

CLOSING REMARKS FOR MARIO PEZZINI
EIGHTH PLENARY MEETING OF THE POLICY DIALOGUE ON NATURAL RESOURCE-BASED DEVELOPMENT

I. APPRECIATION

Thank you for your active participation and inputs.

- **THANK** everyone for bringing their expertise and experience around the table and engaging in such fruitful, constructive and open exchanges throughout the two days of the Eighth Plenary Meeting of the Policy Dialogue.
 - 20 government delegations
 - 9 Partner organisations and international institutions
 - 29 stakeholder representatives, including of oil and gas and mining companies, industry associations and experts from law firms, think tanks, and academia
- **SPECIAL THANKS to the co-chairs of the different Work Streams Germany and Guinea, Liberia, Norway, Kazakhstan, and United Kingdom** for their leadership and support.
- **REFLECT** the continuous engagement and high quality of the debate and acknowledge that a lot of ground was covered across the various work streams over the last two days. The agenda of the dialogue is deepening to include a thematic dialogue on commodity trading transparency.

II. KEY TAKE-AWAYS FROM OUR TIME TOGETHER

- In response to a specific demand from developing countries, the CONNEX Negotiation Support Forum is also **developing tools** to help overcome some of the identified challenges in complex contract negotiations: both on process and content. One example of this is the *Guidance to Assemble and Manage Multidisciplinary Teams for Extractive Contract Negotiations* which was released yesterday and that can be piloted at country level to assess the available expertise in government negotiation teams. I would like to thank all of you who contributed to that guidance, especially the Friends of CONNEX Working Group. I am confident that this tool will help host governments to develop well informed and unified negotiating positions, ensure their ownership of the negotiation process, and ensure that capacity gaps are filled through capacity-building and the procurement of the necessary expertise.
- The CONNEX Negotiation Support Forum is playing a significant role in bringing together a critical mass of relevant actors to work collaboratively and strategically, through an open and inclusive participatory process, on how to shape durable contracts. It was recognised that huge strides were made since the last meeting towards the consolidation of the *CONNEX Guiding Principles for Durable Extractive Contracts*. The rich discussion revealed a substantive degree of convergence and common ground on the content of the principles and their usefulness as a common reference for host governments and investors to negotiate better deals.
- As always, there is still room for improvement, and adjustments will be made to reflect the points raised during the discussion, but I understand further work will be more a

matter of putting emphasis on certain aspects, choose the right wording or provide more explanations in the commentary than solving any fundamental divergence of views.

- I would encourage the Friends of CONNEX Group to go the extra mile and remain engaged and constructively contribute to this demanding process to fully reap the benefits of all the efforts that went into this ambitious exercise. I am sure this will be a worthwhile effort as we heard that many participants are eager to use the principles to inform their negotiations.
- we discussed and validated a second set of **THREE** examples for the **Compendium of Practices**, which as an on-line **living tool will continue to be added to as new examples are validated. We are confident that the Compendium will support the Framework's uptake and usefulness, and we are encouraged to see the enthusiasm of the participation.** This helps bring the Framework to life, using examples to show what has and has not worked in different situations
- Today, we discussed in particular examples around shared power generation and around integration of renewables in the extractive sector. We have also put things into perspective and learned about the implications of new technology developments on producing countries, with a shift in demand of commodities linked to trends towards greening economies in line with the commitments made in Paris by COP21.
- It was clear from our discussions around the examples that **although** they can absolutely make business sense and be commercially viable, they are context specific and yet lessons learned of more general application can be drawn on enabling factors.
- In particular, governments have a very important role to play in these projects, both through policy and ensuring that the infrastructure is supportive, and through helping to fill the risk gap faced by industry in adopting in new technologies.
- We also launched a new **Thematic Dialogue on Commodity Training Transparency**, under the leadership of the **United Kingdom** as a follow-up to the UK Anti-Corruption Summit held in London in 2016. I am very excited to see where this important work goes, building on the analysis of the Policy Dialogue's **Corruption in the Extractive Value Chain: Typology of Risks, Mitigation Measures and Incentives.** As we have heard, we will be tackling issues in a heightened risk area that has been overlooked so far despite its magnitude, and potential significant impact on the ability of producing countries to mobilise resources for development, in addition to ongoing work to address BEPS challenges in mining.

III. THE ROAD FORWARD

So, what's the way forward after these two days of intense discussions?

On Work Stream 1:

- Work on the **Compendium of Practices has depended on and continues to depend on your active involvement. The more you share, the more we all get** to understand what kind of public-private collaboration can work to support the implementation of the SDGs.
 - The Compendium is fundamentally a tool of knowledge sharing and peer learning and is meant to facilitate the cross-fertilisation of practices.

- We strongly encourage all participants, from government, industry, and civil society, to share your experiences.
- let's also try to identify examples that have not been that successful, to better understand whether and the extent to which successful examples can or cannot be replicated. We encourage you to **be open to learning from mistakes**. Our common goal is not to **rate performance but to better understand how to work together to deliver improved collective results**. And this is not easy.

On Work Stream 2 on natural resource funds and spending:

- The thematic dialogue on earmarking practice has shown the advantages and disadvantages of earmarking practices and helped draw key lessons on how to achieve developing objectives without resorting to strict earmarking. We look forward to **further exchange on the policy lessons and country experiences on direct and conditional cash transfers by the end of the year**.

On Work Stream 3 on Getting Better Deals

- We will adjust and refine the Guiding Principles on Durable Extractive Contracts based on the input you have provided and any written comments received for consideration by the Friends of CONNEX group.

On Work Stream 4 on Domestic Resource Mobilisation, we will continue to address and try to provide responses to identified priorities on BEPS and mining, commodity trading transparency to collect more by tackling loopholes and also spend better.

- **So, let me conclude by thanking all of you for your time and valuable insights**. Indeed, you are shaping an important dialogue and putting tools, and offer options for policy making in place that countries can use to advance sustainable development.
- **We look forward to welcoming you again at the end of the year for the Ninth Plenary in December**