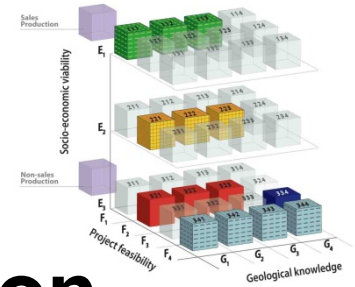




United Nations and Resource Classification - who, what and why?



Charlotte GRIFFITHS

Leader, Fossil Fuels

**Secretary, Expert Group on Resource Classification
United Nations Economic Commission for Europe**

Outline

High level introduction to ...

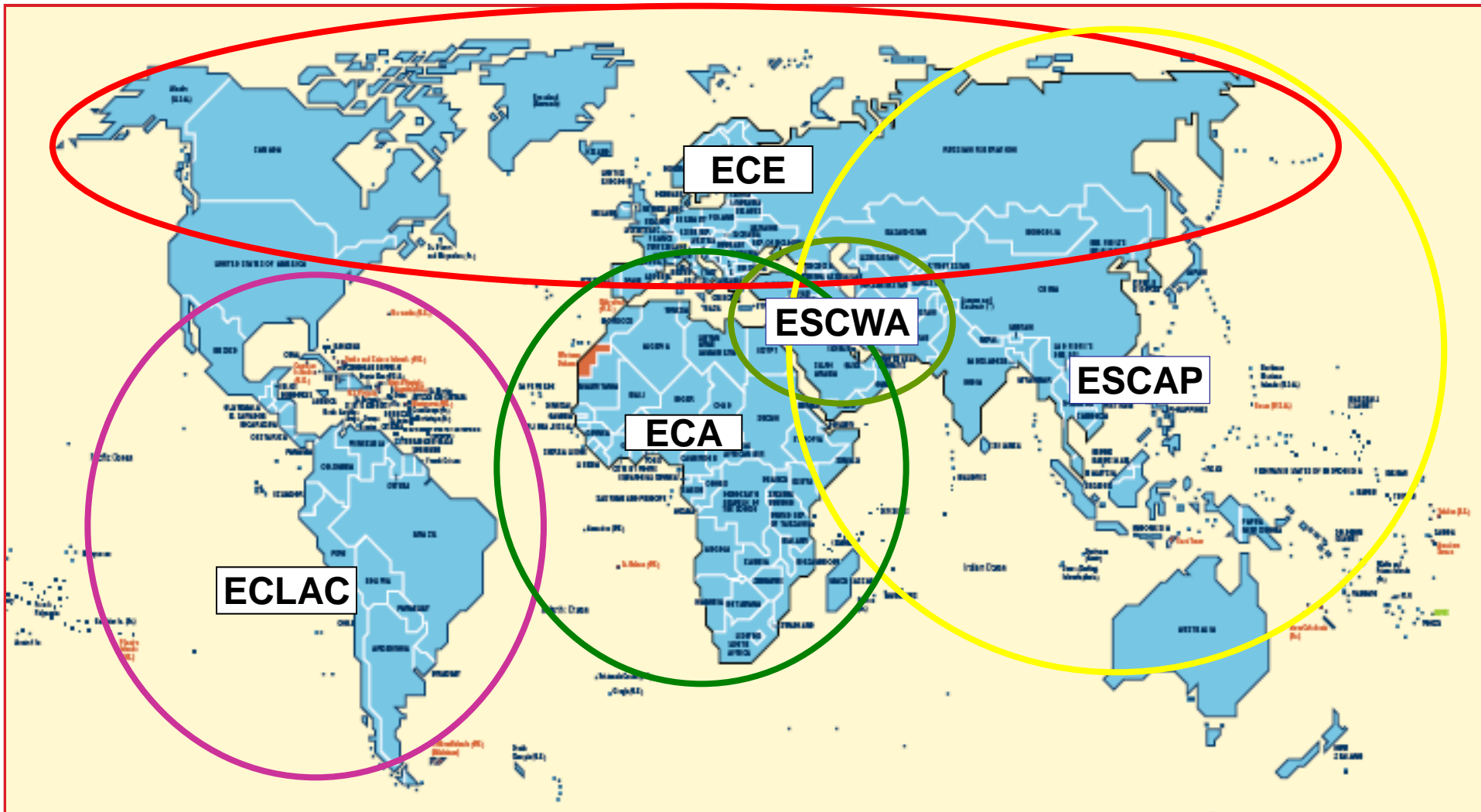
- ▶ **UN Economic Commission for Europe**
- ▶ **Why the United Nations is involved in a global resource classification**
- ▶ **ECOSOC and Decision 2004/233**
- ▶ **UNFC**
- ▶ **Expert Group on Resource Classification (EGRC)**

