

**DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK**

**REGIONAL**

**MINING FOR THE ENERGY TRANSITION (MET): SECURING A SUSTAINABLE  
SUPPLY OF CRITICAL MINERALS FOR ADVANCING REGIONAL DEVELOPMENT**

**(RG-T4442)**

**TECHNICAL COOPERATION DOCUMENT**

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## TECHNICAL COOPERATION DOCUMENT

### I. Basic Information for Technical Cooperation (TC)

▪ Country/Region:	REGIONAL
▪ TC Name:	Mining for the Energy Transition (MET): Securing a sustainable supply of critical minerals for advancing regional development
▪ TC Number:	RG-T4442
▪ Team Leader/Members:	Nunes Da Cunha, Natascha (INE/ENE) Team Leader; Walter, Martin (INE/ENE) Alternate Team Leader; Estrazulas De Souza, Francisco Hugo (INT/TIN); Patricia Elena Pomenta Bastidas (ORP/GCM); Jimenez Mosquera, Javier I. (LEG/SGO); Pineda Herrera Claudia Valeria (ORP/GCM); Echevarria Barbero, Carlos Jose (INE/ENE); Malagon Orjuela, Edwin Antonio (INE/ENE); Snyder, Virginia Maria (INE/ENE); Luz Caballero (INE/ENE); Guerrero Fernando Andres (INE/ENE); Sucre Pantin, Carlos Gustavo (INE/ENE); Almeida, Juliana Salles (CSD/CCS); Carolina Ferreira (INE/ENE); Jorge Luis Malpartida (INE/ENE)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	N/A
▪ Beneficiary:	Argentina, Bolivia, Brazil, Chile, and Ecuador
▪ Executing Agency and contact name:	Inter-American Development Bank and Instituto de Investigación Geológico y Energético (EC-IIGE)
▪ Donors providing funding:	European Commission Amended and Restated Framework Agreement(ECR)
▪ The Inter-American Development Bank (IDB) Funding Requested: <sup>1</sup>	US\$6,513,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	60 Months
▪ Required start date:	September 15, 2024
▪ Types of consultants:	Firms and individual consultants
▪ Prepared by Unit:	INE/ENE-Energy
▪ Unit of Disbursement Responsibility:	INE/ENE-Energy
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the New IDB Group Institutional Strategy: Transformation for Scale and Impact 2024-2030 (CA-631):	Economic integration; Environmental sustainability; Gender equality; Institutional capacity and rule of law; Productivity and innovation; Social inclusion and equality

<sup>1</sup> The earmarked funding will be provided from the European Union through the European Commission as a Project Specific Grant (PSG) administered by the Bank. The total amount of the funding will be €6,300,000.00 (US\$6,838,650.00) of which €6,000,000.00 (US\$6,513,000.00) will finance the activities of this TC and €300,000.00 (US\$325,650.00) will cover Bank's fees. The conversion to US\$ was carried out taking the exchange rate of 04/04/2024 (1EUR = 1.0855 US\$).

