

RG-T2496: Promoting Transparency and Sustainability in Extractive Industries
Component II: Supporting the Development of an Analytical Framework for Promoting Transparency and Sustainability in Extractive Industries

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 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. CONSULTANCY OBJECTIVES

- 2.1 The contractual will provide support for the development of activities conducive to the definition of the Bank's Analytical Framework for the extractive sector, in part through the organization of engagement workshops with key stakeholders in the extractive sector. These events will provide learning, information gathering and relationship building opportunities, which are pivotal for ensuring internal and external buy-in for the Bank's strategic vision for the sector.
- 2.2 The contractual will be responsible for reporting on key issues and opportunities raised in the context of these workshops and through other forms of dialogue and research, and for supporting the Extractives Team in the definition of custom packages of support for countries in the LAC region.

III. MAIN ACTIVITIES

- 3.1 The contractual is expected to work closely with the team at IDB on two main components, detailed below.

a. Component I: Learning, Information Gathering, & Relationship-Building.

- i. Organization of three workshops that will bring together key stakeholders (industry, government, and civil society) operating in LAC, which are intended to provide a forum for enhancing the IDB's understanding of the opportunities and challenges associated with the further development of extractives and to increase industry awareness of the ways in which the Bank might be able to support these efforts. These meetings are also expected to provide significant input for the preparation of subsequent learning/outreach activities; and, the preparation of these events will be complemented with a comprehensive analysis of other, similar global initiatives that are addressing challenges in the extractive sector.

b. Component II: Analytical Framework

- i. Simultaneous to the organization of stakeholder workshops, and building on earlier work carried out by the Bank's team, the contractual will support the translation of dialogue with the various sectors into a formal analytical framework for the sector, and a detailed options list of potential IDB interventions.
- ii. It is expected that, once the initial version of the strategy and the relevant thinking around possible IDB interventions has been developed, it will be accompanied by a preliminary implementation plan, for dissemination and feedback from internal IDB audiences and from additional external stakeholders.

IV. REPORTS / OUTPUTS

- 4.1 In coordination with the extractives team, the contractual shall prepare the following structured deliverables:
- a. Work plan, which must include a detailed calendar of activities and a timetable for the presentation of all deliverables.
 - b. Mid-term Report, which will summarize key findings from workshops; outline prospective follow-up activities; identify 2-5 priority countries to use as 'priority partners' for sectoral assessment; and provide a detailed timeline for strategy development. The report will include a detailed outline for the draft strategy document.
 - c. Final Report, which will summarize key findings from the workshops and include an initial Draft Analytical Framework. The document will specify prospective opportunities for the implementation of targeted packages of support in the LAC geared towards supporting sustainable and equitable mining investment in LAC. It will reflect the lessons learned through dialogue with the extractive 'triangle' and critical internal constituencies within the IDB community.

V. CHARACTERISTICS OF THE CONSULTANCY

- 5.1 **Type of consulting:** PEC
- 5.2 **Qualifications:** The contractual 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.
- 5.3 Desired familiarity with: (i) actors in the oil/gas and mining industry in LAC; debates on good governance, investment climate, transparency and accountability.
- 5.4 **Total days of consulting:** This contract is expected to last 230 discontinuous days, starting on August 1, 2014.
- 5.5 **Workplace:** The work is based in Washington DC.

VI. PAYMENT SCHEDULE

- 6.1 Payments will be agreed upon with the contractual.

VII. COORDINATION

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