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# **Tenth Plenary Meeting of the Policy Dialogue on Natural Resource based Development**

**Welcoming remarks by Mario Pezzini, Director, OECD  
Development Centre and Special Advisor to the OECD  
Secretary General on Development**

**Opening Remarks by H.E. Ambassador Mónica Aspe,  
Ambassador and Permanent Representative of the  
Republic of Mexico to the OECD, and Chair of the  
Governing Board of the Development Centre**

**Room CC6, OECD Conference Centre  
25 June 2018  
9:00 am - 9:15 am**

***Welcoming remarks by Mario Pezzini***

Excellencies,  
Distinguished delegates,  
Ladies and Gentlemen,

Good morning: As the Director of the OECD Development Centre and Special Advisor to the OECD Secretary-General on Development, it is my great pleasure to welcome you all to the Tenth Plenary Meeting of the Policy Dialogue on Natural Resource-based Development.

To begin with, let me welcome back our long-standing partner, His Excellency Abdoulaye Magassouba, the Minister of Mines and Geology of the Republic of Guinea, who has been the Co-Chair of the Policy Dialogue's work stream on "Getting Better Deals". And, allow me to congratulate Mr Emmanuel Sherman on his appointment as Deputy Minister for Operations at the Ministry of Lands, Mines and Energy in the Republic of Liberia. He succeeds the Honorable Sam Russ, as the new Co-Chair of the work stream on *Shared Value Creation and Local Development*, together with Norway. We look forward to continuing our long-standing and fruitful collaboration with you all, and we are grateful to Liberia for ensuring continuity in leadership for this important initiative.

Unfortunately, His Excellency Souleymane Diarrassouba, the Minister of Industry and Mines from the Republic of Côte d'Ivoire, was unable to join us today. He had to leave Paris earlier than expected due to the flooding that hit the country over the week-end. Let's express our sympathy for the casualties and those who sustained injuries during such heavy rains. We greatly appreciate the presence of a delegation from the Ministry of Mines and Geology and we are grateful to Mr Ibrahim Coulibaly, Director General, Ministry of Industry and Mines, who has kindly accepted to deliver a keynote address on behalf of the Minister, on the role of the mining sector for the sustainable development of his country's economy. Côte d'Ivoire is a member of the OECD Development Centre. It also went through a Multidimensional Country Review, resulting in specific recommendations on expanding and diversifying the mining sector and fostering local procurement of goods and services. The country-level implementation of the *Framework on Collaborative Strategies for In-country Shared Value Creation* can assist Côte D'Ivoire make this happen.

It will also be a great honour and privilege to welcome His Excellency Dr. Emmanuel Ibe Kachikwu, the Minister of Petroleum Resources from the Federal Republic of Nigeria. Tomorrow, he will be co-chairing the Thematic Dialogue on Commodity Trading Transparency tomorrow, together with the United Kingdom. Nigeria is a priority country in the OECD Development Centre's Membership Strategy, and we hope that Nigeria's participation in this Policy Dialogue will pave the way for even stronger engagement and mutual collaboration.

I would like to share our deep satisfaction that several delegations from Capital are joining us for the first time. These include representatives from Argentina, Côte d'Ivoire, India, Iraq, Jamaica, the Kingdom of eSwatini, Malawi, Sierra Leone, and Zimbabwe. We also have strong representation from state-owned enterprises, international organisations, civil society and extractive companies.

And to kick off what promises to be a most interesting plenary, let me introduce you to Her Excellency Mónica Aspe, Ambassador and Permanent Representative of the Republic of Mexico to the OECD. She recently took over from Ambassador Pierre Duquesne as the new Chair of the Governing Board of the OECD Development Centre. Coming from a mining and oil producing country, I am sure Ambassador Aspe will have interesting insights to share, especially after the constitutional reforms that ended the 75-year monopoly of state-owned Petróleos Mexicanos, S.A. de C.V., or PEMEX for short, opening that industry to foreign investment. Ambassador Aspe, the floor is yours...

