



**Economic and Social
Council**

Distr.
GENERAL

ECE/ENERGY/GE.3/2009/8
19 August 2009

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON SUSTAINABLE ENERGY

Ad Hoc Group of Experts on Harmonization of
Fossil Energy and Mineral Resources Terminology

Seventh session
Geneva, 29-30 October 2009
Item 3 of the provisional agenda

**UNITED NATIONS FRAMEWORK CLASSIFICATION FOR
FOSSIL ENERGY AND MINERAL RESERVES AND RESOURCES 2009**

Options for Governance of the United Nations Framework Classification for
Fossil Energy and Mineral Resources

Note by the secretariat

Summary

The current mandate of the Ad Hoc Group of Experts on Harmonization of Fossil Energy and Mineral Resources Terminology expires at the end of 2009. This note has been prepared by the secretariat to assist the Ad Hoc Group of Experts to discuss options for the future governance of the United Nations Framework Classification for Fossil Energy and Mineral Resources at its seventh session and to agree upon a proposal for presentation to the eighteenth session of the Committee on Sustainable Energy.

INTRODUCTION

1. The Ad Hoc Group of Experts on Harmonization of Fossil Energy and Mineral Resources Terminology at its sixth session agreed, with respect to governance of the United Nations Framework Classification for Fossil Energy and Mineral Resources (UNFC), that the Ad Hoc Group of Experts should continue to consider possible options, including that its current mandate be renewed for a further two years, and to make a recommendation to the Committee on Sustainable Energy at its eighteenth session (18-20 November 2009) when the current term of the Ad Hoc Group of Experts expires. The proposal would be finalized at the seventh session of the Ad Hoc Group of Experts in October 2009.
2. Similarly, the Ad Hoc Group of Experts' programme of work for 2009-2010 requests the Bureau to consider the options for governance of the UNFC and to invite the Ad Hoc Group of Experts to make a proposal to the Committee on Sustainable Energy at its eighteenth session.
3. The options for future governance of the UNFC will be discussed at the seventh session of the Group of Experts and a proposal will be made to the eighteenth session of the Committee on Sustainable Energy.
4. This note has been prepared in the light of the previous discussions on this issue – the future long-term governance of the UNFC was first discussed at the third session of the Ad Hoc Group of Experts in October 2006 – and to address the key concerns highlighted during the discussions, notably that the UNFC is an initiative where standards must remain reliable and credible over the long-term so as to allow stakeholders to develop and/or communicate resource inventories that are consistent between them and over time. Therefore any future governance structure should preferably address, amongst other issues, the need: for visibility, for flexibility of operations, for inclusiveness of all stakeholders, to convey an impression of longevity and long-term commitment (which in turn should facilitate extrabudgetary funding), and to ensure that no special interests are favoured.
5. Extrabudgetary funding may be required to reflect the fact that United Nations Member States who do not have substantial fossil energy and mineral resources will not be in a position to benefit from the efforts and should therefore not be called upon to finance such activities through the regular United Nations budget. Stakeholders having an interest may find it more attractive to contribute extrabudgetary funds when an adequate governance structure is in place. This note does not, however address the issue of extrabudgetary funding.

I. GOVERNANCE OF THE UNITED NATIONS FRAMEWORK CLASSIFICATION FOR FOSSIL ENERGY AND MINERAL RESOURCES

6. The intent of this section is to provide clarity on what exactly is meant by “governance” in the context of the UNFC. In this framework, “governance” can be defined as the method or system by which the UNFC is managed over the long-term.
7. It should be noted that since the UNFC will remain within the United Nations system, any non-intergovernmental structure that manages the UNFC, including an ad hoc group of experts, will not have decision-making powers. These powers will lie with the intergovernmental parent

body to which the UNFC non-intergovernmental structure reports – for the Ad Hoc Group of Experts this is the Committee on Sustainable Energy.

8. The future governance of the UNFC will need to encompass a number or all of the following tasks:

(a) Monitor and update the UNFC, as appropriate and necessary, to ensure that the UNFC remains relevant, credible, and applicable;

(b) Develop/adopt/update specifications and guidelines to meet stakeholder needs and to do so in collaboration with professionals;

(c) Establish formal long-term agreements with professional societies/bodies, such as the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) and the Society of Petroleum Engineers (SPE) and ensure that these agreements are appropriately monitored and that good communications are maintained;

(d) Provide expert and technical advice and assistance to preparers and users of the UNFC, and assistance on the mapping of other systems to the UNFC;

(e) Develop and administer an effective education and outreach programme to promote the application of the UNFC on a voluntary basis; and

(f) Encourage mapping of other classification systems to the UNFC and review (and approve, if appropriate) any mapping of other systems to the UNFC.

9. The above tasks are long-term and would benefit from extrabudgetary funding. Currently, any expert advice or technical work to be undertaken in relation to the UNFC is carried out on a voluntary basis by a member or members of the Ad Hoc Group of Experts. It cannot be assumed that this voluntary and ad hoc commitment will continue when repetitive and standardized communication is required over the long term. The UNFC is a long-term initiative.