UNFC

A global United Nations classification
serviced by the
Expert Group on Resource Classification (EGRC)
of the
United Nations Economic Commission for Europe

“If you cannot measure it, you cannot improve it.”
Sir William Thomson, Lord Kelvin, 1824-1907

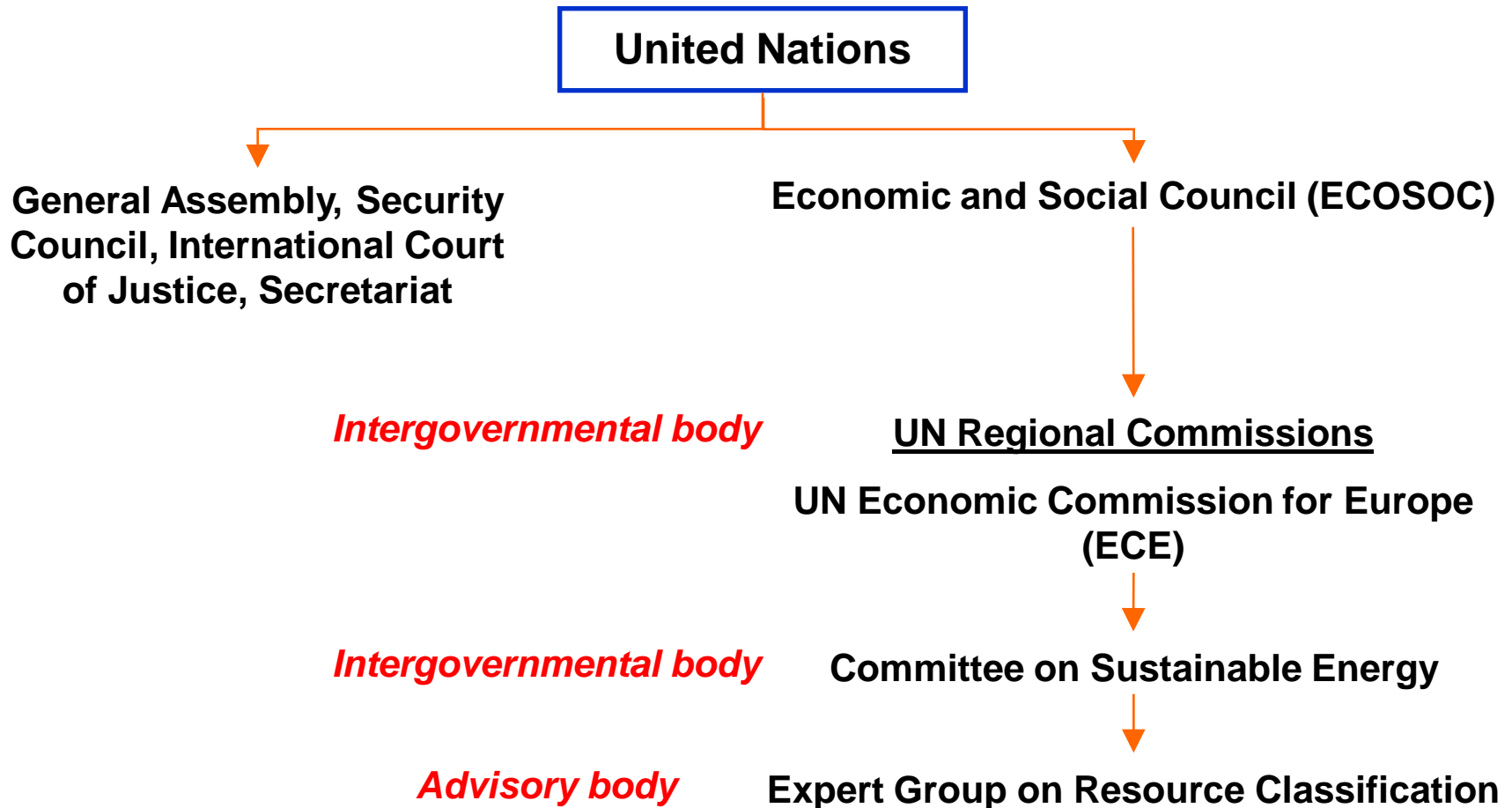
United Nations Regions



UN Economic Commission for Europe

- ▶ **Five UN Regional Commissions**
- ▶ **UNECE: EU, non-EU Western and Eastern Europe, South-East Europe, CIS and North America**
- ▶ **Based in Geneva, 56 Governments**
- ▶ **Mission to foster sustained economic growth and cooperation among member countries**
- ▶ **Policy analysis, development of norms, standards, regulations & conventions, and technical assistance**
- ▶ **Nine key programmes: economic cooperation & integration, environmental policy, housing & land management, statistics, **sustainable energy**, technical cooperation, forestry & timber, trade and transport**

Where does Expert Group fit in the United Nations System?



UNFC

United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources (2009)

Why is the United Nations
involved?

Why the United Nations?

- ▶ **Effective & efficient resource management**
- ▶ **Here to serve its Member States**
- ▶ **Neutral platform**
- ▶ **UNECE structured to ensure activities are conducted through open and transparent process, with no formal limitations on participation**
- ▶ **Multistakeholder dialogue via Expert Group on Resource Classification – “unprecedented level of cooperation”**
- ▶ **UNFC is a voluntary system**
- ▶ **UN Regional Commissions can service global projects**
 - **UNFC is global (ECOSOC Decision 2004/233)**

