Making Extractives Work for Latin America

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Extractive Sector Initiative
March 2017

Reserves: Metals and Minerals

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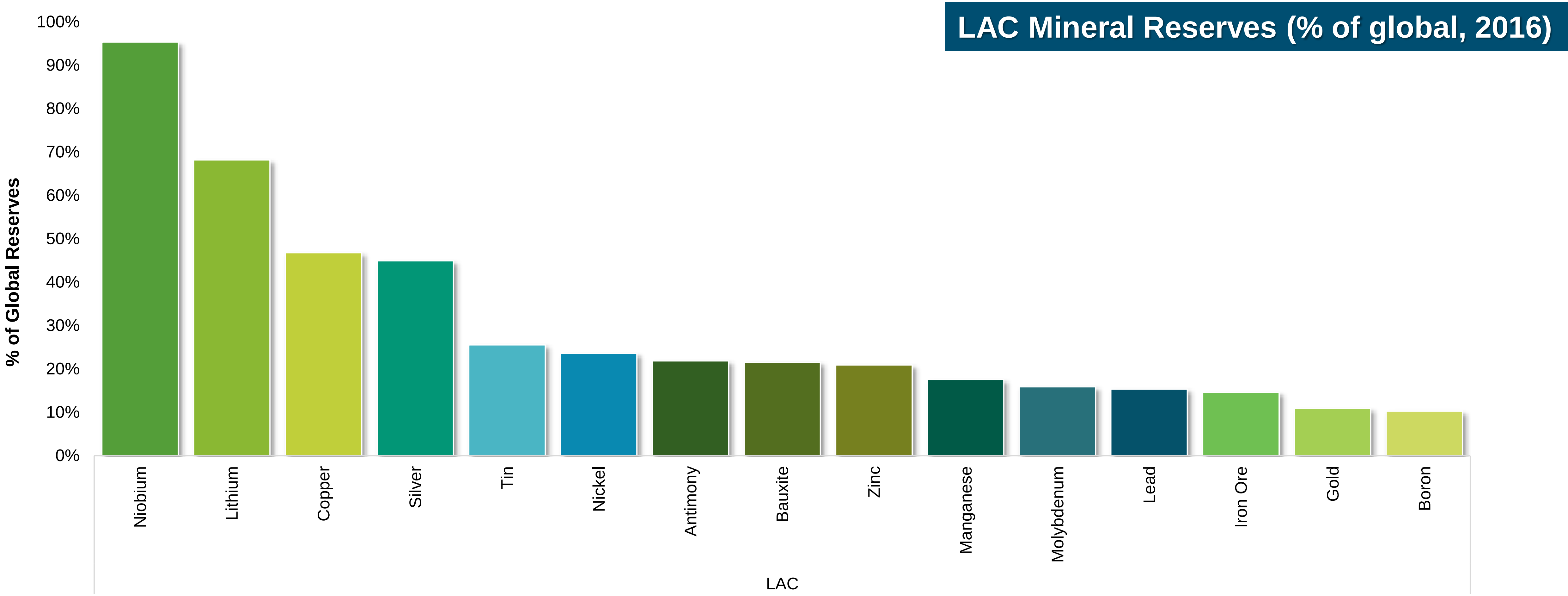


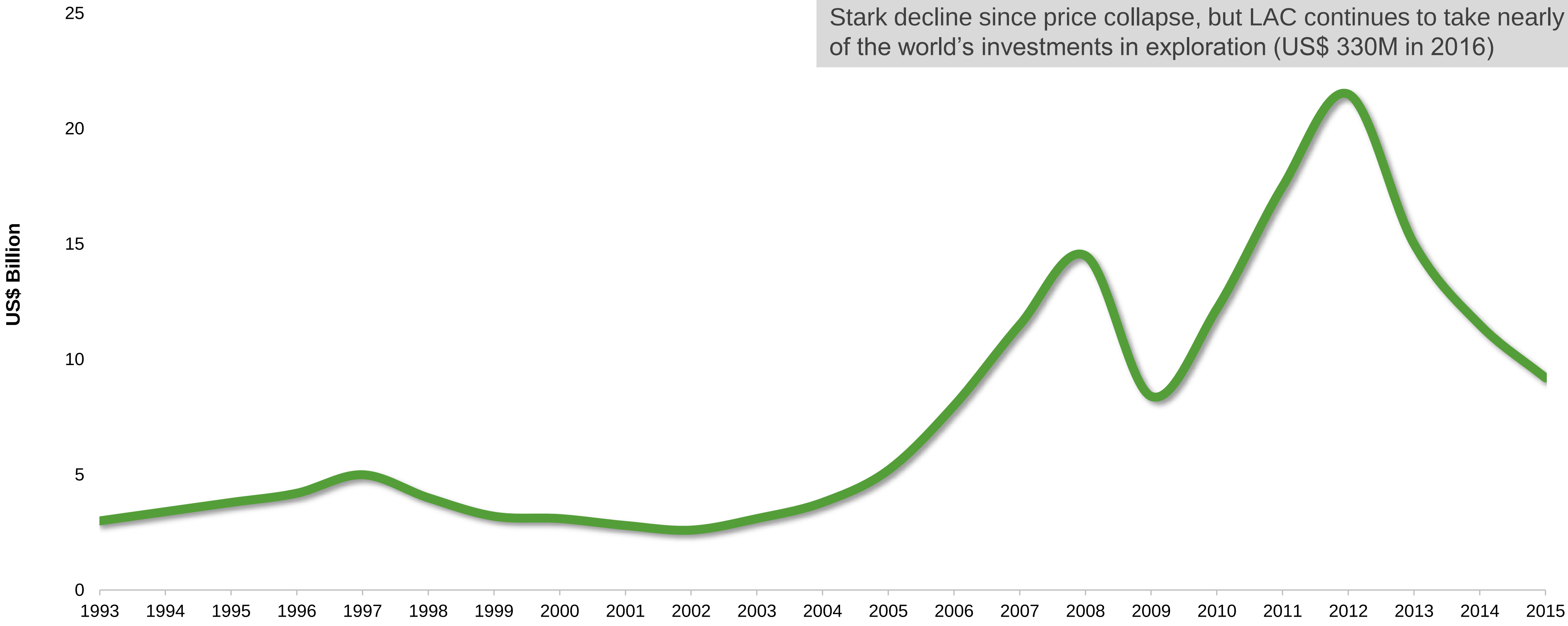
Source: USGS

Mining Exploration

IDB Inter-American Development Bank | Extractive Sector Initiative

Global Non-Ferrous Exploration ($ billion)

Stark decline since price collapse, but LAC continues to take nearly 1/3 of the world's investments in exploration (US$ 330M in 2016)



