

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	CHILE/CSC - Southern Cone
▪ TC Name:	National Mining Policy: Support for a National Participatory Process in Chile
▪ TC Number:	CH-T1242
▪ Team Leader/Members:	WALTER, MARTIN (INE/CCH) Team Leader; MILANO, FLAVIA (VPC/VPC) Alternate Team Leader; DE PIEROLA DEL AGUILA, JOSE CARLOS (INE/INE); NUNES DA CUNHA, NATASCHA (INE/INE); MILLER ASTETE, SEBASTIAN JOSE (CSC/CCH); VIEYRA, JUAN CRUZ (IFD/ICS); VALDES FLORENZANO, CLAUDIA ANDREA (INO/IEN); BENAVENTE, JOSE MIGUEL (IFD/CTI); MARCELINO REBOUCAS, LIDIA (VPS/ESG); MARINI, LUCA (VPS/ESG); CARRASCO, CAROLINA E.; ROBLES ALZAMORA, PAOLA A. (CSC/CCH); MENDOZA BENAVENTE, HORACIO (LEG/SGO); BONIFAZ URQUIZU, JEANETTE (INE/INE)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	22 Jan 2020
▪ Beneficiary:	Chile
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$450,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	18 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INE - Infrastructure and Energy Sector
▪ Unit of Disbursement Responsibility:	CSC/CCH - Country Office Chile
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Institutional capacity and rule of law

II. Objective and Justification

- 2.1 The project aims to continuously improve the socio-economic contribution and environmental performance of the mining sector in Chile, by supporting the development and implementation of the National Mining Policy (NMP). The project will support a participatory process of stakeholders from government, industry, academia, communities and civil society organizations in the regions of Chile in the preparation of the NMP and the implementation of priority actions identified in that process. It will do by (i) supporting implementation of a series of stakeholder engagement events throughout the country, facilitated by a team of experts, aimed at gathering input for the NMP and ensuring the the policy reflects a wide range of expectations and sensitivities, (ii) expert technical round tables on key themes, to identify concrete SMART indicators and responsible entities to take forward the NMP, (iii) formulation of a project profile aimed at making actionable at least one priority action identified in the engagement process, and (iv) supporting a broad communication and transparency effort to ensure the policy is known and supported by key constituencies.

- 2.2 In recognition of the potential of the mining sector, the Government of President Sebastián Piñera has prioritized in its government program the elaboration of the National Mining Policy (PNM), an instrument that seeks to enable the sustainable development of the sector and thus enhance its role in the development of the country. Through the PNM, Chile intends to lead the transition towards a more sustainable mining industry: one that jointly manages the levels of production and international competitiveness and the social and environmental aspects of operations and projects in the long term. The objective of the PNM is to foster the conditions for mining to contribute more effectively to the objectives of sustainable development (ODS, see: UNDP 2016).
- 2.3 National mining policies -see the cases of Australia and Canada- enable countries to identify, prioritize, and implement reforms and initiatives aimed at achieving long-term strategic sectoral objectives. When developed in a participatory manner, sector policies provide greater social legitimacy to public and private sector efforts to improve sector performance. Accordingly, in 2019, the Ministry of Mining initiated a nationwide dialogue with public, private, and social sector actors (academic and community) that agreed on the main challenges and opportunities in the mining sector and prioritized actions to address them.
- 2.4 Successful to date in gathering input from stakeholders in the nation's capital, the elaboration of the NMP demands a detailed and transparent consultation process in all regions of the country and a more profound technical assessment of priority areas. Carrying out the consultation process requires directly engaging at the local level with stakeholders, and technical work to achieve a more detailed outlining of strategic goals, indicators and responsible entities that will enable the policy to be both more legitimate and more actionable.
- 2.5 The pluralistic perspective of the actors in the territory is an important component of the MNP, since it allows the conclusions of the relationship process initiated at the national level by the Chilean government to be complemented, reviewed and validated. Finally, the PNM is strengthened by its participatory nature; when it reflects a social, political and technical agreement. However, the processes of multi-stakeholder relations at the territorial level are technically and logistically challenging.
- 2.6 Experiences of governments interested in strengthening governance frameworks for the mining and energy sector based on best practices and multi-stakeholder processes indicate the importance of providing these processes with due neutrality, transparency and technical support. It is necessary that the processes of multi-stakeholder relations and strategic reflection - on best practices in public policies and industry self-regulation mechanisms based on voluntary agreements - generate greater trust between the parties based on mutual respect, equity and rights (Latin American Dialogue Group 2013, Milan 2018; GLASE 2019, in press). Linkage is a process, a set of planned actions, that is carried out with stakeholders. It must be carried out in an equitable and inclusive manner, taking into account the views of all stakeholders, in particular the equitable participation of women and men, the socioculturally appropriate participation of indigenous peoples and mechanisms for the equitable participation of groups in vulnerable situations.