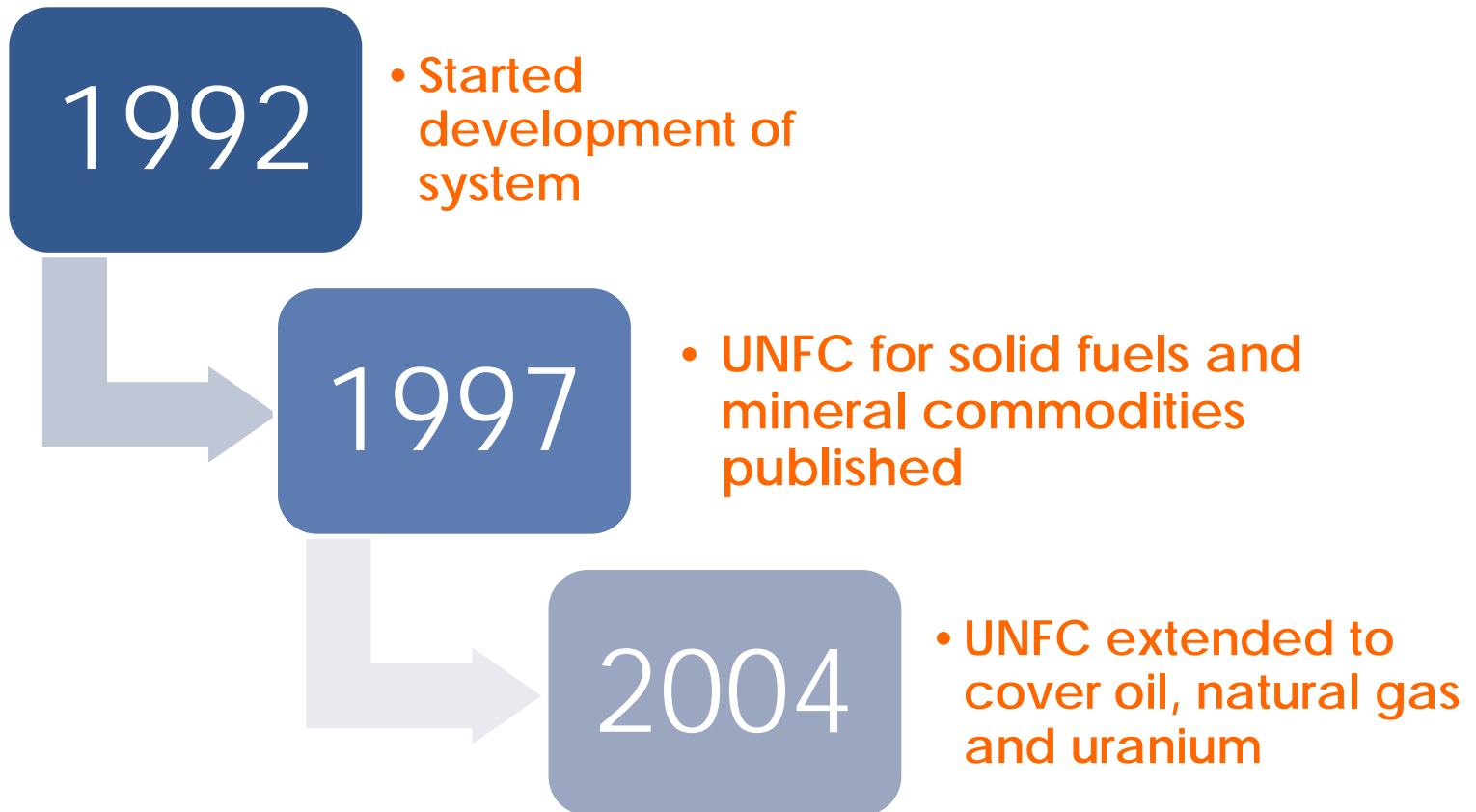


UNFC and ECOSOC

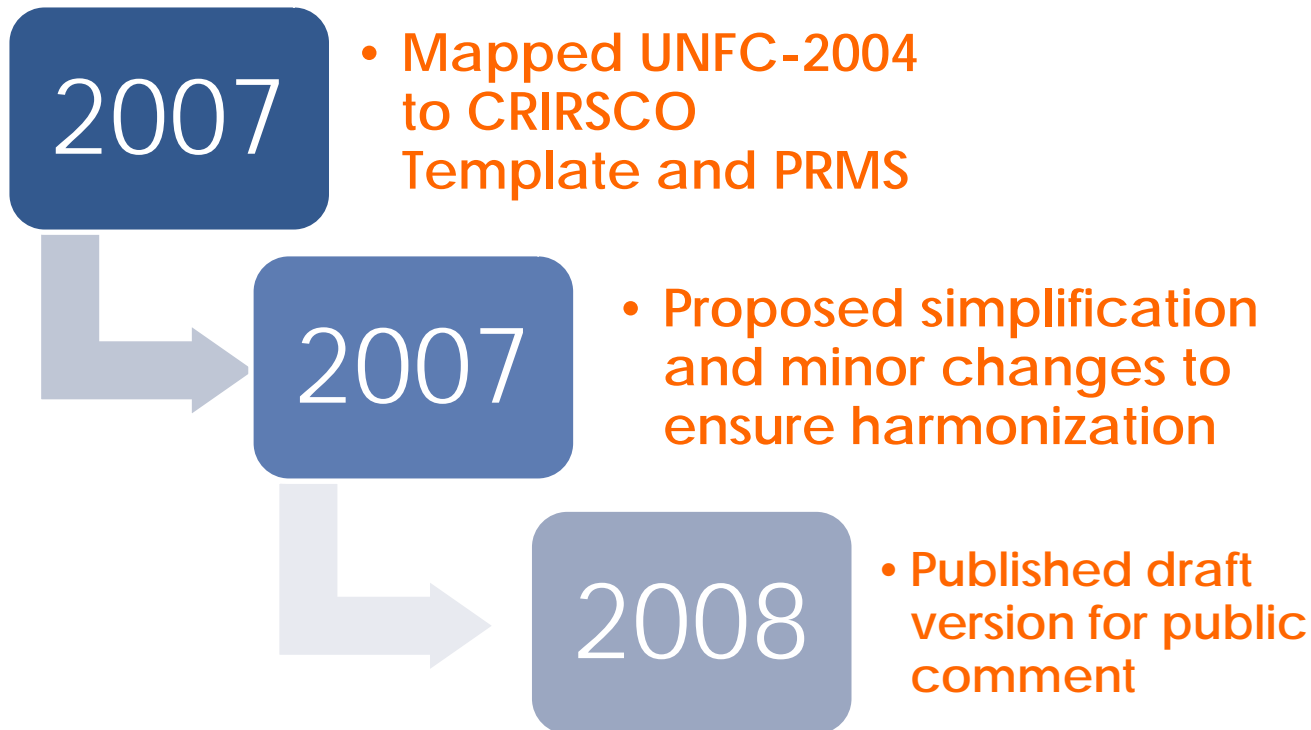
ECOSOC Decision 2004/233

“At its 42nd plenary meeting, on 16 July 2004, the Economic and Social Council, recalling its decision 1997/226 of 18 July 1997, welcomed the endorsement by the Economic Commission for Europe of the United Nations Framework Classification for