Source: SNL

Production: Metals and Minerals

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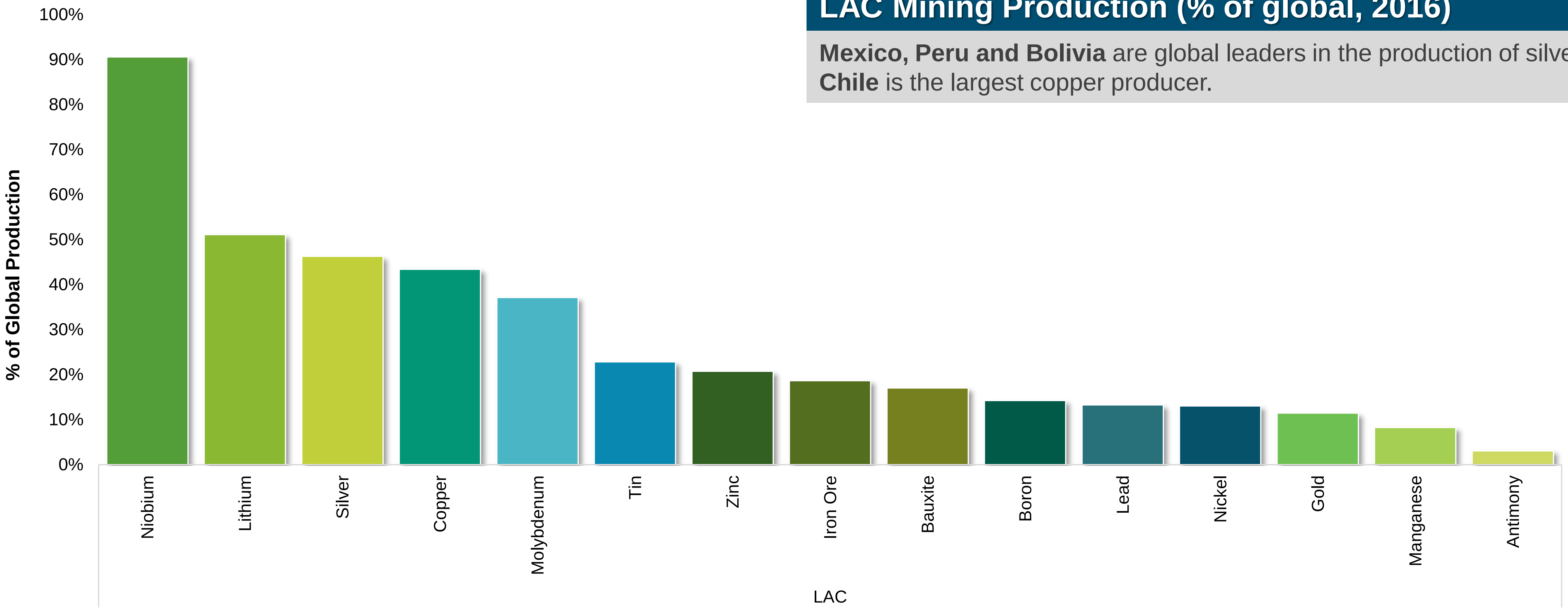
LAC Mining Production (% of global, 2016)

Mexico, Peru and Bolivia are global leaders in the production of silver; **Chile** is the largest copper producer.



Source: USGS

Reserves: Oil

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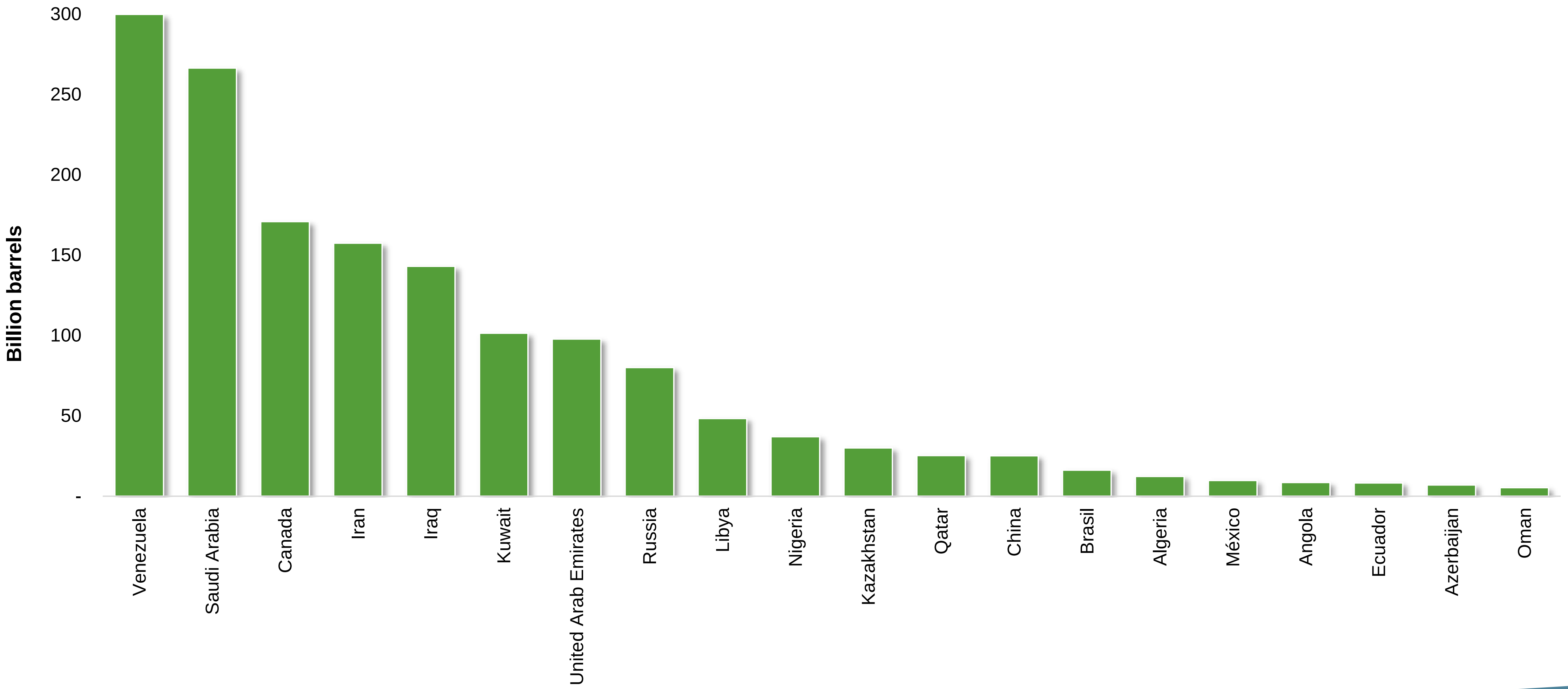
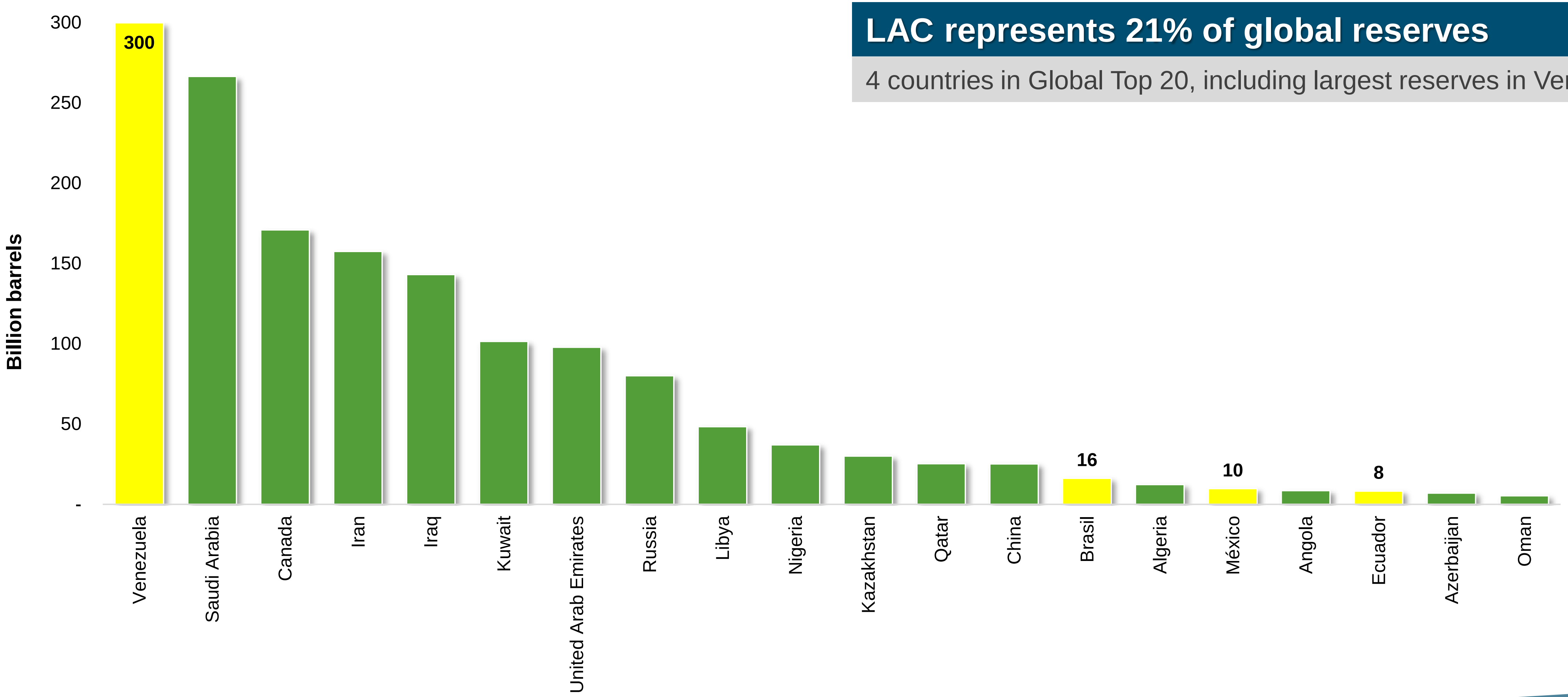


