

REQUEST FOR EXPRESSIONS OF INTEREST **CONSULTING SERVICES**

Selection # as assigned by e-Tool: RG-T3516-P002

Selection Method: Simplified Competitive Selection

Country: Regional

Sector: Sector de Infraestructura y Energía

Funding – TC #: ATN/CN-17506-RG

Project #: RG-T3516

TC name: CANEF: Promoting Environmentally Responsible Mining in Latin America and the Caribbean

Description of Services: The objective of this consultancy is to develop a study that: (i) analyzes current scope 1, 2, and 3 footprints of the mining industry vs other relevant sectors with emphasis in the LAC region; (ii) analyzes current and emerging scope 3 emissions trends (including global regulatory, political, social, and corporate sustainability trends) impacting the mining sector over the next two decades; (iii) surveys experts and key stakeholders in the mining value chain to develop and define a mining value chain that would be aligned to a Paris Targets, projecting scope three emissions reduction pathways to 2030 and 2050; (iv) provides an overview of the emerging solutions and key levers to transform the mining value chain to meet climate goals; (v) analyzes possible impact of these trends and strategies on LAC's mining sector and related fiscal implications, as well as potential opportunities.

Link to TC document: <https://www.iadb.org/en/project/RG-T3516>

The Inter-American Development Bank (IDB) is executing the above-mentioned operation. For this operation, the IDB intends to contract consulting services described in this Request for Expressions of Interest. Expressions of interest must be delivered using the IDB Portal for Bank Executed Operations (<http://beo-procurement.iadb.org/home>) by: **February 4 at 5:00 P.M. (Washington D.C. Time).**

The performance of the consulting services ("the Services") will require an estimated timeframe of 4 months.

Eligible consulting firms will be selected in accordance with the procedures set out in the Inter-American Development Bank: Policy for the Selection and Contracting of Consulting firms for Bank-executed Operational Work - GN-2765-1. All eligible consulting firms, as defined in the Policy may express an interest. If the Consulting Firm is presented in a Consortium, it will designate one of them as a representative, and the latter will be responsible for the communications, the registration in the portal and for submitting the corresponding documents.

The IDB now invites eligible consulting firms to indicate their interest in providing the services described below in the draft summary of the intended Terms of Reference for the assignment. Interested consulting firms must provide information establishing that they are qualified to perform the Services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). Eligible consulting firms may associate in a form of a Joint Venture or a sub-consultancy agreement to enhance their qualifications. Such association or Joint Venture shall appoint one of the firms as the representative. Special requirements according to the Donor Trust Fund (DTF), if applicable.

Interested eligible consulting firms may obtain further information during office hours, 09:00 AM to 05:00 PM, (Washington D.C. Time) by sending an email to: emarchan@iadb.org and jeanetteb@iadb.org.

Infrastructure and Energy Sector

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Draft Summary of Terms of Reference

Selection process #RG-T3516-P002

TERMS OF REFERENCE

Scope 3 Emissions in the Mining Value Chain: Shaping Low Carbon Growth in LAC

REGIONAL

ATN/CN-17506-RG

RG-T3516

Promoting Environmentally Responsible Mining in Latin America and the Caribbean

1. Background and Justification

- 1.1.** Minerals and metals are the building blocks for many of the basic goods we rely on such as computers, mobile phones, cars, medical devices, homes, roads, schools, and other infrastructure essential for modern society. As the global population continues to grow and urbanize, demand for metals and other raw materials is predicted to increase drastically. The United Nations projects that, without innovation, urbanization alone will cause global raw materials consumption to increase from 40 billion tones in 2010 to about 90 billion tones in 2050. Even the large-scale deployment of the renewable energy technologies needed to combat climate change such as solar, wind, and the batteries for electric vehicles and energy storage, will increase minerals and metals demand in the future.
- 1.2.** Such an increase in demand for metals presents an opportunity for many countries in Latin America and the Caribbean (LAC). The region is in an excellent position to provide the raw materials necessary for a global energy transition as it has a key strategic advantage in copper, iron ore, silver, lithium, nickel, manganese, and zinc. For many LAC countries, mining and related natural resource sectors are important engines for economic growth. LAC is among the top regions with the largest proven reserves and production of key metals in the world, including copper, gold, iron ore, lithium, and silver. Rents from mining in the region average over 2% of GDP—though they are between 8 and 16% of GDP in Chile, Guyana, Peru, and Suriname.
- 1.3.** At the same time, the Paris Agreement commits governments around the world to reduce emissions and maintain the global temperature rise to well below 2°C. Climate science backs this commitment and encourages greater ambition for a 1.5°C goal. A central requirement to meet global climate goals is to achieve carbon neutrality in the coming decades. This cannot be achieved unless governments, businesses, and consumers work together to deliver the goods and services society needs through transformed business models that decouple growth from emissions. Responsible businesses have backed governments' ambition to meet climate goals. Yet, presently, no industry is moving fast enough to meet the Paris 2°C or 1.5°C degree scenarios, including the mining sector and its downstream value chain.
- 1.4.** The Metals & Mining sector's response to climate concerns has to date predominantly focused on reducing emissions from its own operations and energy consumption – its scope 1 and 2 greenhouse gas emissions. These efforts are important as they improve environmental performance, reduce energy-use and costs, and lower financial risk. Yet they do not address the “elephant in the room”: emissions resulting from the use of commodities in the value chain, or scope 3 emissions. The 12 largest publicly listed diversified mining companies by market capitalization reported scope 1 and 2 emissions to CDP of 214 million tCO₂e in 2016. The scope 3 emissions for these companies are estimated by CDP to be at least 10x higher. Many of these global mining companies have operations in LAC.
- 1.5.** Tackling value chain emissions is crucial in reducing the environmental footprint of the industry and in meeting global emission reduction goals. Evolving consumer expectations, new regulations, and investor pressures and disclosure demands are increasingly challenging traditional business models and threaten to disrupt the industry. Investor and regulatory focus have been placed on high emitting sectors of the economy

and those that produce products which emit large quantities of CO₂ when used. Slow progress on emissions reductions puts the sector at risk of being targeted as “hard-to-abate” by regulators, investors, and end consumers. Instead, the metals and mining sector can work proactively to shape policy rather than be a policy-taker.