## II. Objectives and Justification of the TC

- 2.1 **Objective.** In support of global decarbonization efforts and recognizing the fundamental importance of mining to climate and sustainable development goals, this project will facilitate technical assistance to Argentina, Bolivia, Brazil, Chile, and Ecuador, to foster enabling conditions for responsible investments in critical minerals and their value chains by focusing on: (i) strengthening sector governance through robust regulatory and investment frameworks and socioenvironmental standards compliance; (ii) amplifying geological knowledge through technological innovation; (iii) building a portfolio of low-carbon and technological solutions that support sustainable mining extraction and production practices; and (iv) enhancing local development and infrastructure services in mining areas to maximize benefits, while strengthening value chains and synergies with other productive sectors. Interventions will seek to strengthen collaboration between Latin America and the Caribbean (LAC) and Europe for a reliable and sustainable raw materials supply.
- 2.2 The mining sector plays a critical role in the global energy transition by providing the minerals and metals required by clean energy technologies (solar panels, wind turbines, electric vehicles, energy storage systems, etc.). The value of the energy transition minerals market reached US\$320 billion in 2022 and is expected to continue expanding over the next decade. Demand for these has led to growth in investment, with a 30% year-on-year increase in 2022, following a 20% rise in 2021.<sup>2</sup> Lithium-producing companies specializing have led the way, with a substantial 50% increase in spending, closely followed by companies focusing on copper and nickel. Global exploration spending to identify additional reserves has also grown by 20%.<sup>3</sup>
- 2.3 Fast-growing demand for these minerals and metals has led to a new surge in mining activities in LAC, which is home to some of the world's largest reserves of copper, lithium, rare earth elements, aluminum, nickel, iron ore, zinc, and many others. For example, Chile and Peru alone account for around 40% of global copper production, and in both mining accounts for over 10% of gross domestic product and over 50% of exports. Chile and Argentina are, respectively, the world's second and fourth top producers of lithium, while Bolivia is home to one of the world's largest resource bases of lithium. Brazil is the world's top producer of niobium and the second largest of iron ore, manganese, and bauxite; it is also endowed with the second largest reserves of rare earth elements and produces other minerals, such as nickel, copper, and graphite. Ecuador is one of few new frontiers for copper production. The five countries have thus been selected for this project because of the dimension and relevance of their reserves and production of these critical minerals, and the opportunities that can be leveraged in the short and medium terms to materialize responsible investments in the mining sector and accelerate the energy transition.
- 2.4 For many LAC countries, mining is a major driver of economic growth and employment, providing revenue for governments and supporting local businesses and communities. By 2050 (in a scenario where the global temperature does not increase by more than 1.5°C) there is an economic opportunity, stemming only from supplying energy transition minerals, of about US\$50 billion per year.<sup>4</sup> However, challenges associated with mining activities have been, in many cases, exacerbated by inadequate governance and

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<sup>2</sup> [International Energy Agency \(IEA\), 2022. The Role of Critical Minerals in Clean Energy Transitions.](#)

<sup>3</sup> [IEA \(2023\) Critical Minerals Market Review 2023.](#)

<sup>4</sup> [IDB \(2022\) Leveraging the Growth in Demand for Minerals and Metals in the Transition to a Low Carbon Economy.](#)

regulatory frameworks, weak institutional capacity, infrastructure gaps, poor leveraging of local value chains, and insufficient investment in environmental and social management<sup>5</sup>. Likewise, the proportion of women participating in the mining sector and its value chains and in the formulation of public policies remains limited.<sup>6</sup> There are knowledge, technological, and capacity gaps to be covered and policy levers to be implemented to facilitate the contribution of mining to the energy transition. To meet the anticipated demand for minerals<sup>7</sup> while simultaneously creating economic opportunities and addressing environmental and social issues, governments should focus on improving exploration incentives, permitting processes, skills development, research and innovation, and processing capabilities, among others. It is essential to ensure that the benefits of increased mining activity translate into tangible, sustainable development outcomes, while benefitting communities and protecting the environment.

- 2.5 Between 2016-2022, IDB implemented the [Canadian Facility for the Extractives Sector \(CANEF\)](#) with a CA\$20,000,000.00 grant from the Government of Canada. This served as a platform to foster evidence about the potential for broader regional socioeconomic development based on mineral resources while improving access to information and building solid partnerships to enable the necessary conditions for responsible investment<sup>8</sup>. Upon completion, the Facility stands among the IDB's most effectively implemented Project Specific Grants, having successfully disbursed the totality of funds and achieved its proposed objectives through the execution of 28 national and regional technical cooperation projects in the timeline proposed.
- 2.6 CANEF enabled IDB support to major policy achievements in 11 LAC countries, including through facilitating a regional vision for sector development and strategic national sector policy frameworks, accelerating progress in the adoption of sector transparency standards and systematic disclosure systems, as well as strengthening key agencies for sector sustainability, implementing training activities and regional technical dialogues, and supporting value chain development. These activities have contributed to programmatic support in beneficiary countries for strengthening sector institutions and sustainability – for example, as technical inputs for operations [3106/BL-GY](#), [3422/BL-GY](#), [2977/OC-CO](#), [3594/OC-CO](#), [5450/OC-CH](#), and [4989/OC-EC](#). One of the key lessons learned from CANEF, which provides guidance for this project is that strengthening institutional capacity at various levels is fundamental to ensure the long-term planning of the mining sector, including synergies and integration with other productive sectors, to reinforce effective regulation and oversight of mining activities, especially in terms of social and environmental standards compliance, and to promote transparency and accountability mechanisms. Additionally, CANEF demonstrated that supporting the integral development of LAC's mining industry and its value chain involves tackling a variety of challenges, including: (i) closing gaps in terms of policy, governance, and institutional capacity; (ii) designing public institutions

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<sup>5</sup> Challenges associated with mining activities in Chile: [Política Nacional Minera 2050](#) (*Biblioteca Congreso Nacional Chile*, 2023); Argentina: [Plan Estratégico para el desarrollo minero argentino](#) (*Secretaría de Minería*, 2021); Brazil, Ecuador and Bolivia: [Perspectivas económicas América Latina 2023 invirtiendo para un desarrollo sostenible](#) (CEPAL, 2023).