Fossil Energy and Mineral Resources and decides to invite the **Member States of the United Nations, international organizations and regional commissions** to consider taking **appropriate measures for ensuring worldwide application of the Framework Classification**. The Council notes that this new classification for fossil energy and mineral resources, which now includes energy commodities (for example, natural gas, oil and uranium), is an extension of the earlier framework developed for solid fuels and mineral commodities, on which the Council took similar action in 1997 upon endorsement and recommendation by the Economic Commission for Europe.”

UNFC History

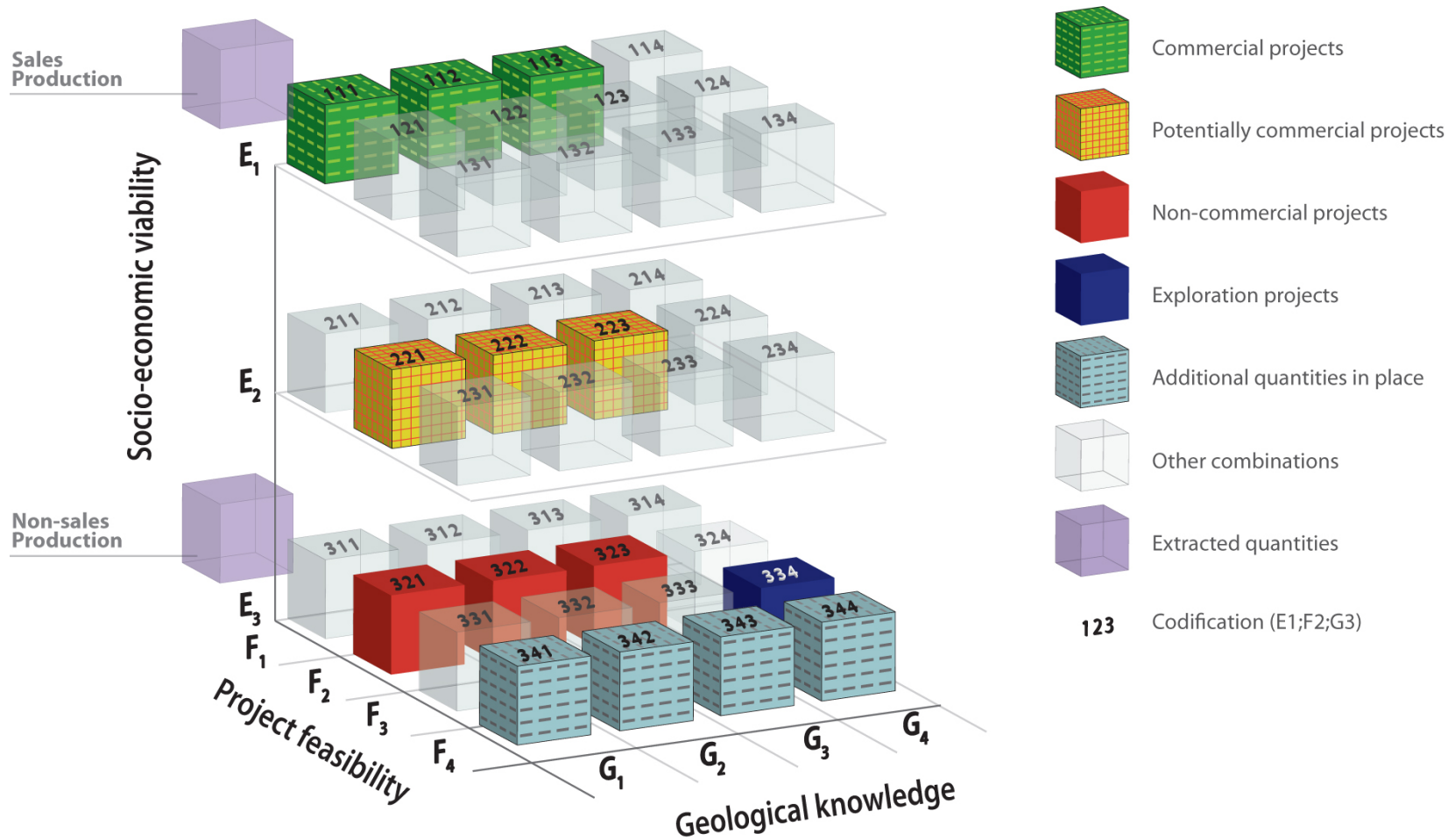


UNFC History (cont)



