# **Description: Description: Description: Description: cid:image006.png@01CCAF3A.85AFB2B0Terms of Reference**

## **Gearing the Rwandan Mining Sector for Sustainable Development: A comprehensive approach for structural transformation**

**Background**

Rwanda’s extractive sector is characterized by small scale operations and high intensity of workforce for extraction. Rwanda has no mining operations that could be defined as medium or large by international standards – with cumulative investment over USD250 million or USD750 million respectively[[1]](#footnote-1). Only a small number of companies is financed through foreign direct investment and the overall credit access to the sector is low[[2]](#footnote-2). Undercapitalization also implies a low level of mechanization and the mining operations cannot be classified as semi-industrial[[3]](#footnote-3). The prevalence of artisanal forms of mining implies that the sector is labour intensive and offers significant off-farm employment opportunities with a low qualification threshold for unskilled miners. Yet, these operate mostly informally and are not integrated in the existing social safety nets[[4]](#footnote-4).

Mining and Quarrying contributed to less than 2 percent of Gross Domestic Product in Rwanda over the last decade while it grew on average by 19 percent during 2000-2016[[5]](#footnote-5). Over the past five years, the sector contributed on average to 26.4 percent of the total export value[[6]](#footnote-6). Yet, its contribution to Rwanda’s overall growth has only been averaging to 0.2 percent during the same period, a performance that suggests the presence of margins for improvement.

The major mineral exports from Rwanda are tin, tantalum and tungsten (3T minerals). Exports from these minerals generated US$373.4 million in 2017, with traceability of origin. A variety of gemstones are also produced including beryl (Aquamarine), Amblygonite, Corundum (Ruby) and sapphire, Tourmalines and different types of Quartz. The industrial minerals include silica sands, kaolin, vermiculite, diatomite, clays, limestone, talcum, gypsum and pozzolan. Construction materials and dimension stones are also widely available.

**Objective of the assignment**

The purpose of this study is to assess the prerequisites for the structural transformation of the mining sector in line with the Economic Transformation Pillar of the National Strategy for Transformation 2018-2024 (NST1) and the African Mining Vision (AMV). The study will therefore deliver a comprehensive analysis of the present situation in the sector, focusing in those areas of major interest highlighted by the NST1 and the AMV as well as providing not only up to date information to all the actors involved, but also helping to rationalize and mainstream the efforts to achieve the strategic objectives as laid down by GoR.

The study will be broadly guided by UNDP’s approach to the mining sector which shows its link to 11 out of the 17 Sustainable Development Goals[[7]](#footnote-7) as well as by the joint UNDP-MINECOFIN concept note Within this framework, the study will aim to cover the knowledge gaps including enabling environment -appropriate fiscal regime and access to finance, skills gaps. The study will cover Tin, Tantalum and Tungsten (3-Ts) as well as non-3-T minerals such as industrial minerals, construction materials and dimension stones.

**Expected Outputs and deliverables**

The consulting firm is expected to undertake the following specific tasks:

* Review and map the existing situation of the mining sector in Rwanda. Among others it will cover:
1. Assess the possibilities for broadening the current mineral portfolio to include development minerals; such as industrial minerals, construction minerals, dimension stones and semi-precious stones.
2. Assess the potential of the Rwandan mining industry in terms of developing economies of scale, improve value addition and tap into regional and international markets:
	* Identifying some specific industrial minerals showing potential in terms of value addition and market development for Rwanda to invest on;
	* Assessing the possibility of obtaining economies of scale and scope, it will be worth exploring if the value additional and processing can be integrated with the special economic zone areas such as the industrial parks, along the lines of the country’s Industrial Strategy;
	* Understanding the national and regional markets for mining and quarrying related goods and assess their competitiveness and existing opportunities for innovation and product diversification, in the framework of the East-African community and of Africa at large.
3. Assess the skills gap to be covered to fulfill the potential of the Rwandan mining industry as identified above.
4. Establish the potential for technology acquisition and diffusion in the mineral sector to support the upgrading from small scale to medium and large-scale mining.
5. Assess the enabling environment, encompassing the policy and legislative framework, the current institutional coordination mechanism, the available incentive package and geological knowledge. Among others specifically analyze in depth the following areas:
	* The availability and accessibility of adequate finance to support the development of the mining sector in Rwanda.
	* The policy and legislative framework: assessing whether the exiting enabling environment supports scaling up in mineral production, value addition and exports will be highly relevant for policy making;
	* The incentive package: assessing the ongoing fiscal and non-fiscal incentives and whether they are conductive to the development of value addition in mining;
	* Cross-institutional coordination challenges;
	* The geological knowledge: assessing the availability and the quality of accessible geological data and public geological information system in Prospective Target Areas.
	* The perspective impact of the structural transformation in the mining sector on the Rwandan economy and on its public finances: through a scenario modelling and forecasting exercise establish the potential gains of investing in the mining sector, on given minerals and under different conditions (demand, price, fiscal structure etc.).
6. The perspective social and environmental impact of the structural transformation in the mining sector in Rwanda.
	* Assess the extent to which mining is benefiting the most vulnerable for example, the poor, youth and women.
	* Assess the extent to which mining sector is being developed in a social responsibly way.
	* Assess and establish the adequacy of the legal and institutional frameworks for environmental responsible development of the sector.
* After taking stock of the situation in each of the said areas and based on the update information and analysis, the study will define feasible policy options for the GoR to guide the structural transformation in the mining sector in line with the NST1.