<sup>6</sup> Women and the Mine of the Future: Global Report. [Intergovernmental Forum \(IGF\)](#), 2023.

<sup>7</sup> "Industry needs to build 50 more lithium mines, 60 more nickel mines, and 17 more cobalt mines by 2030 to meet global net carbon emissions goals and 2.2 times copper mines". - [IEA 2022 The Role of Critical Minerals in Clean Energy Transitions](#).

<sup>8</sup> A detailed overview of lessons learned from the IDB Group's recent experience in the extractive industries, including CANEF, are summarized in Section IV of the Extractive Industries Sector Framework (GN-3028-2).

and policies that support socio-environmental sustainability, integration, and economic diversification; (iii) preparing plans and strategies for the transition to low-carbon economies; (iv) strengthening fiscal institutions to manage volatility; and (v) improving transparency and integrity in the sector through the adoption of renowned global standards like the EITI. These lessons underpin the components of this project, described below, which have been designed so as to expand and deepen the work carried out by CANEF to address the aforementioned challenges.

- 2.7 **Programmatic approach and strategic alignment.** In recent years, the IDB Group has focused on strengthening mining sector governance in LAC, supporting local economic development, and maximizing the opportunities offered by the energy transition. Besides TC projects aimed at sector strengthening and local development efforts benefitting Argentina, Bolivia, Brazil, and Chile, there are additional operations related to mining in the IDB Group pipeline, including: (i) a US\$78,400,000.00 investment loan in Ecuador ([4989/OC-EC](#)) to support natural resource governance, with a focus on institutional strengthening and geological mapping; and (ii) a US\$50,000,000.00 investment loan to increase productivity and services internationalization of the province of Salta ([5824/OC-AR](#)) through the strengthening of sectors, like mining, with high potential for national and international productive integration; and (iii) IDB Invest loans to finance the development, construction, and operation of lithium facilities in Argentina and Brazil.
- 2.8 The project will also contribute to supporting the private sector, through IDB Invest and IDB Lab sponsored efforts. It will do so by strengthening the enabling conditions for responsible investment in the mining sector. By integrating its public and private sector windows and offering a mix of intervention and financing mechanisms, the IDB Group can have significant and sustainable impact on transformational mining projects, strengthening the links with local economies and global value chains, benefiting local companies through technology transfer, knowledge sharing, and sustainability and decarbonization initiatives. Moreover, coordinated public and private efforts can, among others, characterize social and environmental needs for responsible investments that safeguard natural capital, strengthen the capacity of subnational institutions to support sector governance and investment promotion, and promote robust industrial policies that accelerate investments in mining and renewable energy value chains.
- 2.9 This project is aligned with the mutually reinforcing objectives of the IDB Group's Institutional Strategy: Transforming for Scale and Impact (2024 – 2030) to reduce poverty, by investing in human capital, address climate change, and bolster sustainable regional growth by fostering private sector investment in mining and innovation. Moreover, the project will touch upon the 7 operational focus areas: (i) biodiversity, natural capital, and climate action; (ii) institutional capacity and rule of law; (iii) gender equality, in a manner consistent with the Bank's Operational Policy on Gender Equality in Development (GN-2531-10); (iv) human capital development; (v) sustainable and resilient infrastructure; (vi) productive development and innovation through the private sector; and (vii) regional integration. Finally, it is aligned with the Extractive Industries Sector Framework (GN-3028-2), which prioritizes environmental sustainability, value generation, sector institutional strengthening, and facilitating the energy transition.

