

# Terms of Reference:

## Global study on governance risks in critical minerals value chains

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The Extractive Industries Transparency Initiative (EITI) is seeking a consultant to produce a study assessing governance opportunities and challenges in critical minerals value chains.

### 1. Background

The [EITI](#) is a global standard that promotes transparency and accountability in the oil, gas and mining sectors. Each member country works to implement the [EITI Standard](#), which requires a multi-stakeholder group (MSG) to oversee the EITI process and publish timely, relevant, and comprehensive data and information on the extractive industries. EITI disclosures include beneficial ownership information; contracts; exploration, production, export and revenue statistics; and social and environmental data.

The shift to a decarbonised global economy will reshape the mining industry. The technologies underpinning the energy transition – such as solar panels, wind turbines and electric vehicles – are highly minerals intensive. As a result, the energy transition is anticipated to result in a major increase in global demand for minerals. According to [estimates](#) by the International Energy Agency, efforts to limit global temperature increases in line with the commitments of the Paris Agreement, could require a fourfold increase in the supply of minerals for clean energy technologies. While the exact demand trajectories of specific minerals will be uneven and volatile, there is broad consensus that efforts to tackle climate change will require a significant uptick in mining investment.

For governments and citizens in countries producing the minerals that are essential for low-carbon technologies – often referred to as “critical minerals” – this presents important opportunities. A rise in demand could result in more government revenues, employment and community investments by mining companies.

However, the experience of past mining booms suggests that this also entails risks. [Analysis](#) by the International Institute for Sustainable Development has shown that a substantial percentage of the minerals required for low-carbon technologies are in jurisdictions with high measures of fragility and corruption. [Research](#) published in Nature Communications suggests that many of these minerals are located in environmentally and socially sensitive areas. Without safeguards, the rise in demand for critical minerals could drive economic mismanagement, corruption, environmental damage and violations of the rights of communities.

Within this context, the EITI has a pivotal role to play in advancing transparent and accountable resource governance. According to a 2021 [policy brief](#), the EITI has the potential to provide the data needed for forward-looking analysis, can underpin dialogue on policy responses and can inform public debate on the governance of critical minerals. At the same time, considerations

around how to adapt the EITI's approach, such as ensuring more timely disclosures, could further increase the initiative's impact within the context of the energy transition.

The EITI Secretariat, with support from USAID, is now commissioning a report that will strengthen understanding of critical minerals value chains and associated opportunities and challenges for the sector's governance.

## 2. Objectives

The study is expected to:

1. Provide a high-level overview of global value chains for critical minerals from production to end use, and build an understanding of the relationship between global energy transition objectives and growing minerals demand;
2. Identify key governance risks and opportunities in critical minerals value chains and explain how demand dynamics related to the energy transition could reshape these;
3. Develop recommendations for how to use the 2019 EITI Standard, EITI processes and disclosures to strengthen the governance of critical minerals value chains. The Consultant is encouraged to draw on the OECD Due Diligence Guidelines for Responsible Mineral Supply Chains and explore the possibility for linkages with the EITI Standard.

## 3. Scope of assignment

The study should include the following:

- An executive summary, which summarises the study's key findings and recommendations in a concise and compelling manner
- An introduction providing:
  - Brief definition of critical minerals
  - Explanation of the relevance of critical minerals to the energy transition, including an overview of the technologies they are used in
  - Overview of anticipated demand trajectories for critical minerals and discussion of any potential mismatch between global energy transition objectives and current production levels
- High-level mapping of global value chains for selected critical minerals from production to end use, drawing on existing literature and data. The selection of minerals for this part of the report should focus on minerals that have particularly strong anticipated demand trajectories from low-carbon technologies and for which EITI implementing countries account for a significant proportion of production. The section should provide information on:
  - Key locations for production and reserves (distinguishing between large-scale production and artisanal and small-scale mining where possible); mid- and downstream processing and manufacturing (including the role of refiners where key mine sites are not vertically integrated); and consumer countries.