Source: Energy Information Administration

Reserves: Oil

LAC represents 21% of global reserves

4 countries in Global Top 20, including largest reserves in Venezuela



Source: Energy Information Administration

Production: Oil

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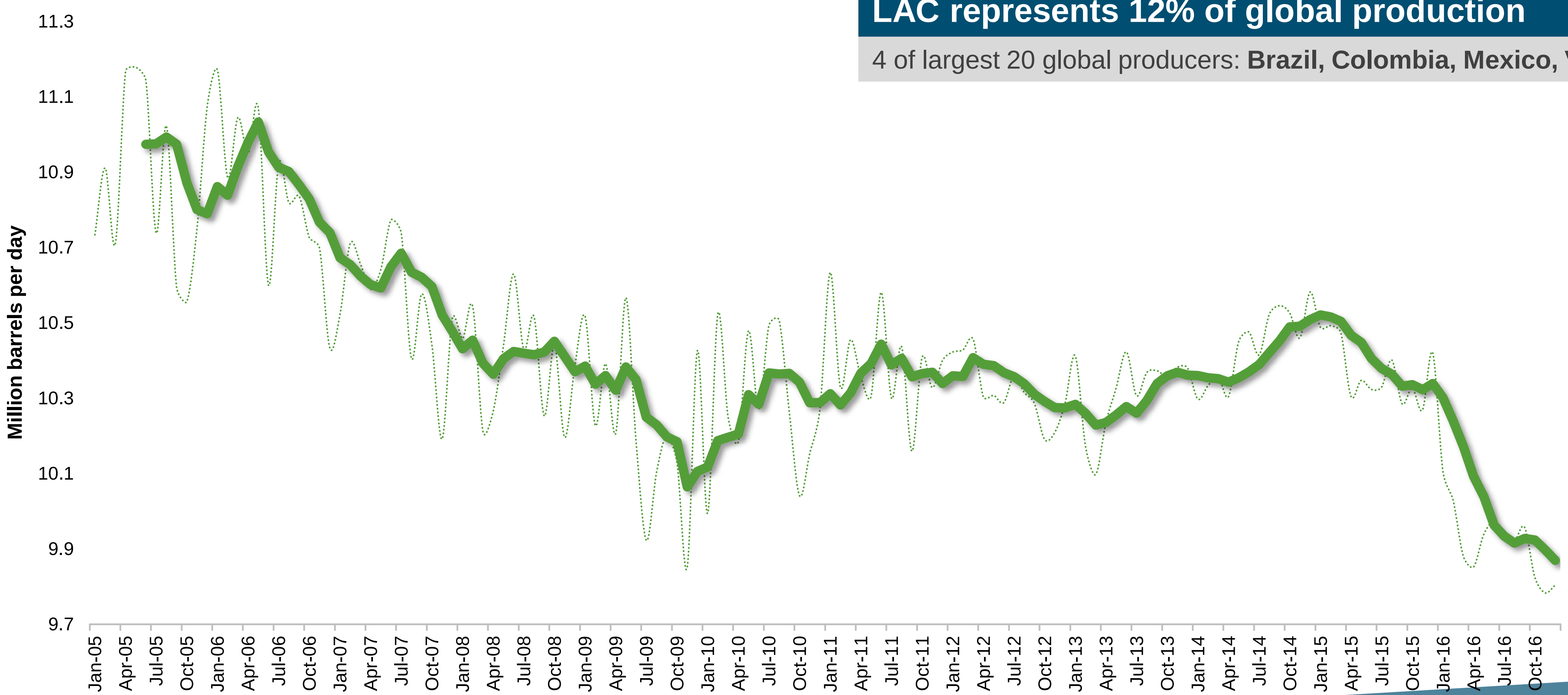
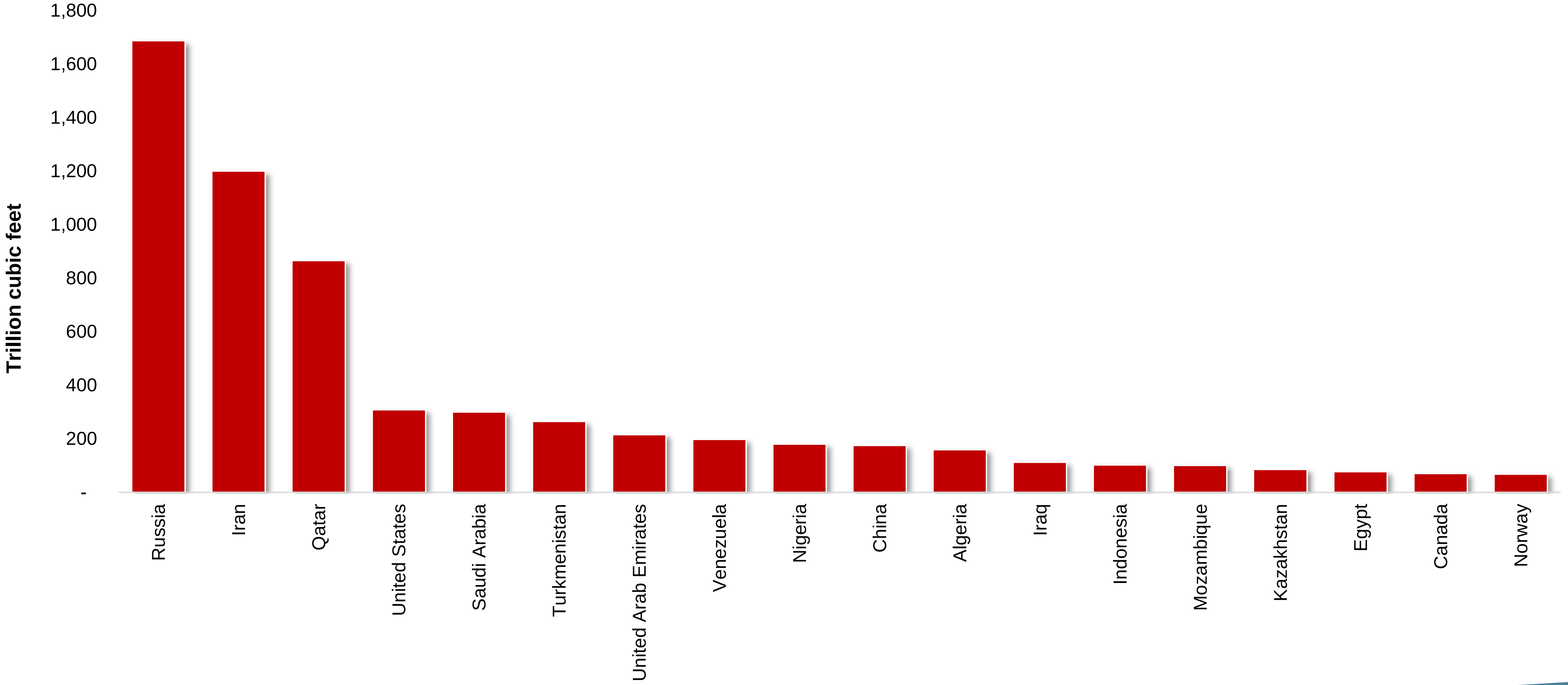
LAC represents 12% of global production