II. OPTION TO REMAIN AS AN AD HOC GROUP OF EXPERTS OR VARIANT THEREOF

A. Option to remain as an Ad Hoc Group of Experts within the Economic Commission for Europe (status quo)

10. An ad hoc group of experts is a body of experts established to address specific technical or policy issues in support of an intergovernmental body rather than being an intergovernmental body itself. Ad hoc groups of experts are normally limited to mandates of a maximum of two years, but these can be renewed if warranted. Thus an on-going activity would require review by the Committee on Sustainable Energy, to which it reports, and the Executive Committee of the Economic Commission for Europe (ECE) every two years if this is the length of mandate granted.

11. The task of an ad hoc group of experts can be very specific or very general, and participation may be open to a wide range of stakeholders as is the case with the current Ad Hoc Group of Experts. Members' participation is voluntary, and the administrative functions are serviced by the ECE secretariat.

12. In July 2006, the Executive Committee approved guidelines for the establishment and functioning of teams of specialists within ECE (ECE/EX/2¹). Teams of specialists can also be named "advisory groups", "ad hoc groups", "task forces" etc. These guidelines do not represent new procedures or practices for the Ad Hoc Group of Experts. Further, the Committee on Sustainable Energy and the Executive Committee recognized that the Ad Hoc Group of Experts meets these standards by approving a new two-year mandate for the Group in November 2007.

13. For the Ad Hoc Group of Experts, this option would continue the status quo and a renewed mandate would be necessary every two years. This option has the advantage of allowing the Ad Hoc Group of Experts to continue its work without disruption. In addition it offers the required flexibility and inclusiveness, and has already demonstrated its efficiency.

14. On the other hand, several of the working arrangements currently under consideration for the potential preparation of specifications and guidelines in relation to the UNFC will require long-term collaboration agreements with professional societies/bodies, such as CRIRSCO and SPE, and ECE must provide some form of semi-permanent representative body in order to fulfil its obligations under any such arrangements and to ensure that good communications are maintained.

15. This being the case, it would appear that the long-term needs of the UNFC are not in fact formally met by the ad hoc structure. The short-term nature of an ad hoc group of experts does not lend itself to effective management of a system where standards must remain reliable and credible over the long term so as to allow stakeholders to develop and/or communicate resource inventories that are consistent between them and over time. The intent and name of an ad hoc group of experts does not communicate that this is assured and may ultimately make it more difficult to obtain the required consensus for applying a common global classification.

B. Option to create a group of experts within the Economic Commission for Europe with a five year mandate

16. Paragraph 3(h) of the above-mentioned document ECE/EX/2 states: "Should the parent body feel that a particular team of specialists has a standing character by nature of its continuing activity, it can on an exceptional basis propose to the Executive Committee to exempt that team of specialists from the sunset clause, giving appropriate justification. In this case, the mandate and standing nature of the concerned team of specialists should be reviewed every five years." In view of the long-term needs and the continuing activity of the UNFC previously outlined, the Ad Hoc Group of Experts could agree to make such a proposal to the Committee on Sustainable Energy. The Committee would then decide whether it wishes to put such a proposal to the Executive Committee.

¹ <http://www.unece.org/hlm/documents/2006/ece.ex.2.en.pdf>

17. With regard to the name of the body, based on the continuing activity of the UNFC and the justification previously outlined, including the desire to convey an impression of longevity, the Ad Hoc Group of Experts could also agree to propose to the Committee on Sustainable Energy that the name of the Ad Hoc Group of Experts be changed to “Group of Experts on Harmonization of Fossil Energy and Mineral Resources Terminology”, “Advisory Group on Harmonization of Fossil Energy and Mineral Resources Terminology” or similar i.e. that the words “ad hoc” be dropped. The Committee could then decide whether it wishes to put such a proposal to the Executive Committee.

18. It should be noted that a Group of Experts with a five year mandate would operate in exactly the same way as the existing Ad Hoc Group of Experts i.e. with the same degree of flexibility and stakeholder inclusiveness and lack of decision-making powers.

III. OPTION TO CREATE A NEW BODY

19. In order to ensure global governance, the UNFC should really function under a global body with a global mandate. The secretariat could explore the feasibility of establishing an intergovernmental body with a global membership and mandate that reports directly to the United Nations Economic and Social Council. Should this prove possible, then that intergovernmental body could decide to have a “global forum or centre” reporting to it, just as the Ad Hoc Group of Experts currently reports to the Committee on Sustainable Energy, its parent decision-making body. This option would require further detailed research by ECE.

IV. CONCLUSIONS

20. To assist the Ad Hoc Group of Experts to discuss options for future governance of the UNFC at its seventh session and to agree upon a proposal for presentation to the eighteenth session of the Committee on Sustainable Energy, the secretariat has outlined a number of options. In the short term, remaining as an ad hoc group of experts but proposing that the words “ad hoc” be dropped and that a five year mandate be granted would address a number of the key concerns of the Ad Hoc Group of Experts. However, this option would mean continuing to report to the Committee on Sustainable Energy and therefore being subject to ECE’s decision-making process and Rules of Procedure. The option to create a new body is a long-term one and would mean that either the current Ad Hoc Group of Experts with a two year mandate or a group of experts with a five year mandate would operate in the interim.

21. The Ad Hoc Group of Experts will need to debate the options outlined in this paper before proposing a governance structure to the Committee on Sustainable Energy.