III. Description of Activities and Outputs

- 3.1 **Component I: Support to participatory process for the National Minerals Policy.** Promotes participation of government, industry authorities and civil society (communities, and organizations) in the NMP in all regions of Chile, through: (i) collection of technical inputs and preliminary relationships in the regions via technical analysis, territorial assessments, methodological design, and process implementation and (ii) multi-stakeholder engagement through workshops in all regions, facilitation and stakeholder coordination, communications support, logistics, process, etc.

- 3.2 **Component II: Support for early implementation of priority activity.** Supports the formulation of at least one project for operationalizing actions prioritized by the PNM and catalyzing early implementation. Studies and analyzes will be carried out to determine responsibilities, objectives, background, activities, budget, implementation risks and execution modalities. To facilitate project financing, specific technical annexes, cost-benefit or cost-effectiveness analysis and socio-environmental risk management may also be prepared.
- 3.3 **Component III: Knowledge management and communications.** Supports implementation of a communication strategy (incl. media management plan) to ensure public visibility and transparency of the NMP. The strategy will include people's perceptions and offer key inputs for risk management. The policy-making process will be documented to promote this type of process in other sectors and countries, through editing / layout of communication materials, support dissemination of events and knowledge sharing, and support for project monitoring and evaluation.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Support to participatory process for the National Minerals Policy	US\$400,000.00	US\$0.00	US\$400,000.00
Support for early implementation of priority activity	US\$30,000.00	US\$0.00	US\$30,000.00
Knowledge management and communications	US\$20,000.00	US\$0.00	US\$20,000.00
Total	US\$450,000.00	US\$0.00	US\$450,000.00

V. Executing Agency and Execution Structure

- 5.1 At the request of the Ministry of Mining, the Bank will act as an executing agency given its ability to draw on a broad internal and external network of experts in the field and its established relationships with stakeholders. The IDB, at its country office in Santiago, Chile, will be responsible for the supervision and execution of project resources. The activities to be executed under this operation will be carried out in accordance with the Bank's established procurement methods, namely (a) Hiring of individual consultants, as established in AM-650; (b) Hiring of consulting firms for services of an intellectual nature, in accordance with GN-2765-1 and its associated operational guidelines (OP-1155-4); and (c) Hiring of logistics and other non-consulting services, in accordance with policy GN-2303-20.
- 5.2 The project will be executed by the Bank mainly at the request of DIPRES, so that the implementation of the project does not increase the expenses authorized to the Undersecretary of Mining and other government agencies. The Bank also has specific experience in this type of activity in the extractive sector (see, for example, RG-T3049; CH-T1207; PE-T1408 and CO-T1138).
- 5.3 The objectives and activities of this TC are aligned with: i. The implementation of the IDB Group-Civil Society Strategy, 2018 in planning actions for effective citizen participation. ii. Two of the three priorities of the Bank's Institutional Strategy Update 2010-2020 (AB-3008: institutional capacity and rule of law; and climate change and environmental sustainability. On the first theme, the TC supports governance of Chile's natural resource management, at the national and local levels, and strengthens extractive institutions through improvements in the regulatory and relational framework for sectoral management. On the second, through the strengthening of the sector's

institutional and regulatory framework, the aim is for the exploitation of natural resources to be carried out in a sustainable manner and to minimize the environmental impact. lii. With respect to the country strategy (EBP, CH-P1154), given the transversal nature of the impacts of the mining sector, the project is aligned with the objective of increasing investment and improving productivity (1) - specifically with increasing the competitiveness of exports of goods and diversifying the economy (1.4) - and with increasing the quality of life of the population (2), through an improvement in the capacities of the State to deliver services to the citizens (2.3).

VI. Project Risks and Issues

- 6.1 The implementation of multi-stakeholder dialogue initiatives, which are the basis of inclusive processes for long-term sector policy development, pose significant challenges in terms of representativeness. The legitimacy of these relationship processes lies in adequately capturing the different voices of stakeholders. To mitigate the risk that parts of society are not adequately integrated, internationally recognized best practices will be applied and transparent processes will be proposed in their methodology and action. To this end, lessons learned at the national and international levels, available in the literature, and from experts of renown and reputation in facilitating processes of this nature, will be used. The work in the regions will be accompanied by preliminary diagnoses and interaction with actors that will allow the establishment of road maps for the implementation of project activities.
- 6.2 Adequate regional support requires early engagement from the Government of Chile with regional authorities. Given that the capacities installed for public management in the regions are usually limited, specific resources have been dedicated to address capacity gaps in local entities within the framework of component 2 activities.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "C".