***Opening Remarks by H.E. Ambassador Mónica Aspe***

Thank you very much, Mario. I am delighted to be here today and have the opportunity to share a few thoughts. I will try to put the issues we will be considering throughout the Plenary, in the broader context of the on-going reflection we are undertaking at the OECD Development Centre, with other institutions like the European Commission and the Economic Commission for Latin America & the Caribbean (ECLAC-CEPAL) on *Development in Transition*.

What is "Development in transition" and what does it mean for natural resource-rich countries?

It is often thought that a country's level of development and its level of income are synonymous. We tend to summarize development as GDP. However, development economics, including the Development Centre's own work, tell a different story. In fact, development is more complex than getting from *a to b*: it is a continuous and never-ending process that is even reversible. So, natural resource-based development cannot be simply understood as poorer countries (which are rich in natural resources) "catching up" with richer countries.

Experiences of the past few decades have shown that higher GDP per capita growth, largely driven by the commodity boom, does not necessarily translate into improved development outcomes. In fact, where natural resource-rich countries see their income level increase over the commodity boom, new vulnerabilities and development challenges might emerge. Let me give you just a few examples related to the topics on the agenda for this Plenary Meeting.

**First**, in a context of persistent volatility of commodity prices, resource-rich developing countries struggle to generate revenues from their natural resources to pursue development objectives, while attracting investment. That's why tackling risks of corruption and erosion of the tax base (BEPS) is so important to protect the domestic tax base and avoid public revenue losses. *So, having natural resources, in the context of commodity price volatility, can actually increase the vulnerability of the domestic tax base.*

**Second**, resource extraction is becoming more expensive and harder in part because of decreasing ore grades. This has triggered innovation and led, on the one hand, to the development of new technologies that improve efficiency, productivity and reduce the environmental footprint of extractive operations. On the other hand, these same advancements are also changing labour and employment patterns -- by shifting demand within the sector from low-skill to high-skills jobs. While such labour-saving technologies will be more quickly deployed where wages are highest, developing countries will also be impacted – *So, fewer job opportunities from extractives activities will limit the scope for social and economic benefits, including reduced income taxes.*

**Third**, the changing patterns of production can lead to growing demands for water as well as greater mine waste, thereby raising energy consumption, and increasing the industry's climate footprint. That's why there is an increasing pressure on mining companies to explore ways to reduce their emissions, for example by using renewable energy, as we will see later today.

However, very little knowledge exists that draws out the connection between climate change and natural resource development within the context of developing countries, which are expected to experience greater vulnerability to climate change. The Policy Dialogue can make an important contribution to better understand how the interlinkages between climate change and extractives are reflected in policy and decision making. Particularly, in ways to seize new opportunities, including through the creation of new markets for strategic minerals and metals required for the production of clean technologies.

Addressing these challenges and seizing these opportunities is very complex. It requires a re-conception of development – as a process in transition – because it requires recognition of both 1) the multidimensional nature of development, as articulated by the 2030 Agenda for Sustainable Development, and of 2) the heterogeneity of development trajectories.

These realities call not only for rethinking how socio-economic benefits from extractives can be created, given the fast-changing nature of the sector, but they also trigger a rethinking of how countries – at all levels of development – should interact with one another in the changing global landscape. The Framework on Collaborative Strategies on In-Country Shared Value Creation is the type of tool needed to foster new partnerships between how host governments, extractives industries and civil society to design new sustainable development trajectories that will outlast non-renewable resource extraction and fully exploit the potential of natural resources for development. It is important to realise that the traditional approaches to extractives will require adjustments.

*For example, it has been clear in Mexico, in my own country's energy reform, that formulating energy policies requires the establishment of open markets with independent regulators that generate trust for investment. But, at the same time, energy security, and social and environmental protection must be given*

*particular emphasis by governments if we want to translate GDP gains in development gains.*

I hope these thoughts will help put today's debate in context, starting with the keynote address of H.E. Souleymane Diarrassouba, Minister of Industry and Mines, Republic of Côte d'Ivoire. Minister Diarrassouba's keynote address will focus on Côte d'Ivoire's approach to domestic resources mobilisation and shared value creation. In the Minister's absence, Mr Ibrahim Coulibaly, Director General, Ministry of Industry and Mines, will read the keynote address on behalf of the Minister, on the role of the mining sector for the sustainable development of his country's economy. Mr Coulibaly, the floor is yours to share these important insights.