***Deliverables***

1. An inception report within 2 weeks after the contract is signed, highlighting the consulting firm’s understanding of the assignment and proposing general approach and methodology;
2. A first draft report presenting the preliminary findings, within 8 weeks from the contract signature;
3. A final draft report for validation upon approval of the previous draft to be delivered 11 weeks from the contract signature.
4. A high-level workshop to disseminate the results of the final report – 12 weeks from the contract signature.

All reports shall be in English and presented in 2 hard copies including a soft version.

**Institutional Arrangement**

The report will be produced under the overall guidance of the GoR. A team of technical experts under the leadership of MINECOFIN will be established to oversee the production of the report. The team will provide quality assurance service during the preparation of the report. UNDP CO and UNDP Regional Service Centre will provide both technical and financial support in the production of this report. GoR and UNDP will arrange a high-level validation workshop upon submission of an acceptable final draft to wider stakeholders for their feedback. The core technical team will be established by MINECOFIN and other team members will be added as needed during the preparation of the report.

**Time Schedule**

The assignment is expected to last for a maximum of three months (90 calendar days).

**Qualifications of the successful contractor**

***Profile of the Firm***

a) The consultancy firm should demonstrate rich experience in provision of similar policy advisory services to governments of emerging countries pertaining to the management of mineral and natural resources.

b) The firm should demonstrate ten years’ experience in similar assignments (management of natural resources, value addition in the mining sector, enabling environment, revenue forecasting and mobilization, environmental and social impact assessments etc.) by presenting relevant references.

c) The firm should demonstrate availability of appropriate skills to undertake the assignment.

***Profile of the Experts***

Given the diversity of issues to be investigated and the variety of expertise required; a team made up of at least three experts shall be recruited to undertake the study. The experts include: i) mining and development expert with a focus on value addition; ii) policy economist with a focus on mining sector and enabling environment including fiscal contributions; and iii) environmental and social safeguards expert with profound expertise in mining sector.

*Team Leader - Mining and development expert*

An international consultant with at least master’s degree in one of the relevant areas (management of mineral resources, macroeconomics and development economics) with over 10 years’ experience in management of natural resources in developing countries, in particular focusing on the development of the value chain and increase of value addition in the mining sector. He or she must have conducted or participated in at least three similar projects. Experience in the East and central African region is an advantage. In addition, he or she should possess the following key skills:

* Experience in implementation, overhaul or reform of legal frameworks in the mining sector;
* Possess excellent understanding of macroeconomy;
* Experience in the implementation sector wide reforms in developing countries;
* Experience as a team leader;
* Excellent ability to write and synthesize information.

*Policy economist*

An international consultant with at least a master’s degree in economics or other area relevant to the study with over 10 years’ experience in the design, analysis and implementation of sectoral policy frameworks, in particular fiscal frameworks. An experience in developing countries is an asset. In addition, he or she should possess the following key skills:

* Experience in implementation, overhaul or reform of regulatory frameworks in the mining sector;
* Experience in enabling environment for mining sector including financing and incentives
* Experience in revenue mobilization;
* Excellent understanding of the macroeconomy;
* Excellent ability to write and synthesize information.

*Environmental and social safeguards expert*

International expert with a master’s degree in an area relevant to the study and over 10 years’ experience in the design or reform of social and environmental responsibility frameworks in the area of natural resources management. Previous experience in the Rwandan context is an asset. In addition to these qualifications, the expert should possess the following key skills:

* Experience in the implementation and assessment of environmental and social safeguards in the mining sector in developing countries;
* Experience in implementing social responsible sector development plans;
* Excellent ability to write and synthesize information.