- 2.10 The project is aligned with and contributes to the national mining strategies/plans in beneficiary countries and has been welcomed accordingly by the relevant sector institutions. Moreover, insofar as it is also consistent with priority areas of the relevant IDB Group Country Strategies, the project will directly and indirectly contribute to the Bank's programmatic approach with each country. For **Argentina**, it aligns with IDB Country Strategy (GN-3051) as the strengthening of the mining sector contributes to the strategic pillar of economic recovery and productive development 4.0, supporting the integration into competitive value chains and the creation of a resilient low-carbon economy. The program is also aligned with Argentina's [Strategic Development Plan for the Mining Sector](#) and the corresponding mission outlined in the [Plan Argentina Productiva 2030](#) for mining, which indicates priorities to promote the sustainable development of the sector and enhance its contribution to the national economy. In **Bolivia**, the program aligns with IDB Country Strategy (GN-3088) priorities of supporting: (i) economic reconstruction and boosting productivity; (ii) diversification of production; and (iii) inclusive and sustainable social development by contributing to national efforts to ensure production and industrialization of lithium, assisting local authorities in institutional to promote investment. The project aligns with the IDB Country Strategy with **Brazil** (GN-2973-2) by contributing to the strategic objectives of: (i) promoting greater economic competitiveness by advancing entrepreneurship, innovation, or productivity growth; and (ii) increasing the role of the private sector by improving the quality of the business environment, thus adding to the country's efforts to achieve sustainable economic growth. Moreover, the program is consistent with the [National Mining and Development Plan](#), which aims to expand the mining sector quantitatively and qualitatively, facilitating investment in critical minerals and turning the country's mineral heritage into wealth. In **Chile**, the project contributes to IDB Country Strategy (GN-3140-3) objectives of increasing investment and improving productive capacities to face the conditions of the future, specifically by promoting business innovation, increasing the competitiveness of exports goods, diversifying the economy and increasing the quality of life of the population, through an improvement in the State's capabilities to deliver services to citizen. Moreover, the program will support implementation of the [National Mining Policy 2050](#) and the [National Lithium Strategy](#), contributing to consolidate Chile's position as a global leader in the production of minerals for the energy transition. For **Ecuador**, the program is aligned with the government's priority to boost sustainable investments in mining to increase its contribution to the national economy, as stated in the [National Plan for the Development of the Mining Sector 2020-2030](#). It is also aligned with the IDB Country Strategy (GN-3103-1), primarily in its priority of developing the productive sector as a driver of sustainable growth, including mining as a strategic industry.
- 2.11 The project is funded by the Latin America and Caribbean Investment Facility (LACIF) of the European Union via the ECR Agreement with the IDB and it fits within the priorities of the [Global Gateway](#), which seeks to establish "sustainable connections that help to tackle the most pressing global challenges, including the need to boost competitiveness and security of global supply chains." This new European strategy aims to mobilize billions of euros in investment in high-quality projects that generate benefits for and support the sustainable development of partner countries while creating competitive opportunities for the European Union (EU) private sector players. Particularly relevant in this case is the work in climate and energy as is the renewed EU-LAC partnership in that context, cooperating for a green and just transition focused on human development, with investments in renewable energy, resilient supply chains, innovation, circular economy, resource efficiency, among many others. Additionally,

the project will directly support the implementation of the Memoranda of Understanding (MoU) established with Argentina<sup>9</sup> and Chile<sup>10</sup> and similar discussions around sustainable raw material value chains with Bolivia and Brazil.<sup>11</sup>

- 2.12 In accordance with the IDB Group's [Environmental Social Policy Framework](#), this program will be implemented with due respect for human rights, both avoiding infringing on the human rights of others and addressing adverse human rights impacts that the project may cause or to which it may contribute. Importantly, the project will ensure that the development process fosters full respect for the human rights, collective rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples. Likewise, in all its capacity building activities, and while advocating for a more sustainable mining sector, with industry, government, and civil society stakeholders, the project will uphold and promote the rights principles of equality, non-discrimination, inclusion, participation, transparency, and accountability. The project will also take special care, if applicable, to address the needs and concerns of marginalized groups.

