

A study on the environmental costs of exploitation activities in the Area

Note by the Secretariat

BACKGROUND

1. In July 2018, the Council of ISA established an open-ended working group to discuss a financial model and payment mechanism for deep-sea mineral resource exploitation. At its fourth meeting (November 2022), the working group decided to request the Secretary-General to commission a study on the environmental costs of exploitation activities, including how to internalize the costs associated with environmental externalities ([ISBA/27/C/43](#)).

2. In its decision ISBA/27/C/43, the Council requested that information should be published on the Authority's website on the offers received, the selection process and the rationale for the option chosen. The Council also requested that the study shall be completed and published on the Authority's website before the end of May 2023.

SOLICITATION AND SELECTION PROCESS

3. In line with the decision of the Council as summarized above, a Call for Proposal (CFP) for this consultancy was prepared by ISA Secretariat and was advertised on the INSPIRA platform and the Authority's Website. The CFP was open for application from 7 December, 2022 to 20 January, 2023.

4. A total of 3 proposals were received by the deadline. All bidders declared that they have no financial interest in any activity relating to the exploration and exploitation of mineral resources in the Area. One proposal did not include any cost estimation, and the bidder for this proposal was contacted and requested to provide an estimation of financial cost by 25 January. During 23-27 January, 2023, ISA Secretariat conducted an evaluation of the proposals received based on the criteria as listed in paragraph 5.

5. This evaluation was made based on the following considerations:

- The qualifications and skills of the applicant in line with the requirements as outlined in the Council decision ISBA/27/C/43 and those detailed in the CFP
- Quality of the proposal, including a clear description of main deliverables, methodologies to be employed and timeline for each deliverable
- The financial proposal

6. Information summarizing the proposals received is provided in the table below. In the interest of confidentiality, the bidders are anonymised. One proposal (from Bidder 1) was not considered to have sufficient quality due to a lack of details about the methodology to be used, the main deliverables and timeline for each deliverable. The financial proposal was also incomplete. This proposal was not selected.

7. The two remaining proposals (from Bidders 2 and 3) were evaluated in detail. In terms of the qualifications and skills, both bidders possess academic qualifications and previous work experience on ecosystem service evaluation, including those related to the marine environment. Both proposals demonstrated a good understanding of the requirements as set out in the Council decision ISBA/27/C/43. Both bidders have consulted for international organisations in the area of ecosystem service evaluation. The financial proposals received from both bidders were within the allocated budget for this work.

8. A decision was made to award the contract to Bidder 3, on the basis of the following:

- Extensive professional experience in conducting ecosystem service evaluations, as demonstrated by the list of publications and his role as one of the main developers of the Ecosystem Services Valuation Database, a database widely used for ecosystem service evaluations;
- Rich experience in consulting for other inter-governmental organizations on a broad range of projects and initiatives related to ecosystem service evaluation and natural capital, including producing guidance manuals on ecosystem service evaluation for intergovernmental organisations and national governments; and
- Proposed consultations and interviews with other experts as part of the proposed methodology, providing an inclusive approach to gathering information and conducting analysis.

9. On the basis of the process and selection results as explained above, a contract was prepared by the Secretariat in accordance with Administrative Instruction ISBA/ST/AI/2021/1. The contract was signed by both parties on 2 February 2023. The deliverables for this consultancy, in line with Council decision ISBA/27/C/43, include:

- a. Valuation of ecosystem services and natural capital of the Area;
- b. Determination of potential environmental costs of potential activities in the Area; and
- c. A proposed Methodology for the economic valuation of the environmental costs of an individual mining concession so that such a methodology can be applied by applicants for exploitation contracts and the results delivered as part of their plan of work.

Name	Nationality	Affiliations	Qualifications	Quality of proposal
Bidder 1	Indian	Chief Economist, Verdurous Solutions Private Limited, Mysore, India	-PhD (Business Economics obtained in 2005) - Over 30 years experience specializing in evaluation and financing for Renewable Energy and other clean-tech ventures and climate conscious initiatives	The proposal lacks details about methodology and deliverables
Bidder 2 (2 subcontractors)	German	Research Consultant, International Maritime Organization/World Maritime University	-PhD (Sustainability Science obtained in 2020) -10 years of work experience on bio-economic modelling and quantitative methods - 2 years consulting for a UN agency on deep-sea fisheries -17+ peer-reviewed publications and technical reports by the main applicant and 2 subcontractors	The proposal includes a clear description of main deliverables, methodologies to be employed and timeline for each deliverable.

Bidder 3	British German	& Freelance and Senior Researcher at the Institute for Physical Geography and Landscape Ecology, Leibniz Universität Hannover, Germany	<p>-PhD (Environmental Economics obtained in 2011)</p> <p>-Over 20 years of experience in ecosystem services and natural capital evaluations, most of the work focuses on marine and coastal ecosystems</p> <p>-Consulted for different intergovernmental organisations and contributed to over 20 UN agency projects and initiatives, including with the UNEP, World Bank and FAO. This experience included production of guidance manuals on ecosystem evaluation for intergovernmental organisations as well as national governments.</p> <p>-Author of a large number of publications (>120) including guidelines and guidance manuals on methods for ecosystem valuation for intergovernmental organisations</p> <p>- Main developer of the Ecosystem Services Valuation Database</p>	<p>The proposal includes a clear description of main deliverables, methodologies to be employed and timeline for each deliverable.</p> <p>Involvement of other experts in identifying ecosystem services and their values through interviews and online surveys</p>
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