***Selection criteria***

|  |  |  |
| --- | --- | --- |
| **Technical criteria**  | **Weight** | **Max. point** |
| **Profile of the Firm** | **20%** | **20** |
| **Team leader** | **20%** | **20** |
| 10 years’ experience in natural resources economy with track records of work in developing countries | 10% | 10 |
| * Experience in implementation, overhaul or reform of legal frameworks in the mining sector;
* Possess experience in value addition
* Possess excellent understanding of macroeconomy;
* Experience in the implementation sector wide reforms in developing countries;
 | 10% | 10 |
| **Policy Economist** | **15%** | **15** |
| 10 years’ experience in the design, analysis and implementation of sectoral policy frameworks including enabling environment for mining sector including financing and incentives as well as revenue mobilization. | 15 | 15 |
| **Environmental and social safeguards expert**  | **15%** | **15** |
| 10 years’ experience in the implementation and assessment of environmental and social safeguards in the mining sector in developing countries. | 15 | 15 |
| **Methodology** | **30%** | **30** |
| Overall Methodology (Clear understanding of the ToR; Clear conceptual framework [implementation approach to the study: Sampling technics, sample size, data collection technics and tools to be used, data processing and reporting; quality assurance throughout) Clear implementation/ rollout plan using deliverables as milestones.  | 30% | 30 |
| **Total**  | **100%** | **100** |

**Scope of Price Proposal and Schedule of Payments**

The financial offer shall indicate the lump sum amount (all-inclusive). The indicated amount will not be subject to any revision, regardless of changes in the cost components. Daily Subsistence Allowance (DSA) shall be calculated based on the United Nations DSA rates prevailing at the time of the drafting of the proposal, for Kigali.

The payment schedule shall be linked to the deliverables, as follows:

|  |  |  |
| --- | --- | --- |
| **Deliverable** | **Percentage of the total lump sum amount** | **Payment conditions** |
| Inception report | 25% | Upon acceptance by UNDP and MINECOFIN |
| First draft final report  | 30% | Upon acceptance by UNDP and MINECOFIN |
| Final draft for validation  | 35% | Upon acceptance by UNDP and MINECOFIN |
| Final report and workshop | 10% | Upon acceptance by UNDP and MINECOFIN |

**Facilities to be Provided to the Consultants**

MINECOFIN will ensure that information to conduct this study are shared with the consultants and will facilitate consultations/meetings (with stakeholders) that may be necessary.

**Key actors to be consulted on this assignment include:**

* MINECOFIN
* Rwanda Petroleum, Gas and Mining Board (RMB)
* RDB
* NISR
* RRA
* Rwanda Environment Management Agency (REMA)
* MINALOC
* Other key stakeholders

**Recommended Presentation of Offer**

The offer will have to include:

1. **A brief description** of the contractor’s experience in the of taxation and rural taxation, together with three relevant references for projects carried out in the last five (5) years:
2. **A methodology** **not more than 10 pages** explaining the approach that will be used by the contractor in drafting and delivering the study;
3. **Financial Proposal** that indicates the all-inclusive fixed total contract price, supported by a breakdown of costs.

**Criteria for Selection of the Best Offer**

The best offer will be selected using the Combined Scoring method – where the qualifications and methodology will be weighted a max. of 70%, and combined with the price offer which will be weighted a max of 30%.

**Approval**

**This TOR is approved by**: Alessandro Ramella Pezza

Signature

Name and Designation

Date of Signing

1. World Bank – Unearthing the Subsoil Mining and Its Contribution to National Development (2014) [↑](#footnote-ref-1)
2. BGR – Evaluation of the mining revenue stream and due diligence implementation costs (2014) [↑](#footnote-ref-2)
3. World Bank – Unearthing the Subsoil Mining and Its Contribution to National Development (2014) [↑](#footnote-ref-3)
4. BGR – Evaluation of the mining revenue stream and due diligence implementation costs (2014) [↑](#footnote-ref-4)
5. National Accounts data 2018 [↑](#footnote-ref-5)
6. BNR – National Accounts 2017 (2018) [↑](#footnote-ref-6)
7. UNDP, 2018. Managing mining for sustainable development – A sourcebook [↑](#footnote-ref-7)