### III. Description of activities/components and budget

- 3.1 **Component 1. Strengthening Mining Sector Governance (€1,590,000 / US\$1,725,945.00).** This component seeks to strengthen institutional frameworks and policy instruments for better sector governance. Improving and modernizing regulatory and investment frameworks, oversight, and monitoring capabilities requires sector planning instruments and policy tools to make them more efficient and create a business climate conducive to responsible mining investments. To that end, this component will finance three main activities: (i) consolidate strategies for planning and public policy for the mining sector with instruments that allow for compliance with national climate and sustainable development goals; (ii) strengthen investment promotion capacities embodied in sector investment plans, developing and/or fostering mining contract negotiating capacities, and strengthening the institutional capacities of mining municipalities in fiscal matters, project monitoring and evaluation, and territorial planning; and (iii) enhance accountability mechanisms to ensure that sector revenues are managed effectively, and standards, like the Extractive Industries Transparency Initiative (EITI),<sup>12</sup> are complied with, also promoting digitization and implementation of more transparent information management systems and more agile procedures.
- 3.2 **Component 2. Amplifying Geological Knowledge (€1,175,000 / US\$1,275,462.50).** This component will allow for the identification of knowledge and capacity gaps and will present recommendations to enable faster and more efficient mineral exploration and mapping. It will include: (a) acquisition of tools and equipment with resources up to €1,000,000 (US\$1,085,500.00) in Ecuador and in Argentina to increase responsible investments in the mining sector by strengthening institutional capacities and developing geological maps in areas of interest to overcome an insufficiency of geological

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<sup>9</sup> [EU-Argentina Memorandum of Understanding \(MOU\) on sustainable raw materials value chains.](#)

<sup>10</sup> [EU-Chile MOU on sustainable raw materials value chains.](#)

<sup>11</sup> It is worth noting that dialogue and coordination with other MDBs, whose agenda in this sector is aligned to the IDB's, will be maintained to avoid overlapping activities and promote complementarity whenever possible.

<sup>12</sup> The Bank first endorsed the [EITI standard](#) in 2009 and supports its continued implementation in Latin America and the Caribbean countries. The standard promotes greater transparency and accountability in the oil, gas, and mining sectors through publication and independent audit of industry and government activities. This process is overseen by a multi-stakeholder group composed of representatives from civil society, the private sector, and government.



knowledge. These funds will be used to prepare technical reports and materials, deploy technological solutions, and acquire relevant tools and equipment needed for geological mapping. The component will also support: (b) capacity-building program on conducting geological surveys and mapping underexplored regions using cutting edge technologies and practices such as machine learning, artificial intelligence, and satellite imagery, while establishing a network of data sharing and collaboration among mining institutions to improve access to geological information.

- 3.3 **Component 3. Building Low-Carbon and Technological Solutions for Sustainable Mining Practices (€1,330,000 / US\$1,443,715).** Under this area, the project will support the deployment of low-carbon technologies in the mining sector, the elaboration and implementation of climate change mitigation and adaptation plans for the mining sector and the adoption of circular models that promote resource efficiency and reduce waste in the mining value chain through, for example, reuse and recycling schemes that permit minerals to rejoin the value chain. It will also support the deployment of solutions that contribute to more environmentally sustainable extraction and production methods. This will help to reduce the carbon footprint of mining activities and promote sustainable resource management, bolstered by studies and analyses aimed at: (i) supporting the development and testing of strategies, policy instruments, and technical support to reduce greenhouse gas (GHG) emissions and foster low carbon/circular economy solutions in the mining sector; (ii) developing training programs and providing technical assistance to help the public sector and mining companies promote and adopt sustainable mining practices, such as energy-efficient mining and water management; and (iii) identifying and prioritizing financing mechanisms for low-carbon and circular economy solutions.
- 3.4 **Component 4. Local Development and Infrastructure Services (€1,455,000 / US\$1,579,402.50).** This component seeks to foster greater participation in global value chains and synergies between mining and the local economic ecosystem. As such, activities will be geared towards supporting: (i) national strategies that maximize economic activity throughout the value chain, thus expanding sector links with the national productive apparatus and human capital creation with, for example, pre-investment studies to strengthen the downstream chain, developing greater refining, processing, or industrialization capacities for domestically produced mineral resources; (ii) public investment programs in social infrastructure, including the development of shared-use facilities that serve mining operations and the local community, reducing costs and increasing efficiency; and (iii) technical assistance, training, and access to financing for local small and medium-sized enterprises<sup>13</sup> in the mining supply chain (this could help tackle gender imbalances through a pilot technical training program to enhance entrepreneurship and employability skills for women-led businesses).
- 3.5 **Project Administration and Management (€450,000 / US\$488,475).** Resources will be made available for technical support, management, monitoring and evaluation, and communications activities throughout the entire program duration.

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<sup>13</sup> The activities under this component include technical assistance, training, and the design of financial instruments, but do not include direct financing to SMEs.