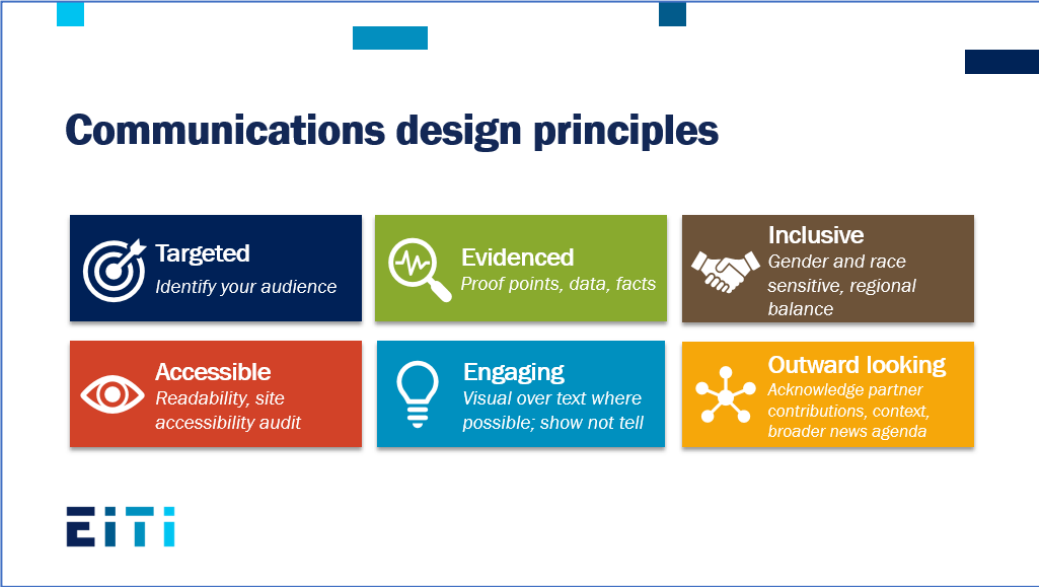
- Volumes and values of the selected minerals in the global trade, including volumes and values for main producer and importing countries.
- Key industry actors involved in the mining, processing and trading of selected minerals, including mining companies, state-owned enterprises, commodity traders, and mid- and downstream companies.
- Identification of any major data gaps related to the points above.
- Identification of governance risks and opportunities in critical minerals value chains and analysis of how demand trajectories related to the energy transition are anticipated to shape these dynamics. This section should represent the core of the report's analysis. The discussion should be grounded in existing literature on critical minerals as well as the perspectives and experiences of stakeholders interviewed as part of the research process. The analysis should focus on specific trends related to critical minerals (rather than generic resource governance considerations) and draw on real-world examples as much as possible. Issues to consider include, but are not limited to, governance and corruption issues related to:
  - Licensing and contracting
  - Fiscal frameworks and revenue collection, including issues related to the division of payments between different revenue collection authorities and levels of government; special tax regimes for minerals considered strategic; and modalities of payments, such as requirements around in-kind payments
  - Revenue management and resource dependency
  - Environmental and social impacts, including issues related to gender, if applicable
  - State participation, domestic processing and local content
  - Commodity trading
  - Artisanal and small-scale mining
  - Geopolitical and conflict dimensions
- Overview of key best practice and disclosure standards and initiatives related to the governance of critical minerals and a high-level assessment of their relationship and relevance to the EITI Standard.
- Discussion of the extent to which EITI disclosures could help to understand and address the heightened governance and corruption risks specific to critical minerals value chains beyond or in addition to traditional governance risks for minerals. This should include case studies of instances where EITI disclosures have been used successfully and discussion of areas where existing disclosures are not yet being analysed and used to their full potential. The study should also identify specific gaps in the EITI Standard's relevance on these issues.
- Recommendations, including:
  - Options for how to use existing EITI disclosure requirements and processes to address heightened governance and corruption challenges specific to critical minerals value chains.

- Options for strengthening the initiative's relevance on critical minerals, including potentially through collaboration with other organisations and initiatives as well as potential revisions to the EITI Standard.
- Bibliography

As part of the scope of the assignment, the consultant is expected to perform the following tasks:

- a. Prepare and submit an inception note containing a high-level outline of the report structure (including estimates for the length of each report section) and a description of the proposed approach and research methodology, including a justification for the minerals selected for the value chain mapping exercise (based on considerations related to demand trajectories and relevance to EITI implementing countries), a detailed project timeline, proposed interviewees and an initial bibliography of materials to be reviewed;
- b. Perform a desk review of relevant literature and sector data, including existing reporting from EITI countries that produce critical minerals;
- c. Conduct research interviews and/or focus group discussions;
- d. Submit and present a draft report to the EITI International Secretariat;
- d. Incorporate EITI feedback on the draft report and submit a final version to the EITI International Secretariat, alongside all data and materials used to inform the study;
- e. Provide inputs on the finalisation of the report prior to publication;
- f. Participate in a series of meetings with EITI stakeholders and partners to present the study's findings;
- f. Cover all relevant costs incurred in the conduct of the study;
- g. Perform other tasks related to those outlined in these Terms of Reference (ToR) necessary to complete the study.

The report will be a public-facing document, to be published through EITI International Secretariat channels including its website. The report is therefore expected to conform to the communications design principles of the International Secretariat, see below.



The final report draft to be produced by the consultant will be laid out in a plain Word template. Once edited by the EITI International Secretariat communications team, typesetting, design and translation will be commissioned and will most likely be undertaken by an external service provider. The final designed report will be produced on an EITI-branded template. In the first and final draft, the consultant should make suggestions for visual components (e.g., infographics and diagrams) which can be used in design of the final document. The report should be written in a clear and engaging manner and in line with the [style guide](#) of the International Secretariat.

The final document will acknowledge the consultant as author but will be a communications product of the International Secretariat. The report is funded by USAID and the final document will acknowledge this support. The International Secretariat will take responsibility for meeting the branding requirements of USAID in respect of the final report.

