



# Framework on Public-Private Collaboration for Shared Resource-based Value Creation

Advanced Draft for comment until 30 October 2015



## Context

At the meeting of the Policy Dialogue on Natural Resource-based Development held on 3-4 June 2014 at the OECD in Paris, participating governments, industry and civil society converged around the common objective to build competitive and long-term sustainable resource-based economies, fostering direct employment and local entrepreneurship through the provision of goods and services, promoting efficient and sustainable use of resources and progressively diversifying the economy so it is not solely reliant on mining and/or oil & gas.

Participants identified lack of mutual trust, asymmetry of information and insufficient collaboration and coordination among all actors involved as major impediments to shared resource-based value creation. They emphasised the need to get a better understanding of how host governments, the private sector, local communities and civil society organisations can work together to use extractives as a catalyst for long-term, competitive, diversified and sustainable development, also supporting the Post-2015 agenda and the achievement of the new Sustainable Development Goals. More than the choice of policy instruments, this calls first for the articulation of the appropriate process and mechanisms to facilitate alignment across different constituencies around priorities and objectives for generating tangible benefits across all stakeholders involved. The nature of the bottlenecks and constraints to resource-based value creation identified through the process (lack of skills, insufficient technological and financial capabilities, inadequate local infrastructure, and weak local institutions) can only find an adequate response in long-term collaborative solutions with clear attribution of roles and responsibilities and continuous engagement of all stakeholders involved.<sup>1</sup>

A multi-stakeholder Drafting Committee was set up in January 2015 with the task to produce an advanced draft of the Operational Framework on Public-Private Collaboration for Shared Resource-based Value Creation. The Drafting Committee is composed of Liberia and Norway, as co-chairs, Switzerland, South Africa, African Union Commission, Anglo American, Antofagasta Minerals, Chilean Mining Council, Columbia Center on Sustainable Investment, Eni, Exxon Mobil, ICMM, IPIECA, Shell, Social Clarity, and Total.

The Operational Framework articulates the sequencing of actions needed to assist with integrated policy making and the formulation and implementation of collaborative strategies to create shared value. It distinguishes the roles and responsibilities of host governments and extractives industries, supportive of shared governance mechanisms designed to improve efficiency, foster participation and mutual accountability.

Earlier drafts of the Operational Framework were submitted for consideration during the Multi-Stakeholder Consultations of the Third and Fourth Meetings of the Policy Dialogue on Natural Resource-based Development held on 17 November 2014 and 29 June 2015 at the OECD in Paris.

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1 . This approach echoes the conclusions reached in recent OECD work on localisation barriers to trade: “[t]he barrier should be identified as part of a collaborative effort between government, industry, and other private organisations. The key factor is that the measure is directed at resolving the barrier to development, and not at distorting prices. Policies applied horizontally across the economy aim at providing the best possible environment to expand along existing areas of comparative and competitive advantage. [...] Institutions can be developed that are embedded within the market to overcome the information barrier, while strong public accountability and transparency regimes mitigate the risk of corruption and rent-seeking behaviour.” Stone, S., J. Messent and D. Flaig (2015), “Emerging Policy Issues: Localisation Barriers to Trade”, OECD Trade Policy Papers, No. 180, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5js1m6v5qd5j-en>, pp.70-71.

The OECD Development Centre invites public comment on the advanced draft Operational Framework. Comments received will inform revisions to the Operational Framework by the Drafting Committee. The final text will be submitted to participants in the Policy Dialogue for possible endorsement during the Fifth Meeting of the Policy Dialogue scheduled for 2-3-December 2015 at the OECD Conference Centre in Paris.

### **Invitation to contribute**

Government, business and civil society representatives, international organisations, and the general public are invited to contribute comments to the current draft of this Guidance. **Comments should be sent to [DEV.NaturalResources@oecd.org](mailto:DEV.NaturalResources@oecd.org) by 30 October 2015.**

To find out more about OECD work on natural resource-based development, please consult: <http://www.oecd.org/dev/natural-resources.htm>

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## 5. B What can extractives industries do:

- Integrate the standardised methodology and reporting procedures into internal local monitoring and evaluation system, including through existing sustainability reports where applicable.
- Provide reporting in as much detail as possible to better measure and manage company activities. Share available data and information as agreed with host government's authorities to enable them to make better-informed decisions to create shared value.

### STEP 6 - Regularly review strategy and adapt to changing circumstances

*The strategy should be regularly reviewed to reflect changes in the operating environment and adjusted in light of progress made and lessons learned (what is working and what is not). Effective and structured communication around the strategy is crucial to create mind-set change and ensure engagement and continuous commitment from different stakeholders.*

*In doing so, host governments and industries should work together to:*

- Inform each other and raise awareness on potential new constraints or changing circumstances that might affect the strategy outcomes;
- Review progress made on the implementation of the strategy in light of changes in the operating environment and lessons learned;
- Discuss and agree upon potential adjustments and changes to be made.