- 3.6 **Expected results and impact.** The overarching objective of this program is to harness the potential of the mining sector and its associated value chains in Argentina, Bolivia, Brazil, Chile, and Ecuador, which will contribute significantly to the realization of global climate and sustainable development objectives. It will do so through strategic interventions will benefit local communities residing near mining projects, public sector entities responsible for managing and regulating the mining sector, and private and public enterprises engaged in the development and utilization of technological and low-carbon solutions that contribute to responsible mining extraction and production practices in LAC.
- 3.7 **Beneficiaries.** The Bank will be responsible for the institutional coordination with beneficiary country authorities, technical and local counterparts from Argentina (Ministry of Economy, Mining Secretariat, Environment Secretariat, provincial authorities), Bolivia (Ministry of Finance, Ministry of Hydrocarbons and Energies, Ministry Mining, YLB), Brazil (Ministry of Finance, Ministry of Mines and Energy, National Mining Agency, Brazilian Geological Survey), Chile (Ministry of Finance, Ministry of Mining, Ministry of Environment, regional authorities) and Ecuador (Geological and Energy Investigation Institute, IIGE). Direct and indirect beneficiaries include, but are not limited to, the aforementioned institutions and relevant public officials as well as sector associations, SMEs and local communities of selected mining regions. For example, industry stakeholders, such as mining companies and investors, will benefit from the strengthening of institutional and regulatory frameworks, greater transparency and digitization, insofar as they contribute to a solid and stable business environment. Similarly, the same stakeholders, together with local communities, will benefit from the implementation of solutions that contribute to more environmentally friendly mining practices. Local communities, in turn, will benefit from those activities that boost local economic ecosystems, as will SMEs, which will gain from improving their ability to access and effectively participate in the sector's value chain.
- 3.8 **Indicative Budget.** The total project cost amounts to €6,300,000.00 (US\$6,838,650) and is financed by LACIF through the European Commission Amended and Restated Framework Agreement (ECR). The unit responsible for execution and disbursement is INE/ENE.

Component and Activities	TC Funds (ECR)		Total Funding (US\$)
	US\$	€	
<b>Component 1. Strengthening sector governance</b>	<b>1,725,945.00</b>	<b>1,590,000.00</b>	<b>1,725,945.00</b>
Strategies, policy instruments for planning & public policy	602,452.50	555,000.00	602,452.50
Capacity Building Program for Mining Sector Governance	667,582.50	615,000.00	667,582.50
Accountability and transparency systems and tools	455,910.00	420,000.00	455,910.00
<b>Component 2. Amplifying Geological Knowledge</b>	<b>1,275,462.50</b>	<b>1,175,000.00</b>	<b>1,275,462.50</b>
Digital technologies for mineral resource mapping in Ecuador and Argentina	1,085,500.00	1,000,000.00	1,085,500.00
Technical assistance to national geological surveys	189,962.50	175,000.00	189,962.50

Component and Activities	TC Funds (ECR)		Total Funding (US\$)
	US\$	€	
<b>Component 3. Solutions for Low-Carbon &amp; Circular Mining</b>	<b>1,443,715.00</b>	<b>1,330,000.00</b>	<b>1,443,715.00</b>
Strategies, policy instruments, and technical support to reduce GHG emissions	499,330.00	460,000.00	499,330.00
Capacity-building to foster sustainable mining practices	493,902.50	455,000.00	493,902.50
Financing mechanisms for low-carbon solutions	450,482.50	415,000.00	450,482.50
<b>Component 4. Local Development &amp; Infrastructure Services</b>	<b>1,579,402.50</b>	<b>1,455,000.00</b>	<b>1,579,402.50</b>
Public investment accelerator for social infrastructure and downstream value chain	765,277.50	705,000.00	765,277.50
Strategies, policy instruments for local economic development planning in mining localities	379,925.00	350,000.00	379,925.00
Support to local Micro, Small and Medium Enterprises (MSMEs) in the mining supply chain and mining localities	434,200.00	400,000.00	434,200.00
<b>Project Administration and Management</b>	<b>488,475.00</b>	<b>450,000.00</b>	<b>488,475.00</b>
Technical support and monitoring and evaluation	162,825.00	150,000.00	162,825.00
Communications and knowledge dissemination	325,650.00	300,000.00	325,650.00
<b>Total Project Amount</b>	<b>6,513,000.00</b>	<b>6,000,000.00</b>	<b>6,513,000.00</b>
<b>EU LACIF Fees</b>	<b>325,650.00</b>	<b>300,000.00</b>	<b>325,650.00</b>
<b>Total + EU LACIF contribution amount</b>	<b>6,838,650.00</b>	<b>6,300,000.00</b>	<b>6,838,650.00</b>

