

RG-T2496: Promoting Transparency and Sustainability in Extractive Industries
Component I: Targeted Research (Transparency and Sustainability)

DRAFT TERMS OF REFERENCE

I. BACKGROUND

- 1.1 The Latin America and Caribbean (LAC) region is the world's leading source of metals and its second most important source of oil. In 2013, the region produced over 10 million barrels of oil and 800 million cubic meters of natural gas per day. In total, it held 29 percent of the world's mineral investment portfolio and was the principal target for global investors in the sector. The nine main producers of oil, gas, and minerals in the region (e.g., Brazil, Bolivia, Chile, Colombia, Ecuador, Mexico, Peru, Trinidad and Tobago, and Venezuela) accounted for approximately 11 percent of the world's oil production, 5 percent of natural gas, 15 percent of gold, 46 percent of silver, and 40 percent of copper. In these same countries, fuels and minerals made up approximately 60 percent of total exports, and revenues from the extractive sector provided for almost one third of total government income. For comparison, at the global level the extractive industries generated more than half of government revenue in petroleum-rich countries and more than 20 percent in mining countries. Extractive activities have been, and continue to be an important economic activity in the LAC region.¹ However, many economic, social, institutional, and environmental challenges associated with the extractive industries prevent the LAC region from fully benefiting from the potential of the sector. The social and economic value captured through activities directly and indirectly related to the extractive industries remains suboptimal.
- 1.2 The dominance of the extractive sector in LAC economies often coexists with numerous governance dysfunctions, reflecting weak institutions and regulatory frameworks, information asymmetries, and competing stakeholder claims over development impacts.² A more robust and transparent investment climate is necessary to promote the sustainability of public revenue streams and the supply of minerals and hydrocarbons in the LAC region.³ However, relevant synthetic and reliable information about the extractive sector is seldom available to decision-makers and civil society stakeholders in LAC countries: there is limited information about the specific governance gaps hindering state capacity to manage the extractive sector and the most suitable strategies to tackle these problems. There is also a limited knowledge, from the perspective of the Bank, of the expectations of Government, Industry and Civil Society stakeholders in regards to the most suitable mechanisms for supporting member countries seeking to enhance transparency and sustainability of the extractive sector.
- 1.3 In response to this knowledge gap, the IDB seeks to provide key inputs to support member countries in preventing dysfunctions in the governance of the extractive sector and to promote sustainable economic development supported through investments and policies in the extractive sector.

¹ They have produced significant returns for foreign investors and have been an important source of government revenue, through taxes and royalties. They have also fostered positive social impacts, through forward and backward economic linkages and new employment opportunities. In some cases, they have helped improve education levels, and access to community infrastructure.

² Masson, Malaika and Juan Cruz Vieyra (eds.). Forthcoming. *Transparent Governance in the Age of Abundance: Experiences from the Extractives Industries in Latin America and the Caribbean*. IDB: Washington D.C.

³ *Ibid.*

II. OBJECTIVES

- 2.1 The objective of this consultancy is to increase the stock of knowledge about the characteristics and functioning of the extractive sector in the LAC region. This will be achieved through the preparation of targeted research products supporting the adoption of innovative transparency and sustainability initiatives in the extractive sector.

III. ACTIVITIES

- 3.1 The contractual selected for this project will be responsible for the delivery of targeted reports on resource endowments, extractive activities/industrial organization (clusters, economic linkages), and governance gaps; stressing the role of transparency in strengthening institutions and operational effectiveness. These analyses will support the design and/or implementation of pilot targeted interventions (e.g., EITI, cleaner production, etc.), as defined in collaboration with relevant public sector authorities.

IV. CHARACTERISTICS OF THE CONSULTANCY

- 4.1 **Type of consulting:** PEC
- 4.2 **Qualifications:** The Consultant should be a professional with a MA or equivalent and at least 10 years' experience related to economics, environment & development or public policy. Required is: (i) demonstrated experience producing oil, gas, and mineral sectoral assessments, and advanced understanding of geographic information systems; (ii) Fluency in English and Spanish and (iii) Proven research, analytical and writing skills, with an emphasis on multi-disciplinary flexibility.
- 4.3 Desired is: (i) familiarity with the actors in the oil/gas and mining industry in LAC; and/or (ii) familiarity with issues on good governance, investment climate, transparency and accountability.
- 4.4 **Total days of consulting:** This contract is expected to last 230 discontinuous days, starting on October 1th 2014.
- 4.5 **Workplace:** The work is based in Washington DC.

V. PAYMENT SCHEDULE

- 5.1 Payments will be agreed upon with the Contractual

VI. COORDINATION

- 6.1 The coordination of the consultancy will be led by Ramon Espinasa (INE/ENE) with support from the Project Coordinator.