4 of largest 20 global producers: **Brazil, Colombia, Mexico, Venezuela**



Source: International Energy Agency

Reserves: Gas

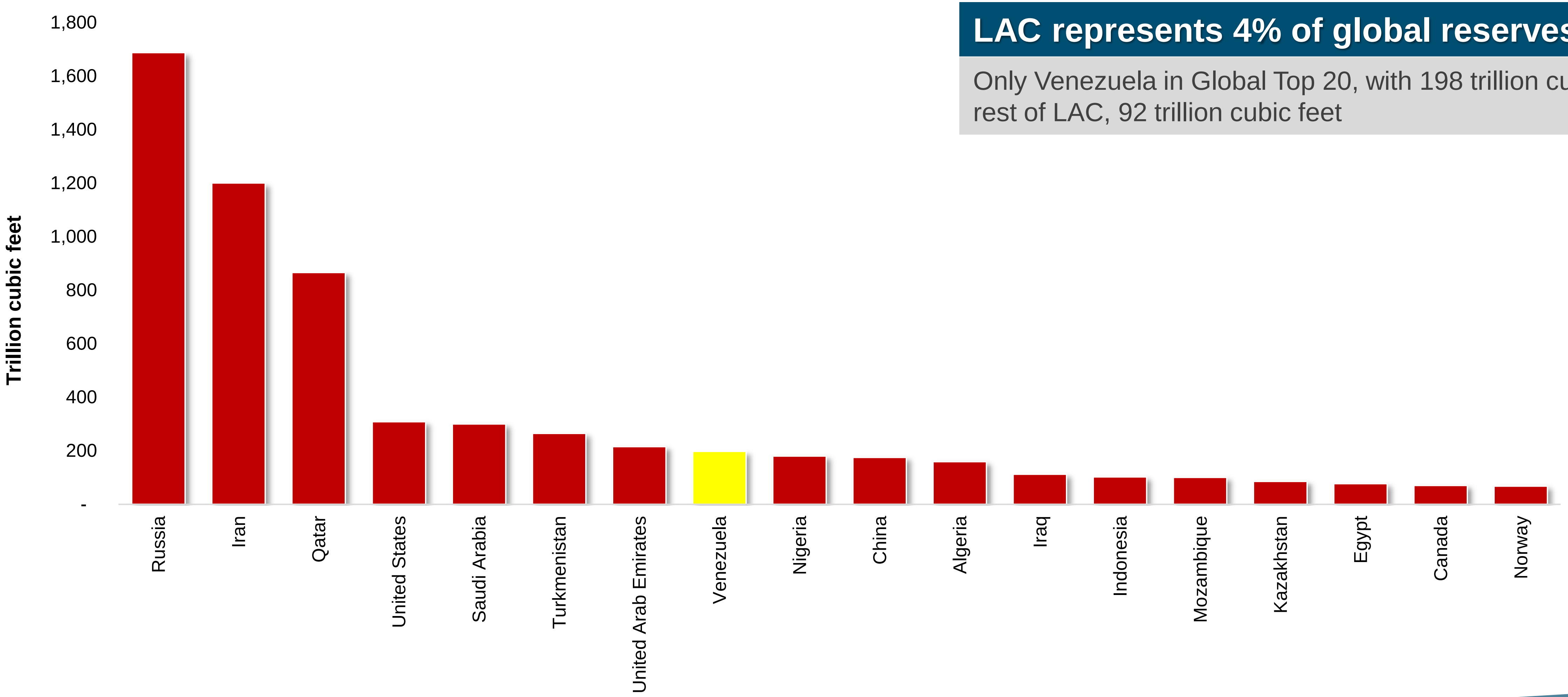


Source: Energy Information Administration

Reserves: Gas

LAC represents 4% of global reserves

Only Venezuela in Global Top 20, with 198 trillion cubic feet – rest of LAC, 92 trillion cubic feet



Source: Energy Information Administration

Production: Gas

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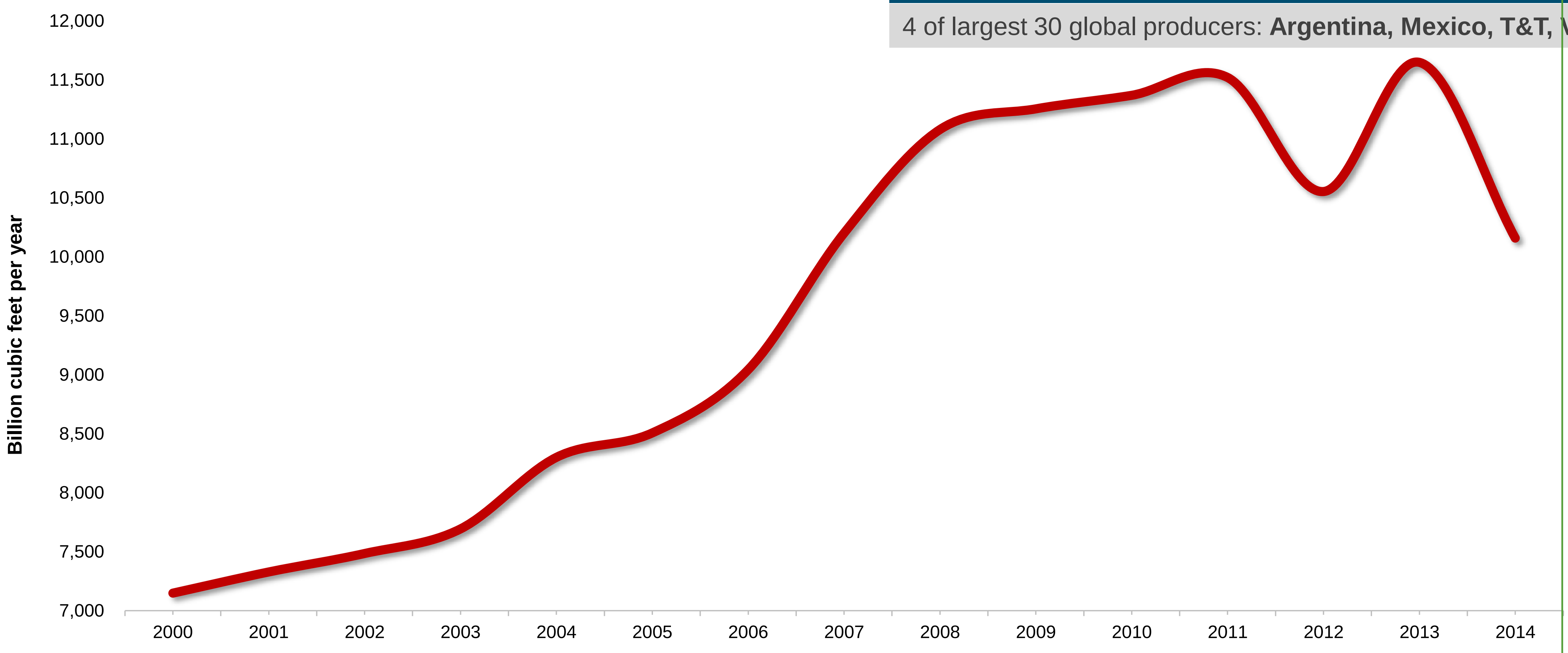
LAC represents 7% of global production