#### IV. Executing agency and execution structure

- 4.1 The Bank, through the Energy Division of the Infrastructure and Energy Sector (INE/ENE), will be responsible for the execution of activities in the five beneficiary countries, in accordance with the guidelines and requirements established in the Technical Cooperation Policy (GN-2470-2) and in the Procedures for the Processing of Technical Cooperation Operations (OP-619-4). Per the request of the beneficiary countries and owing to the multi-agency scope of the TC; involvement of state and non-state actors in sector planning and oversight; and recent experience executing similar sector initiatives throughout the region and in beneficiary countries, INE/ENE is best equipped to manage this operation and to assure the coordination needed. In accordance with GN-2303-33, the Bank will leverage its technical knowledge, ability to convene regional expertise and relationship with stakeholders for the execution of this project, in the absence of a regional organization combining established presence and technical dialogue, experience in implementing extractive sector governance strengthening activities simultaneously at the regional, national, and local level, and correspondent administrative capabilities.<sup>14</sup>

<sup>14</sup> Letters of request have been received from four countries and the rest are being processed by the relevant liaison entities. No activity will be carried forth without such letter of request from the relevant country.

- 4.2 In Ecuador and Argentina, activities under Component 2(a) will be executed through dedicated executing agencies. The Geological and Energy Research Institute (IIGE) will execute project funds in Ecuador through a TC framework agreement to be signed after project approval.<sup>15</sup> In Argentina, funds will be executed through an agency to be determined upon confirmation of adequate implementation capacity.
- 4.3 **Procurement.** The activities to be executed under this operation, including the procurement of goods, consulting services, and works, will be included in the Procurement Plan. The activities to be executed by the Bank will be carried out in accordance with the following Bank's established procurement methods: (i) hiring of individual consultants, as established in the Regulation Complementary Workforce AM-650 standards; and (ii) hiring of consultant firms for intellectual services, contracting of logistics services and other services different from consulting, according to the Corporate Procurement Policy (GN-2303-33) and the "Guidelines for Corporate Procurement". The activities under Component 2(a) to be executed by dedicated agencies will be carried out in accordance with the following Bank's established procurement methods: (i) procurement of works, goods and services, according to the "Policies for the Procurement of Goods and Works financed by the IDB" (GN-2349), subject to International Competitive Bidding (ICB), and the IDB Standard Bidding Documents (SBDs); and (ii) selection and contracting of consulting services, according to the "Policies for the Selection and Contracting of Consultants financed by the IDB" (GN-2350-15) and the Standard Request for Proposals (SRP) issued by the Bank or agreed between the executing agencies and the Bank.
- 4.4 In accordance with the 2020 EU-IDB Framework Policy Agreement (FFPA) (GN-2605-5, par. 4.14-4.15), goods, works or services originating from or rendered by nationals from IDB non-member countries could be eligible for procurement activities, provided that the country of origin of the goods and the nationality of the suppliers, contractors and service providers is recognized as eligible by the EU under its applicable regulations. The European Commission publishes the list of eligible countries (or any updates thereto) as an annex to the Practical Guide to Contract Procedures for EU External Actions (PRAG). The 2020 EU-IDB Framework Agreement further provides that the retention period of project documentation required for executing agencies and the Bank will be five years and that procurement contracts cannot be awarded to entities, individuals, or groups of individuals subject to restrictive measures, under the EU Sanctions List.
- 4.5 **Monitoring Coordination.** The Bank will convene a bi-annual (or more as deemed necessary) Strategic Monitoring Committee (SMC), in which the IDB and the EU (including EU Delegations in the region) will discuss the project's progress. The Bank

