



## Term of Reference

### The consultancy to develop Minimum Standard on Environmental, Social, and Governance (ESG) in Mineral Sector in Cambodia

#### Background

Cambodia's government views the mining sector as a potential economic growth source and continues encouraging investment in the sector. This view is underscored in the pentagonal strategy phase I of the 7th mandate legislature. Since the promulgation of the law on Mineral Resource Management Exploitation in 2001, the Ministry of Mines and Energy has granted exploration and exploitation permits to various national and international companies, especially in the northeastern provinces of Cambodia<sup>1</sup>.

The mining sector in Cambodia has provided potential positive impacts on the economy, employment, and infrastructure. However, it also poses negative consequences on the environment and surrounded communities, including chemical pollution, noise, dust, smoke, vibrations, waste products, water use, forest clearance, destruction of habitat, impacts on women, land encroachment, displacement, loss of income, violence and intimidation, breakdown of communities, and lack of transparency<sup>2</sup>. There is a significant concern about how the mining sector is operated to lessen the detrimental consequences for humans and the environment.

In Cambodia, we have seen a positive movement toward ESG principles in the textile, apparel, and footwear industries. However, the principles have been partly adopted in extractive industry by some companies, such as Renaissance Minerals (Cambodia) Ltd. (RNS), Angkor Gold, and Mesco Gold (NGOF 2023). The government has put in place legal frameworks relating to various aspects of ESG in terms of labor rights, health and safety, environmental protection, impact assessment, human rights, child rights, gender equity, and private corporate governance. However, there is no specific ESG guideline in the mining industry<sup>3</sup>. Oxfam's 2023 policy analysis of Cambodia's extractive industry sector provided an analysis of relevant provisions of national legislations and revealed significant social and environmental challenges. The study recommends the government adopting an Environmental Social and Governance Framework for accountable mining. A minimum standard shall be determined to set the benchmark for ESG practice in the mining industry.

To address the concerns, the concept of ESG is brought in. ESG<sup>4</sup> stands for Environmental, Social, and Governance, encompassing various dimensions approach to sustainable and responsible business practices. Environmental centers around businesses' impact on the environment,

<sup>1</sup> <https://www.khmertimeskh.com/50968897/cambodia-grants-gold-mining-licenses-to-seven-companies-in-five-provinces/>

<sup>2</sup> DPA & BABC (2012) A community guide to mining impacts, right and action

<sup>3</sup> NGOF (2023) Environmental, Social and Governance (ESG) practices of gold mining industry in Cambodia.

<sup>4</sup> <https://aquariibd.com/esg-in-cambodia-level-of-awareness-and-adoption/>

including river pollution, forest destruction, waste generation, and climate change mitigation. Social involves interactions with people and communities, emphasizing diversity, inclusivity, and responsible workplace policies. Governance focuses on internal governance, ethical decision-making, legal compliance, and responsiveness to stakeholders. Developing a comprehensive ESG framework for investments in the mineral sector is extremely significant to Cambodia, as it will strike the right balance between environmental and social development and economic growth to ensure the investments contribute to sustainable and responsible development.

The Development and Partnership in Action (DPA) is going to develop a minimum ESG standard for the Cambodian mineral sector, focusing on ethics, governance, community rights (IP and women's rights in particular), and the environment, and will present the standards and policy recommendations to the Ministry of Mines and Energy (MME) and the Ministry of Environment (MoE) to be integrated into the national regulation. Furthermore, DPA plans to introduce and pilot the minimum standard with the mining companies in the project's target areas.

The Development and Partnership in Action (DPA) is a well-established Cambodian non-governmental organization (NGO) with a strong track record in natural resources management, climate change resilience, food security, and livelihood initiatives. DPA has expertise in Corporate Social Responsibility (CSR) and private sector engagement, scrutinizing the EIA process in the mining industry in Cambodia. DPA is currently implementing the EU-funded project "Strengthening Accountable Business Practices through Respect and Engagement (SABRE)" to reduce corporate human rights violations in the mining industry in Cambodia.