- 1.6. Emissions reductions in the value chain could translate into substitution of minerals and metals and/or necessitate the introduction of circular economy models that reduce overall demand for virgin materials and increase the reuse, refurbishment, and the recycling of metals. Such changes could be particularly relevant for countries in the LAC region, where growth has been fueled predominantly by commodity exports. As emissions are successfully tackled in “processing” and “use” countries via efficiency measures, material substitution, and circular business models, extraction of virgin resources could decline affecting the fiscal balance of many LAC countries.
- 1.7. At the same time, these innovations and new business models could benefit LAC as they offer the opportunity for new industries to flourish. Governments in region need to also to engage proactively to create the right context and incentives to attract investments to foster a low carbon mining and metals industry. This is crucial to enable a resource rich region like LAC to continue to grow and development sustainably.

2. Objectives

- 2.1. The objective of this consultancy is to develop a study that: (i) analyzes current scope 1, 2, and 3 footprints of the mining industry vs other relevant sectors with emphasis in the LAC region; (ii) analyzes current and emerging scope 3 emissions trends (including global regulatory, political, social, and corporate sustainability trends) impacting the mining sector over the next two decades; (iii) surveys experts and key stakeholders in the mining value chain to develop and define a mining value chain that would be aligned to a Paris Targets, projecting scope three emissions reduction pathways to 2030 and 2050; (iv) provides an overview of the emerging solutions and key levers to transform the mining value chain to meet climate goals; (v) analyzes possible impact of these trends and strategies on LAC’s mining sector and related fiscal implications, as well as potential opportunities.

3. Scope of Services

- 3.1. The scenarios should consider only the steel and copper value chain and can be focused on a subset of LAC countries that would be impacted by the transition.

4. Key Activities

- 4.1. Develop workplan for study.
- 4.2. Develop methodology outlining rationale and comparing the steel and copper sectors to other industrial sectors and LAC to other regions.
- 4.3. Quantify the current scope 1, 2, and 3 emissions in the copper and steel value chains, comparing LAC to other regions and the value chains to other relevant industries.
- 4.4. Analyzes current and emerging scope 3 emissions trends (including global regulatory, political, social, and corporate sustainability trends) impacting the mining sector over the next two decades. Analyze the extent to which the mining industry is currently on an abatement pathway consistent with a Paris 1.5C / 2C scenarios and the scale of any shortfall. This should provide a clear sense of the scale of exposure and the work that lies ahead.
- 4.5. Engage leading companies’ commitments and actions – including non-mining – to catalogue their current level of ambition, targets, and scope 3 strategies. Surveys other experts and key stakeholders in the mining value chain to develop and define a mining value chain that would be aligned to a Paris Targets, projecting scope

three emissions reduction pathways to 2030 and 2050. Explore links between circular economy business models and scope 3 emissions reduction strategies in the mining value chain.

- 4.6. Provide an overview of the emerging solutions and key levers to transform the mining value chain to meet climate goals. Include an assessment of: (i) policy levers, (ii) technology levers, (iii) finance levers, (iv) business model and commercial levers. Include an analysis of levers current state of maturity, potential in enabling emissions reduction, and key barriers to their success in the short, medium, and long term.
- 4.7. Analyze possible impact of these trends and strategies on LAC's mining sector and related fiscal implications, if any. Explore potential new opportunities for LAC economies presented by new business models necessary to meet global climate goals.

5. Expected Outcome and Deliverables

- 5.1. Completed workplan.
- 5.2. Completed and accepted methodology.
- 5.3. Completed and accepted draft of study.
- 5.4. Completed and accepted final draft of study.

6. Project Schedule and Milestones

- 6.1. Submit workplan 5 working days from signing of contract.
- 6.2. Submit methodology within 15 working days from signing of contract.
- 6.3. Submit draft of study within 60 days from signing of contract.
- 6.4. Submit final draft within 90 days from signing of contract.

7. Reporting Requirements

- 7.1. The reports should be submitted in Word and Excel format and written as a working paper, with each deliverable added as a new section. The reports should be written in English.

8. Acceptance Criteria

- 8.1. Report should be in Word format, with any graphs, tables, and related data in Excel format. All methodologies, assumptions, and data sources used should be clearly outlined.

9. Other Requirements

- 9.1. N/A

10. Supervision and Reporting

- 10.1. Division Leader or Coordinator: Natascha Nunes da Cunha (INE/INE) (e-mail: NATASCHAN@IADB.ORG), with copy to Estefania Marchan (INE/INE) (email: EMARCHAN@IADB.ORG)

11. Schedule of Payments

11.1. Payment terms will be based on project milestones or deliverables. The Bank does not expect to make advance payments under consulting contracts unless a significant amount of travel is required. The Bank wishes to receive the most competitive cost proposal for the services described herein.

11.2. The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.

Payment Schedule	
<i>Deliverable</i>	%
1. Workplan	15%
2. Methodology	25%
3. Draft Paper	25%
4. Final Paper	35%
TOTAL	100%