**4. Deliverables and timing**

The proposed schedule for this assignment is set out below:

Prepare inception note for submission to the EITI International Secretariat	Within two weeks of signature of the contract
Review literature and data as set out in the scope of assignment section	May-June 2022
Conduct interviews and/or focus group discussions with relevant stakeholders	May-June 2022

Deliver first draft of the report	June 2022
Iterations of draft report in coordination with EITI Secretariat	July 2022
Deliver final draft of report and all data gathered from research and interviews	July 2022
Review typeset versions for accuracy	August 2022
Participate in report launch and other presentations as may be agreed with the EITI Secretariat	August-September 2022

## 5. Consultant's qualifications

The consultant should be a prominent firm, organisation or individual(s) that the EITI International Secretariat considers to be credible, trustworthy and technically competent.

### The consultant must demonstrate:

- Knowledge of the critical minerals sector. Experience analysing value chains, trade flows and production data in the sector is an advantage;
- Experience identifying and analysing governance and corruption risks in the mining sector. Understanding of the specific governance and corruption risks associated with the anticipated rise in demand for critical minerals in the context of the energy transition is an advantage;
- Established networks among government, industry, civil society and other relevant stakeholders working on issues related to critical minerals at the global and country level. Demonstrated experience and contacts in EITI implementing countries is an advantage;
- Understanding of key best practice frameworks, standards and initiatives related to governance of the critical minerals sector;
- Familiarity with EITI Requirements and processes;
- Excellent written communication skills, including a track record producing high-quality publications on natural resource governance issues;
- Excellent oral communication skills, including the ability to present findings of the study to various types of stakeholders. Proficiency in French, Russian or Spanish is an advantage;
- Prior working experience of EITI and knowledge of the extractive sector.

To ensure quality and independence in the undertaking, the consultant must, in their technical and financial proposals, disclose any potential or actual conflicts of interest, together with a comment about how they may be avoided.

## **6. Administrative support**

The International Secretariat will provide the following support to the project:

- Regular oversight and input to the development of the report, through calls and email exchanges;
- Necessary background information and input as needed;
- Document editing, typeset, design and translation as required;
- Any other support required for the project.

## **7. Contractual procedure and proposal deadline**

A consultant will be selected following a quality and cost-based selection procedure. The consultant should submit:

- A **Technical Proposal**, outlining: (a) the experience of the consultant(s), (b) the proposed methodology and work plan in response to the ToR, including the number of Consultant days required to complete each component of the work plan, and (c) the key experts' qualifications and competence. The Technical Proposal should not include any financial information. Technical proposals containing material financial information shall be declared non-responsive.
- A **Financial Proposal**, clearly indicating a lump sum financial proposal of all associated costs, including applicable taxes. The daily rate for consultant fees should be clearly indicated. The Financial Proposal should be sent as a password protected PDF file. The passwords should not be sent – open financial proposals will result in disqualification. The passwords will be requested following the assessment of the technical proposals.

Proposals must be delivered by email to [skasimova@eiti.org](mailto:skasimova@eiti.org) by 21 April 2022.

**All questions related to the project, its timeline and deliverables should be submitted to [skasimova@eiti.org](mailto:skasimova@eiti.org) by no later than 14 April 2022. Answers to these questions will be made available on the EITI website.**

The criteria for assessing the technical proposals will be based on:

- Experience of the consultant relevant to the assignment,
- Adequacy and quality of the proposed methodology and work plan in responding to the ToR, and

- Key experts' qualifications and competence based on the qualification requirements (see section 5 above).

The weighting assigned to the technical proposal (T) and the financial proposal (P) is as follows:

T = 80 %

P = 20 %

Proposals will be ranked according to their combined technical (St) and financial (Sf) scores, using the weights [T = weight given to the technical proposal; P = weight given to the financial proposal; T + P = 1] as follows:  $S = St \times T\% + Sf \times D\%$ .

Contract negotiations will be initiated with the firm or team of consultants with the highest score. If these negotiations fail, a new contract negotiation will be initiated with the firm with the second highest score.

The format of the technical proposal should be as follows:

Section	Content	Length (maximum)	Rationale
1	Cover letter	1 page	Submitted by lead organisation
2	Disclosure of potential conflict of interest (if applicable)	1 page per incident	Disclosure of any conflict of interest for both the organisation and each individual involved in the assignment
3	Consultant's organization and experience	3 pages	Description of the background of your organisation relevant to this task, including your organisation's knowledge, skills and experience with similar tasks. Please include concrete examples of past work related to this assignment.
4	Comments on the terms of reference	1 page	Present and justify any modifications to the Terms of Reference your organisation would like to propose in order to perform the assignment more effectively.
5	Description of approach and methodology	6 pages	Describe in detail your proposed approach and methodology
6	Team composition and task assignments	2 pages	Please provide a brief description of each team member, affiliation to the organisation and a statement of how team members complement each other to meet the knowledge and skills needs of the assignment.



7	CVs of team members	2 pages per CV	
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#### Reference Material

1. 2019 EITI Standard <https://eiti.org/document/eiti-standard-2019>
2. The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the Extractive Industries Transparency Initiative Standard <https://mneguidelines.oecd.org/promoting-policy-coherence-between-the-oecd-and-eiti.pdf>
3. OECD Due Diligence Guidance for Responsible Mineral Supply Chains <https://www.oecd.org/corporate/mne/GuidanceEdition2.pdf>