td>
<td>Session 5: The role of commodity trading hubs for enhancing transparency in commodity trading</td>
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The majority of global commodity trading transactions take place in a handful of jurisdictions, known as “trading hubs”. Many commodity trading companies are located in these hubs, as are important support services, including banks that specialise in the financing of commodities trading, companies providing inspection services, shipping companies, insurance companies, law firms and consultants.

This session will provide an opportunity for participants to better understand the structure of global commodity trading and existing transparency requirements in those jurisdictions.

**Objectives:**
- Discuss the role that key commodity trading hubs have in the global economy for enhancing commodity trading transparency;
- Map transparency requirements in key trading hubs.

**Kick-off interventions by:**
- Mr. Ajay Mathur, Head of Precious Metals, Dubai Multi Commodities Centre (DMCC)
- Ms. Chen Xi, Assistant Research Fellow, Institute of Trade and Investment Security, Chinese Academy of International Trade and Economic Cooperation, Ministry of Commerce, People's Republic of China (MOFCOM)
- Ms. Trisevgeni Stavropoulos, Head of Compliance, Antwerp World Diamond Centre
**Guiding questions:**

- What are the relevant regulatory agencies that are involved in the regulation of commodity trading in key commodity trading hubs? What are the respective roles and responsibilities of those regulatory agency(ies) for the oversight of physical oil, gas and minerals trading in those hubs?
- Are there specific regulatory instruments that cover physical trade commodity trading transactions in key commodity trading hubs?
- Are there any requirements in general corporate law that require commodity trading companies to report or to disclose information on their activities?
- Are there any anti-corruption and integrity requirements for commodity trading companies to comply with when carrying out their business? (e.g. anti-money laundering, beneficial ownership, politically exposed persons, know-your-customer, etc.)