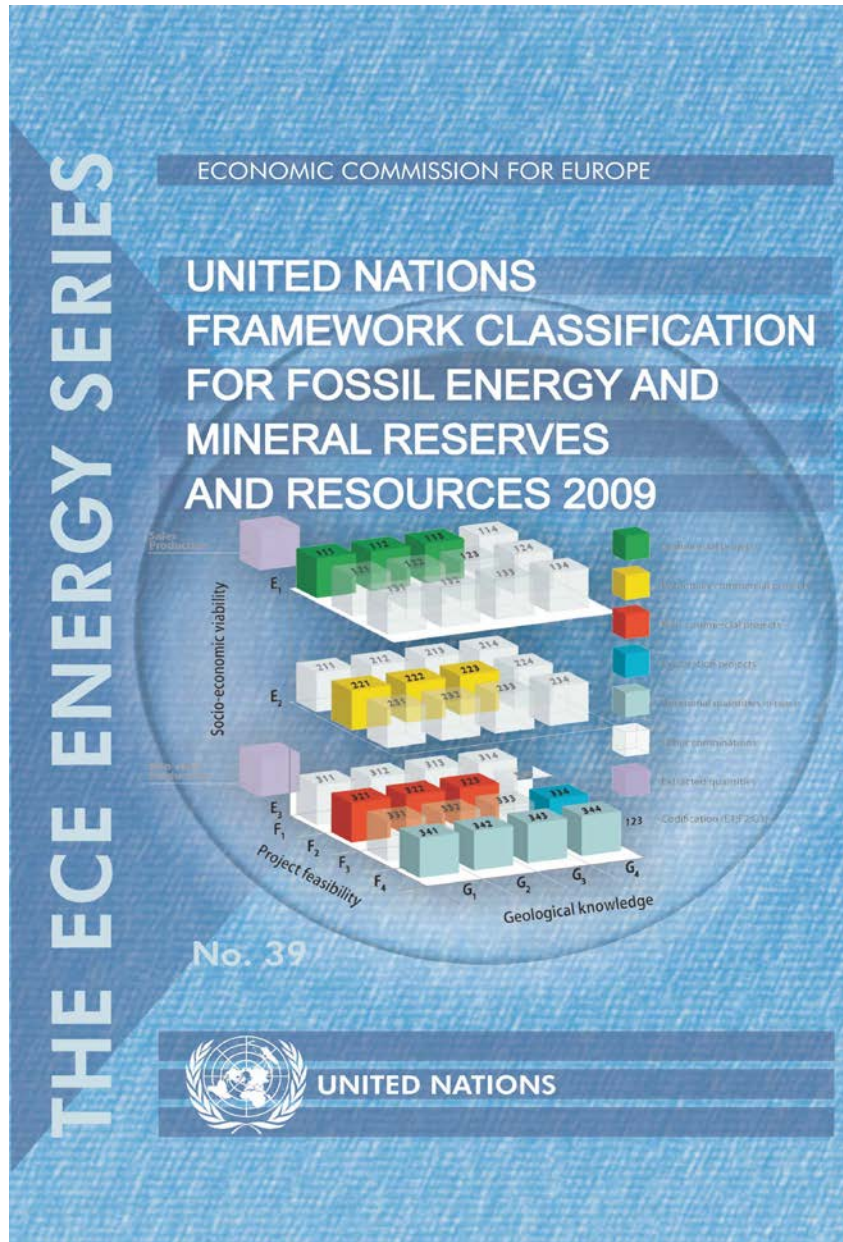
2009 – UNFC 2009 Approved

UNFC-2009 ... 3-criteria system



UNFC-2009 ... easily documented in 2D format

Total Commodity Initially in Place	Extracted	Sales Production			
		Non-Sales Production			
		Class	Categories		
			E	F	G
	Future recovery by commercial development projects or mining operations	Commercial Projects	1	1	1, 2, 3
	Potential future recovery by contingent development projects or mining operations	Potentially Commercial Projects	2 ^e	2	1, 2, 3
		Non-Commercial Projects	3	2	1, 2, 3
	Additional quantities in place associated with known deposits		3	4	1, 2, 3
	Potential future recovery by successful exploration activities	Exploration Projects	3	3	4
	Additional quantities in place associated with potential deposits		3	4	4