**Overall Objective:** To develop a minimum standard on Environmental, Social, and Governance (ESG) in Mineral Sector in Cambodia.

1. To clearly identify the specific issues concerning environmental, social, and governance in the mining industry in Cambodia and existing practices of mining companies to mitigate the issues.
2. To develop ESG standard by providing a clear actionable guideline and indicators that adhere to the existing national regulations and international standards.

### **Scope of work**

The assignment focuses on the mining industry in Cambodia by taking into account the environmental, social, and governance principles. The final deliverable of the assignment is the minimum standard of ESG that will list down actionable activities to improve the performance of the mining companies that are operating in Cambodia in the areas of environmental, social, and governance. The minimum standard includes activities and minimum required measurable indicators. These indicators could be utilized to assess the performance of mining companies in terms of ESG compliance in Cambodia.

The assignment requires a literature review of relevant existing resources (Oxfam’s 2023 policy analysis of Cambodia’s extractive industry sector and other relevant resources) and a qualitative interview with relevant stakeholders, including affected communities, mining companies, and relevant ministries (MME, MEF, and MoE). The consultant will be required to present the product to relevant stakeholders during consultation and dissemination workshops. The assignment would take up to 60 days, including research design, data collection, and development. However, the extension would be considered upon available time.

### **Output Deliverables**

1. The inception report, which consists of methodology, workplan **to deliver output deliverables**, and budget, is submitted to DPA for approval before commencing the field work.
2. The draft minimum standard of ESG in the extractive industry in Cambodia shall address all stages of mining industry including exploration, extraction and mine closure and rehabilitation that aligns with national guidelines and internationally recognized standards.
3. Present the draft minimum standard to EISEI network, NGO Coalition on EI, and other relevant stakeholders to collect comment and feedback in a validation workshop organized by DPA.
4. Submit the final minimum standard to DPA management and EISEI Steering Committee.
5. Present the final minimum standard in a dissemination workshop organized by DPA.

### **Methodology**

The interested consultant is required to propose a methodology to address the objective of the assignment and scope of work. Explain clearly how to deliver the expected outputs/output deliverables.

### **Timelines**

An interested consultant will be required to conduct this assignment in 18 days between November-December 2024. The deliverables shall be made within the given timeframe.

- Submit the inception report by November 10, 2024.
- Submit the first drafted ESG standard (Khmer version) by December 10, 2024.
- Present the draft ESG standard to stakeholders in the validation workshop on 20 December 2024.
- Submit the final ESG standard (English and Khmer) by December 26, 2024.
- Present the final ESG standard to stakeholders in the workshop organized by DPA (date to be confirmed).

### **Requirements**

An interested organization or consultant shall have:

- Master degree in the fields of social science, environment, agriculture, law, and related fields, with a minimum of 10 years of experience in research or a related field.
- Experience in policy or guideline development is highly preferable.
- Qualifications and relevant experience with similar assignments are highly preferable.
- In-depth knowledge of the extractive industry in Cambodia.
- Fluent English writing and presentation skills (Khmer language skills are desirable).

### **How to apply**

DPA requests an expression of interest from individuals or organizations (consulting firms) with the experience and skills described above. The expression of interest shall include the following:

- A cover letter describing how the skills and competencies mentioned above are met.
- Curriculum vitae of consultant and team members.
- A technical proposal includes a division of work concerning methodology, a detailed budget (consultant fee, DSA, accommodation, and transportation) and a proper work plan.
- Two samples of a similar guideline or standard
- Submit the technical proposal and other requirements to **Ms. Sok Sinuon, DPA Procurement and Admin Officer** [sok.sinuon@dpacam.org](mailto:sok.sinuon@dpacam.org) or house #3, Street 323, Sangkat Boeung Kak II, Khan Toul Kork by October 31, 2024, by 5:00 p.m.