4 of largest 30 global producers: **Argentina, Mexico, T&T, Venezuela**

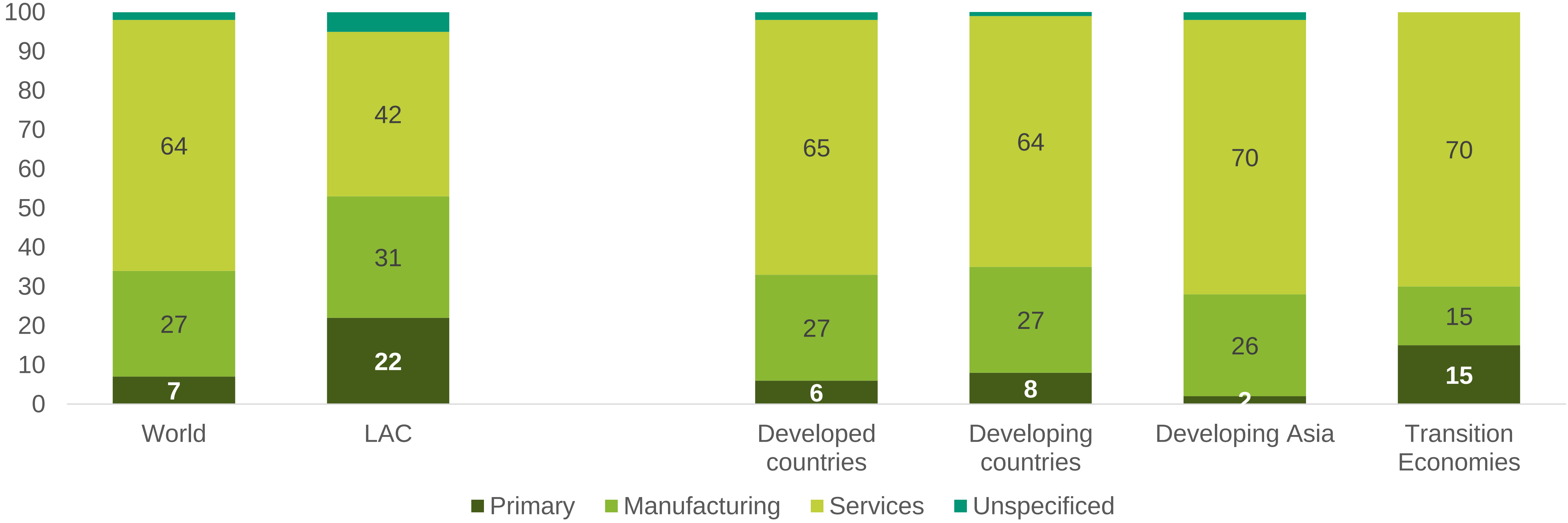


Source: Energy Information Administration

Investment

FDI per sector, 2014 (LAC Primary, US$ 37bn)

By 2020, 6 countries in LAC – Argentina, Brazil, Chile, Colombia, Mexico and Peru – will receive 50% of global investments in mining



Source: UNCTAD, WIR

World Resource Rents

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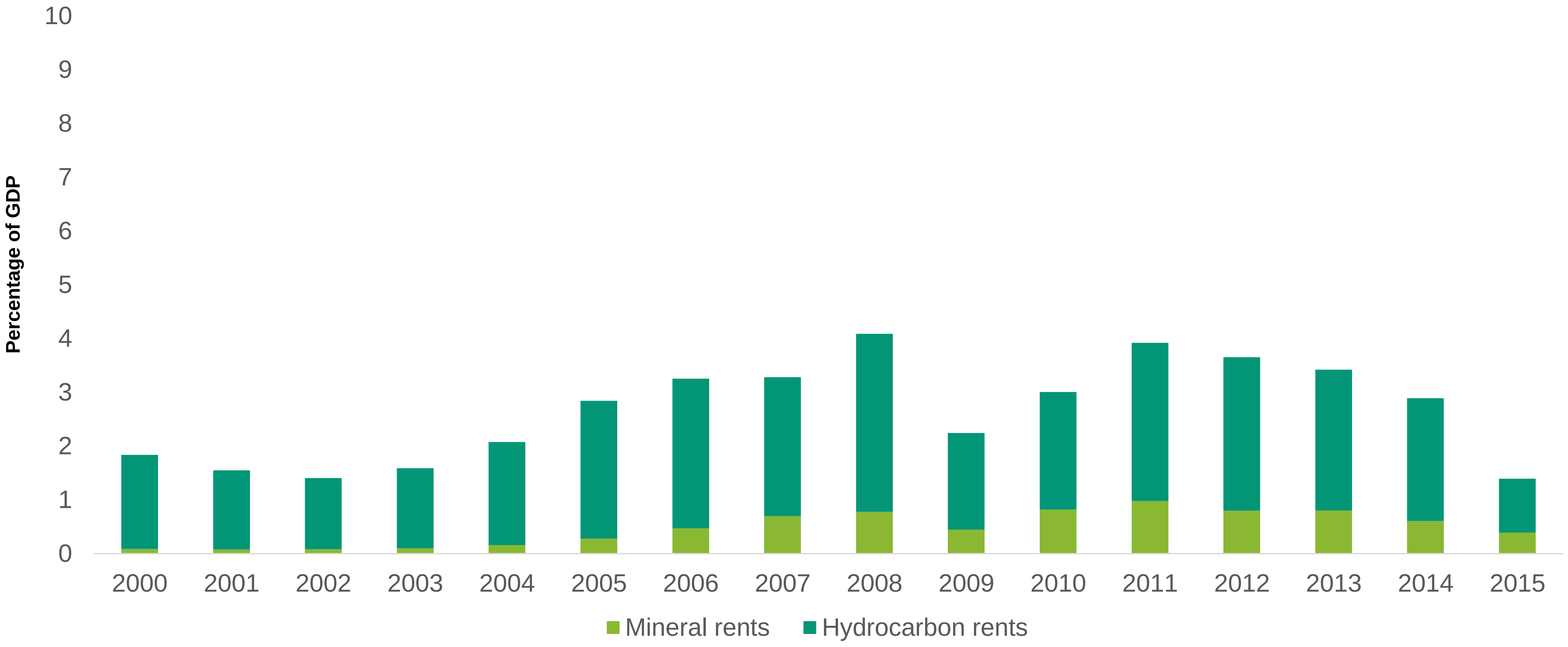