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<sup>15</sup> The project management unit, created in 2021, currently executes IDB loan [4989/OC-EC](#), [4989/OC-EC-1](#), [4989/OC-EC-2](#) and has a general coordinator, a financial specialist, two procurement specialists, four technical specialists (in mining and environmental and social affairs), and a monitoring analyst, all working full time on program execution, paid for with IDB loan proceeds. The main functions of the unit are to: (i) plan the execution of activities; (ii) prepare, implement, and update the project management tools: multiyear execution plan, procurement plan, annual work plan, and progress monitoring report; (iii) supervise execution and submit status reports; (iv) prepare terms of reference, bidding and procurement of goods, and selection and contracting of services; (v) present justifications and disbursement requests to the Bank; (vi) submit the audited financial statements; (vii) prepare the program evaluation; and (viii) coordinate activities at the government level that are needed for program execution. IIGE will be responsible for commissioning the evaluation and audits for this component of the program to the IDB. IIGE will be responsible for commissioning the evaluation and audits for this component of the program to the IDB. It is important to note that, as of today, IIGE has successfully complied with all projected activities as defined in the procurement plan.

will be responsible for generating and compiling all required reports on the progress of activities, budget allocation, and annual plans; inviting SMC members and indicating the issues to be addressed during the meeting; and drafting minutes, which will contain agreements reached during the session, their contents, the opinions presented, etc. Every year during the implementation of the program, the Bank will produce an Annual Operation Plan (AOP), which will detail the progress and execution of activities including goals, results, and budget and implementation schedule for the year ahead.

## **V. Major issues**

- 5.1 The risk assessment carried out has identified three implementation risks and defined mitigation risks for each. First is that findings and policy recommendations are not adopted by policymakers and practitioners. To that end, the project team will work closely with partners, policymakers, and stakeholders in all phases of the project to ensure findings resonate with policymaker's needs and priorities – leveraging the voices of sector stakeholders such as industry and civil society to generate constructive debate and promote consensus-based actions. In the case of Ecuador, activities under the investment loan currently in execution contribute to policymakers' involvement and adoption of the proposed policies, guidelines, and practices put forth by this project, thus reducing the risks. Additionally, the project will establish direct links with ongoing and prospective IDB Group investment operations, providing a more robust framework for policy and project sustainability and knowledge mainstreaming, thus strengthening the enabling conditions that reduce risks for private sector investments. Sector assessments and policy support provided by this project will contribute technical inputs for project design by BID Invest, and support identification of potential issues to strengthen policy-based and results-based lending operations, as well as investment operations by IDB in beneficiary countries.
- 5.2 A second implementation risk is that there may be delays in program execution because of political changes in host countries and/or limited availability of technical personnel in sector institutions, especially sub-nationally. This risk will be partially mitigated by ensuring technical assistance activities are aligned with agreed-upon action plans and policy goals in beneficiary countries, and through direct support to enhancing institutional capacity as part of the project's core activities, through standardized protocols, support to enhance administrative procedures and training of local staff.
- 5.3 A third implementation risk is scarcity and quality of reliable data and information. In this regard, the team will leverage IDB's relationship with governments and stakeholders in LAC to facilitate access to information. Project partners will engage with data collection agencies, civil society organizations, and relevant private firms to achieve its goals.
- 5.4 The team has further identified the following political, economic, and social risks associated with this TC: (i) political uncertainty and/or change in government priorities affect relevance of activities. To manage this, the project team will ensure that all beneficiary countries assign focal points with technical training, who may be more likely to overcome political cycles and will establish regular meetings and validation meetings, which will include private and public sector partners for implementation to ensure continuity in the initiatives; (ii) macroeconomic volatility in beneficiary countries remains a high and, in this sense, this risk will be mitigated through close engagement with Economy and Finance Ministries, and relevant counterparts, to ensure that planned activities are maintained; and (iii) mining sector protests and reclamations from civil society players can affect the project and, in this regard, the project team will ensure that

activities and interventions are adequately shared with relevant stakeholders, and that, when possible and/or applicable, participatory processes are implemented for consensus on priority actions. The project is not expected to generate or trigger conflicts, and rather to mitigate potential sector conflicts through promoting more responsible sector practices and accountability among stakeholders.

## **VI. Exceptions to Bank policy**

6.1 N/A

## **VII. Environmental and Social Aspects**

- 7.1 This TC is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF)<sup>16</sup>.

### **Required Annexes:**

- Annex I - Results Matrix
- Annex II - Procurement Plan

### **Required Electronic Links:**

- REL#1 - [Request from the Client](#)
- REL#2 - [Terms of Reference](#)

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<sup>16</sup> See paragraph 2.10.