



**CALL FOR PROPOSAL FOR A COMPARATIVE ANALYSIS OF THE FINANCIAL ASPECTS OF SEABED MINING  
AND LAND-BASED MINING**

**02 March 2020**

1. The International Seabed Authority (the Authority) is an autonomous international organization established under the United Nations Convention on the Law of the Sea of 10 December 1982 (the Convention) and the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea (the 1994 Agreement). The Authority is the organization through which States Parties to the Convention shall, in accordance with the Convention, organize and control activities in the Area, particularly with a view to administering the resources of the Area.
2. The Authority is seeking a consultant to undertake a comparative study in line with the scope of work in the Annex to the present call and invites proposals to be submitted via email to [ola@isa.org.jm](mailto:ola@isa.org.jm) on or before **6 April 2020**.
3. Proposals should not exceed 1,500 words and should thoroughly and sufficiently demonstrate the competence and expertise of the applicant to meet the requirements contained in the Annex. Proposals should equally reflect a clear methodology on the deliverables for the study as well as proposed costs. All proposals will be reviewed by a committee and the outcome will be communicated to applicants using the contact details provided.

## Annex

### Terms of reference

#### *For a consultancy to undertake a comparative analysis of the financial aspects of seabed mining and land-based mining*

### Background

1. The United Nations Convention on the Law of the Sea (the Convention) and the Agreement relating to the implementation of Part XI of the Convention (1994 Agreement) define the objectives and principles that should underpin the financial terms of contracts between the Authority and entities recognized under article 153, paragraph 2(b), of the Convention. In particular, Annex III, Article 13(1) of the states that the Authority shall, in adopting rules, regulations and procedures concerning the development and negotiation of financial terms of a contract be guided by a number of objectives, including ensuring optimum revenues for the Authority from the proceeds of commercial production; attracting investments and technology to the exploration and exploitation of the Area; ensuring equality of financial treatment and comparable financial obligations for contractors; and ensuring that contractors are not subsidized so as to be given an artificial competitive advantage with respect to land-based miners.
2. Section 8 of the 1994 Agreement sets out principles that shall form the basis for establishing rules, regulations and procedures for the financial terms of contracts. In particular, the system of payments to the Authority shall be fair both to the contractor and to the Authority and shall provide adequate means of determining compliance by the contractor with such system; and the rates of payments under the system of payments shall be within the range of those prevailing in respect of land-based mining of the same or similar minerals in order to avoid giving deep seabed miners an artificial competitive advantage or imposing on them a competitive disadvantage.
3. The Draft Regulations on Exploitation of Mineral Resources in the Area currently under development by the Authority (ISBA/25/C/WP.1), in Part VII, address the financial terms of an exploitation contract. In order to develop an appropriate payment mechanism that would fulfil the requirements of the Convention and the Part XI Agreement, the Council of the International Seabed Authority established an Open-Ended Working Group to further consider the development and negotiation of the financial terms of a contract. At its third meeting, the Working Group requested the secretariat to prepare a comparative study of seabed mining and land-based mining before the next meeting of the Working Group, expected to be held during the second part of the twenty-sixth session of the Authority in July 2020.

## **Scope of work**

4. The comparative analysis of seabed mining and land-based mining should focus on the financial aspects and include the identification of:

(a) The royalty rates;

(b) The taxable base in those jurisdictions representing the bulk of production for the same or similar minerals and/or ores, e.g., manganese, copper, cobalt and nickel;

(c) Any environmental levies; and

(d) Any administrative fees.

5. This study should identify the average royalty rate(s) and methodology to determine a taxable base that would neither advantage nor disadvantage the contractors of the Authority in relation to land-based producers.

6. The analysis should also consider the corporate income tax regimes of major land-based producer jurisdictions and draw a comparison with those of sponsoring States and other States that would be involved in the entire value chain of contractors of the Authority.

7. In order to allow for appropriate and reasonable comparisons, the study will focus on land-based mining of cobalt, copper, manganese and nickel. In this connection, the study should also compare the situation in ten different jurisdictions as a minimum.

## **Deliverables**

8. The consultant will be required to produce a report with a comparative analysis of seabed mining and land-based mining, focusing on the financial aspects and including the issues and parameters contained in paragraphs (4)-(7) above. The report shall be of no more than 20,000 words.

## **Timelines**

9. The work will be undertaken based on the following anticipated timelines:

a) Start date: upon signature of the contract

b) First drafts: 1 May 2020

c) Review of first drafts by Secretariat: 15 May 2020

d) Final study provided by the consultant: 1 June 2020

## **Modalities of work**

10. The work shall be performed at the consultant's home base. If necessary and bearing in mind travel restrictions due to the coronavirus outbreak, the consultant may be required to travel to Kingston, Jamaica, or meet remotely with ISA Secretariat staff on issues related to the deliverables. Where travel is deemed necessary, a round trip airline ticket (economy) as per prevailing ISA policies on official travel and DSA at the prevailing ICSC rates established on the travel days would be provided to the consultant.

11. The Secretariat will make reasonable and practical efforts to facilitate the production of timely, accurate and useful products by promptly responding to the consultant's queries and providing the necessary reference material as identified by the consultant where feasible.

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