UNFC (2009) ECE Energy Series No. 39

... available in Arabic,
Chinese, English, French,
Russian and Spanish

UNFC Stakeholders

The UNFC has been designed to serve, to the extent possible, the needs of of four key stakeholders:

- Creators of international energy and mineral studies, to facilitate the formulation of consistent and far-sighted policies
- Governments to manage their resources accordingly
- Industry to provide data and information necessary to deploy technology, management and finance in order to serve their host countries, shareholders and stakeholders
- Financial community to provide information necessary to allocate capital appropriately so reducing costs

UNFC and Expert Group on Resource Classification (EGRC)

- **EGRC: 5-year mandate, reports to UNECE Committee on Sustainable Energy, meets annually**
- **Global constituency representing key UNFC stakeholders**
 - **ECE and non-ECE Governments**
 - **international organizations**
 - **business community**
 - **professional societies and associations**
 - **financial sector incl. standard setters**
 - **individual experts**
- **Close cooperation with IAEA on uranium/nuclear fuel resources**

Expert Group on Resource Classification

- Priority: develop **specifications** (secondary rules) in collaboration with CRIRSCO (minerals) & SPE (petroleum) – Specifications Task Force
- **Map** other classification systems to UNFC (e.g. uranium, geothermal). Now also looking at renewable energy sources
- **Test** UNFC – case studies being undertaken, Technical Advisory Group to be established
- Support IASB – potential **IFRS for extractive activities**
- **Education and outreach** - Communications Sub-Committee
- **Support projects** such as EuroGeoSource
- **National and regional workshops** e.g. Central Asia (Almaty), Poland, London, Turkey, East and South-East Asia (Bangkok)
- Use of UNFC to **classify injection projects** – Task Force on UNFC and Recipient Reservoirs

EGRC Bureau

- ▶ **Bureau works on behalf of the EGRC between meetings**
- ▶ **Unprecedented level of co-operation facilitated by UNECE, providing for convergence of SPE-PRMS (petroleum) and CRIRSCO family of codes (minerals) under a UNFC umbrella**
- ▶ **EGRC Bureau comprises representatives from:**
 - **Ernst & Young ■ Statoil ■ IEA ■ CRIRSCO**
 - **Alberta Securities Commission ■ Turkish Coal Enterprises**
 - **USGS ■ Norwegian Petroleum Directorate ■ SPEE**
 - **Geoscience Australia ■ BP ■ State Commission on Mineral Reserves (Russian Federation) ■ Ross Petroleum ■ SPE Oil & Gas Reserves Committee**

UNFC – what it is and what it's not

- UNFC is **not in competition** with CRIRSCO Template (for minerals) or SPE-PRMS (for petroleum). Formal agreements with SPE and CRIRSCO to provide specifications for UNFC and work towards harmony of systems
- It is **not complicated** – simple definitions, 3-D adds great flexibility
- It is **not mandated** by UN; UNFC is **voluntary**. Up to stakeholders to mandate it ... Ukraine first country to legislate UNFC
- It is **unique** ... applies to minerals, oil, gas and uranium
- It can be **applied directly** or used as a **mapping** tool
- It can help to **compare different reporting systems objectively**
- It can help to **align national reserve and resource systems**
- It is a **powerful tool to communicate globally** ... *numerical coding system, language independent reporting and independent of commodity type and extraction methodology*

Workshops offer valuable opportunity to fully understand UNFC and its benefits – ASK QUESTIONS

To find out more

- ▶ Visit the UNECE website at:
<http://www.unece.org/energy/se/reserves.html>
- ▶ Workshops
 - Bangkok, Thailand, 9-10 February 2012
 - India, Mexico, Russia in 2012
- ▶ Next Expert Group session: **Geneva, 2-4 May 2012**
- ▶ Contact Charlotte Griffiths:
charlotte.griffiths@unece.org
reserves.energy@unece.org