Source: WDI

LAC Resource Rents

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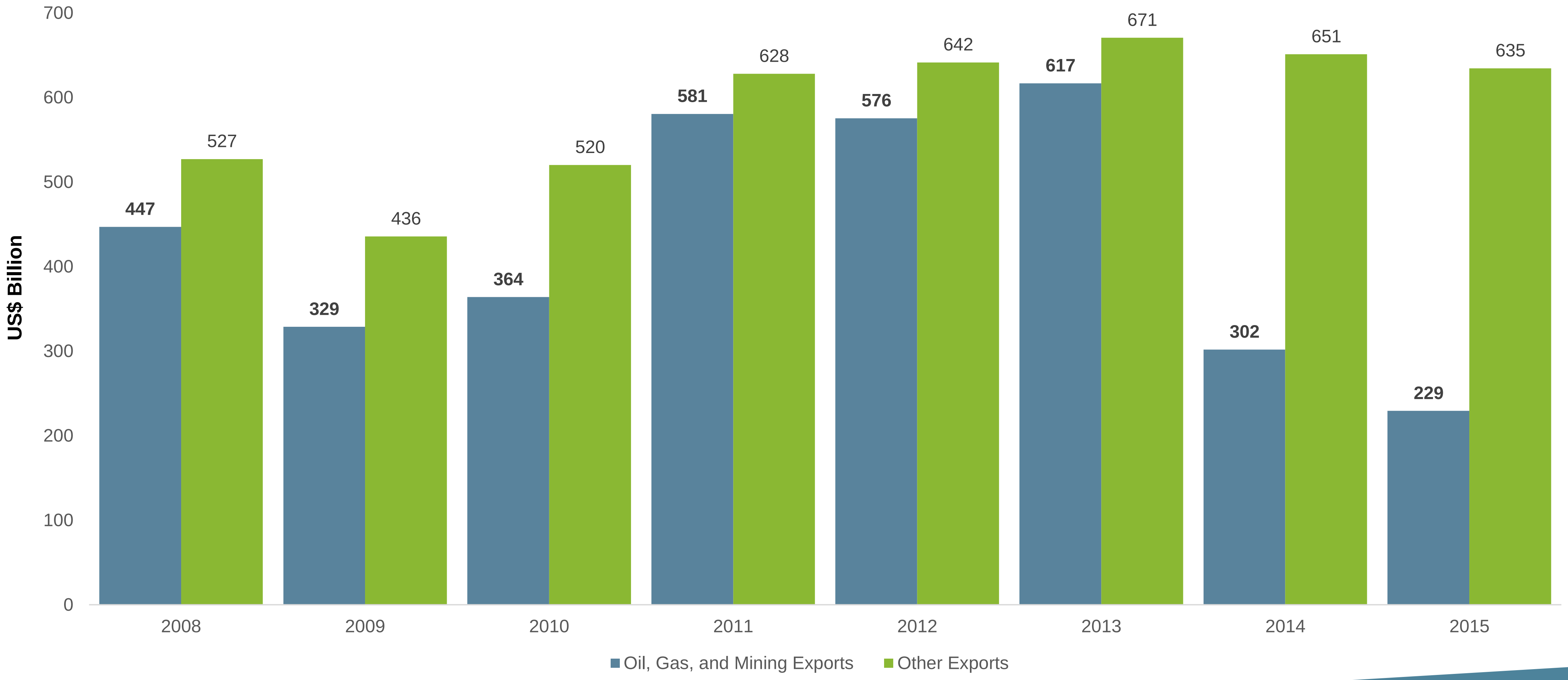
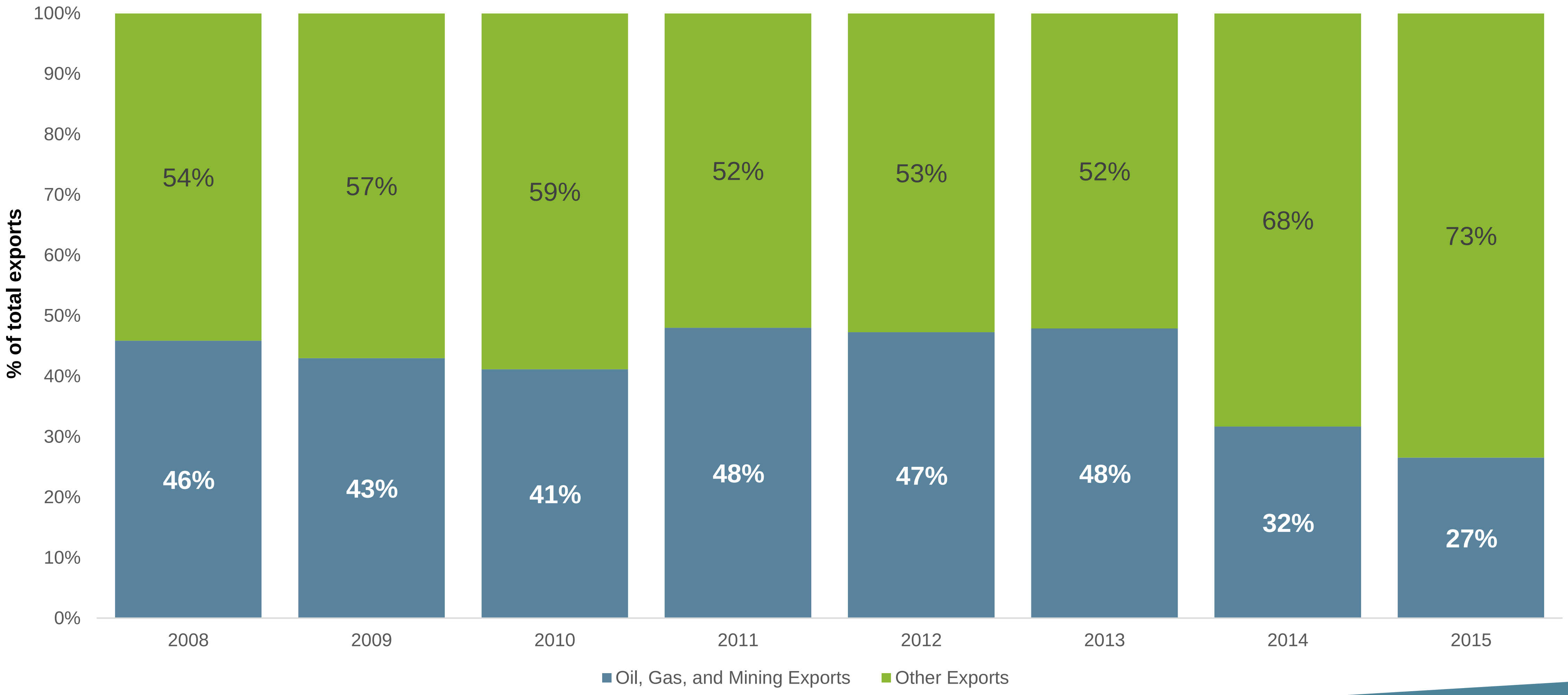
Source: WDI

Exports (LAC)



Source: UN Comtrade

Exports (LAC)



Source: UN Comtrade

Exports (LAC no Mexico)

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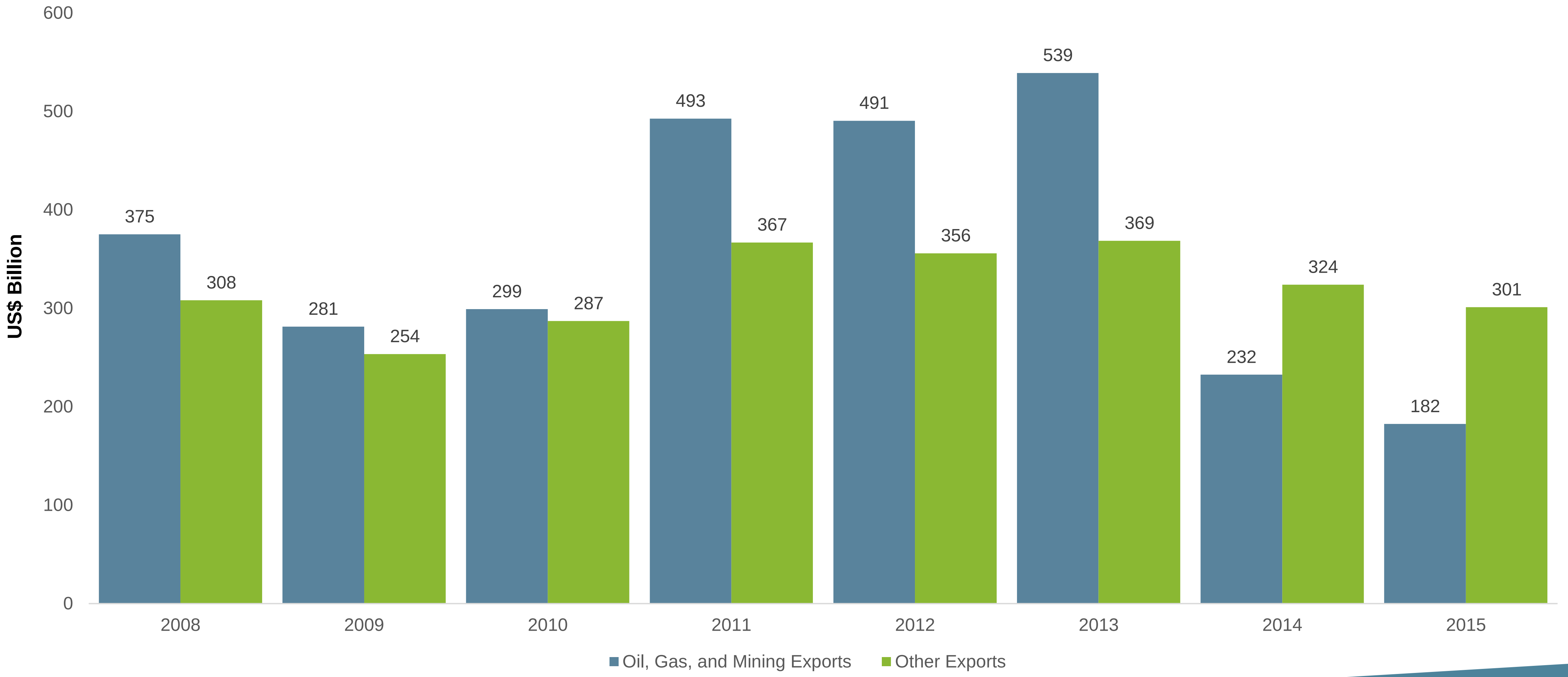

Source: UN Comtrade

Exports (LAC no Mexico)

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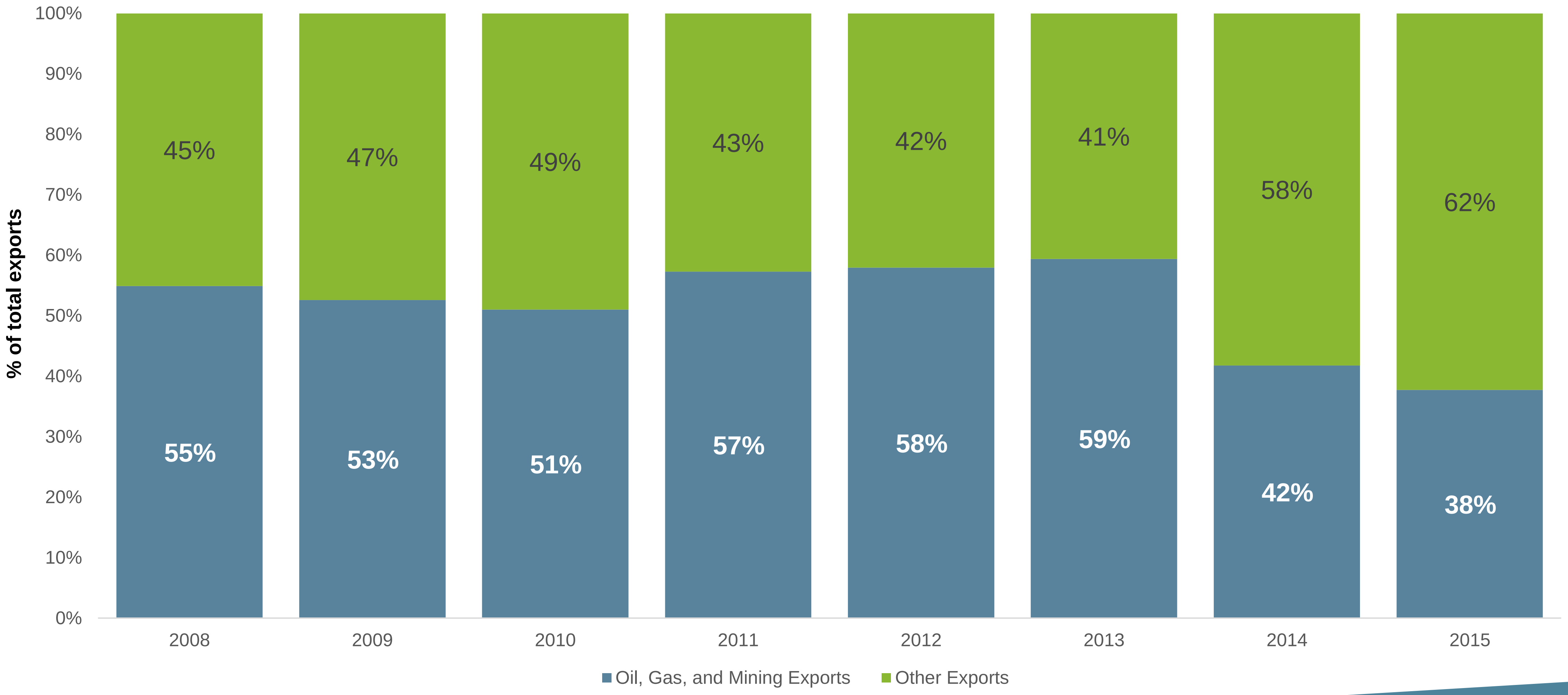
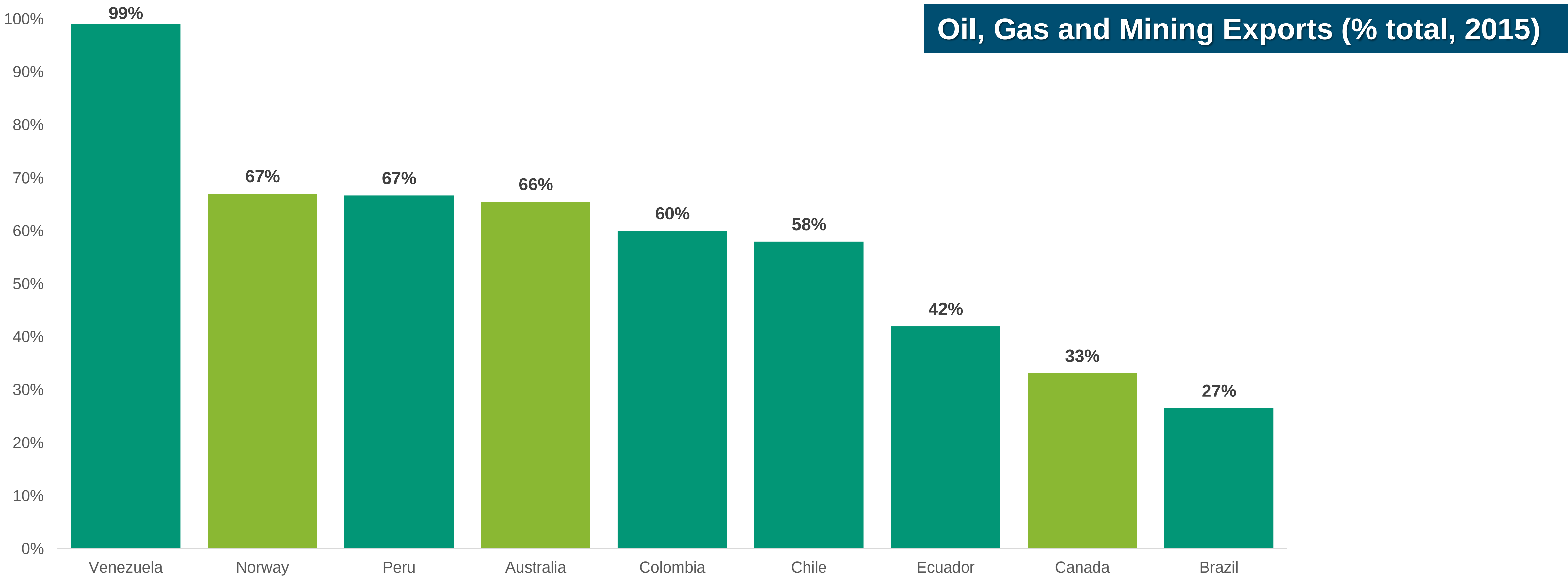


Source: UN Comtrade

Exports

Extractive Sector Initiative



Source: UN Comtrade

Conditions and Requirements

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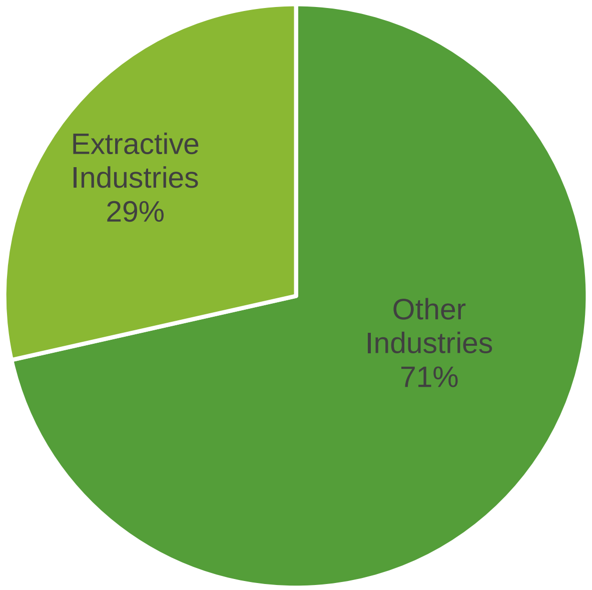
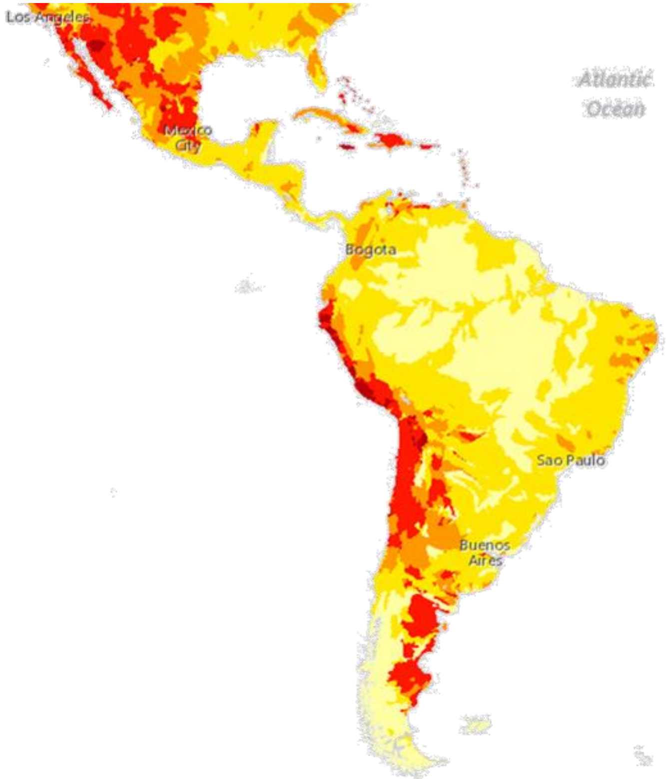
Energy, Water, Land Use Nexus

Extractives needs key inputs, and social acceptance



9% of total LAC **energy** goes **to extractives**; it takes ~20% of region's gas



Water risk correlates with critical **mining** areas

Over 300 **conflicts** associated with **extractive industries** in the past decade

Source: IEA (left), WRI – Asqueduct Water Risk Atlas (Center); EJ Atlas (right)

Conditions and Requirements

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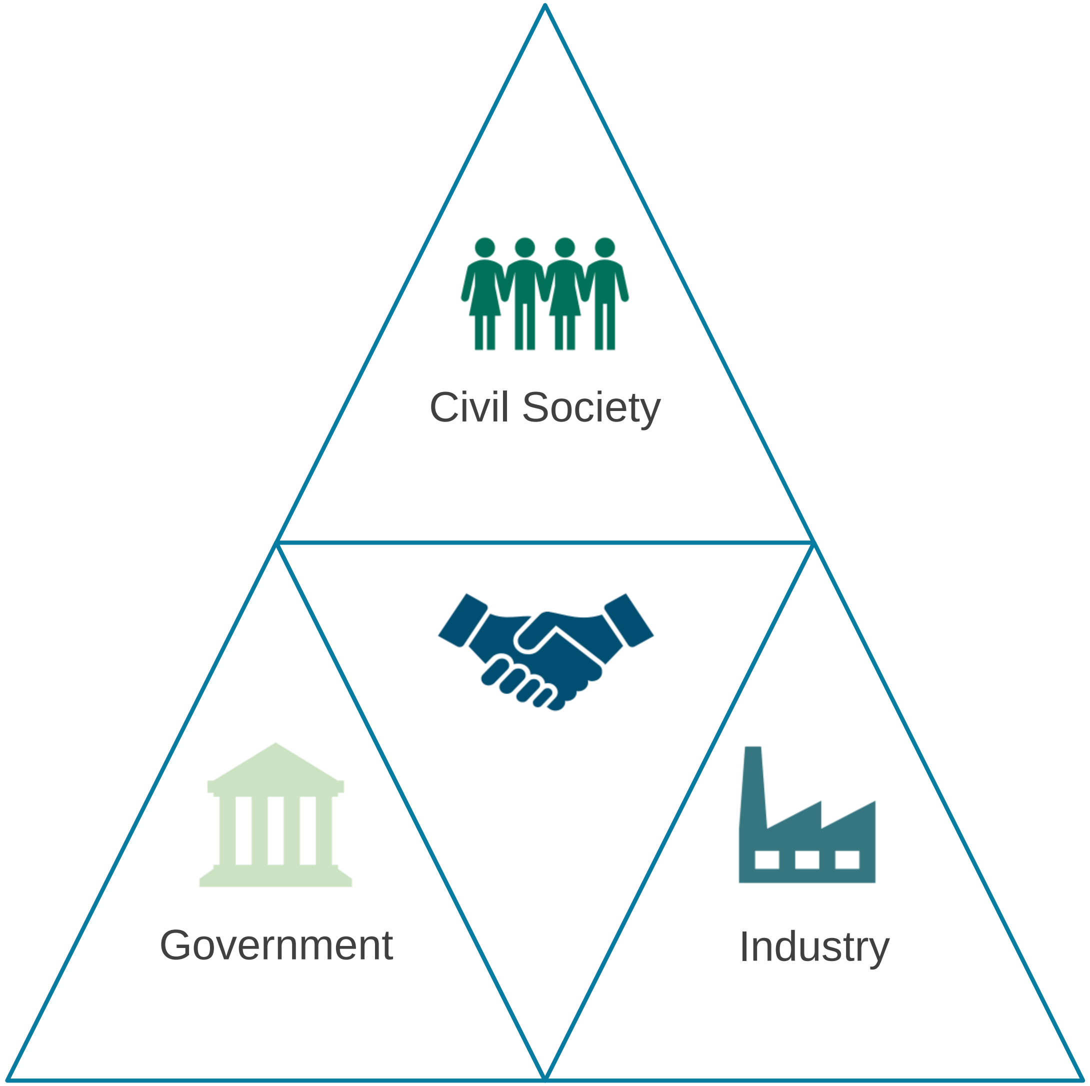

The IDB's Role

Good-will broker	Advocate for long-term vision	Partner for responsible investment
Knowledge + Dialogue + Progress	Strategy + Planning + Impacts & risks	Efficiency + Effectiveness + Diversification

Opportunities to promote **long-term resource-based growth** and **development**

Key Pillars

Institutional Capacity

- Transparency and information management systems
- Fiscal regimes
- Infrastructure planning

Innovation & Technology

- Hydrocarbons
- Innovation and competitiveness in mining value chains
- Knowledge agenda

Engagement

- Public consultation mechanisms
- Communications

Socio-Environmental Sustainability

- Clean technologies
- Local content development
- Gender equity

CANEF

- Canadian Facility for the Extractive Sector
  - ✓ **innovative and sustainable solutions** for challenges in the extractive industries that contribute to social, environmental and economic sustainability
- CAN$ 20 million grant (2016-21)
- Initial phase of implementation
  - ✓ Colombia, the Dominican Republic and Peru
  - ✓ Project pipeline for regional knowledge activities

The Way Forward

- Create a positive narrative
- Build and solidify partnerships to leverage opportunities
- Enhance effectiveness of multi-stakeholder dialogue platforms in LAC

Thank you!

Want to know more about Extractives in Latin America and the Caribbean?
Email us at **EXTRACTIVES@IADB.ORG** to subscribe to our newsletter.