

# Terms of reference



Empowered lives.  
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## GENERAL INFORMATION

**Title:** Expert for Regulation and Institutional Context Analysis on Sovereign Wealth Fund or Natural Resource Fund for Musi Banyuasin District

**Project Name:** UNDP Innovative Financing Project—Support to Musi Banyuasin District Government to Establish Sovereign Wealth Fund

**Reports to:** Technical Adviser for Natural Resource Governance

**Duty Station:** Home-based

**Expected Places of Travel (if applicable):** N/A

**Duration of Assignment:** April 2017 – June 2017 (27 working days)

## REQUIRED DOCUMENTS FROM HIRING UNIT

- ☒ TERMS OF REFERENCE
- ☒ CONFIRMATION OF CATEGORY OF LOCAL CONSULTANT, please select:
  - Junior Consultant
  - Support Consultant
  - Support Specialist
  - Senior Specialist
  - **Expert/ Advisor [v]**
- ☒ CATEGORY OF INTERNATIONAL CONSULTANT, please select:
  - Junior Specialist
  - Specialist
  - Senior Specialist
- ☒ APPROVED e-requisition

## REQUIRED DOCUMENTATION FROM CONSULTANT

- ☒ CV / P11
- ☒ Copy of education certificate
- ☒ Completed financial proposal
- ☒ Completed technical proposal

## Need for presence of IC consultant in office:

☒ intermittent (deliverables-based)

## Provision of Support Services:

Office space:	Yes	<input checked="" type="checkbox"/> No
Equipment (laptop, etc.):	Yes	<input checked="" type="checkbox"/> No
Secretarial Services	Yes	<input checked="" type="checkbox"/> No

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## I. BACKGROUND

Indonesia's abundance in natural resources is a notion from the past. Due to the dwindling and finite natural resources, this statement is no longer representative of the changing environmental landscape. Because these resources are limited and non-renewable, their use should be optimized for the welfare of local communities.

Through cooperation in managing natural resources, the government earns revenue in the form of tax and non-tax state revenues such as royalties, as well as government shares of oil and gas contracts; a portion of this revenue then flows to local government budgets.

However, revenue from natural resources per capita has a very weak correlation with the Gini Index and the reduction of inequality, in particular in Musi Banyuasin District. The district has not been successful in optimizing the advantages of natural resources, in reducing income gaps and poverty.

This raises the question of whether Musi Banyuasin District has been trapped in the "resource curse," a global trend in which regions rich in natural resources are likely to be negligent in their management causing little or no benefit to local residents. The presence of natural resources alone does not support efforts to improve people's welfare or reduce inequality and poverty.

In order to address the resource curse, many countries that receive significant revenue from the oil, gas, mining or mineral sectors have established a Sovereign Wealth Fund (SWF). Currently, there are 54 natural resource funds, one of which, had roughly \$ 3.5 trillion in assets at the end 2013, as indicated by a survey conducted by Natural Resource Governance Institute. For Indonesia, there are several reasons why implementing the Sovereign Wealth Fund should be considered:<sup>1</sup>:

- To manage volatile and unpredictable revenue issues from the oil, gas and mineral sectors.
- To save revenue that comes from the natural resource industry.
- To stabilize large capital inflows.
- To limit the discretion of politicians in making spending decisions and earmarking revenues for public investments.
- To "ring-fence" resource revenues to protect them from corruption or mismanagement.

The Musi Banyuasin District Government wants to learn from other countries how to tackle the problem of resource curse. Learning from the experiences of others, it is important to set firm objectives, clear fiscal and investment rules, strong institutional structure with capable personnel, apply good governance principles in all business processes, and establish strong independent oversight bodies.

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<sup>1</sup> The source that is used to argue why Indonesia Government needs to consider having SWF is referred or taken from NRGi's Policy Review, Natural Resource Fund Governance: The Essentials, August 2014, page 12-13.

## **Context of this Consultancy Work:**

This consultancy work will provide a context for determining the legal feasibility of the Sovereign Wealth Fund at Subnational levels. If implemented, these funds have the potential to support the government in sustaining its revenue flows over time, while also providing an opportunity to convert non-renewable resources into other forms of capital, benefiting current and future generations.

UNDP Indonesia can leverage the experiences of other countries that have SWFs in place, and through South-South exchanges, learn about the impact of SWFs on human development, as well as issues related to their establishment and management. Asia-Pacific countries that have established SWFs include: China, Singapore, South Korea, Iran, Malaysia, Brunei, PNG, Mongolia, Australia, New Zealand, Vietnam and Timor-Leste.

## **II. SCOPE OF WORK, RESPONSIBILITIES AND DESCRIPTION OF THE PROPOSED ANALYTICAL WORK**

In order to have a comprehensive mapping of the feasibility of implementing a Sovereign Wealth Fund by Musi Banyuasin District Government, UNDP Indonesia would like to facilitate the Musi Banyuasin Government in conducting a study.

This analysis will assess existing laws, regulations, policies and institutional frameworks, and or those that are required to establish a successful and sustainable Sovereign Wealth Fund or natural resource fund.

Under the general supervision of the Technical Adviser for Natural Resources Governance, the designated consultant will undertake the following activities:

- Design and implement methodology that will be used to conduct a legal framework analysis of Sovereign Wealth Funds in Musi Banyuasin District.
- Analyse existing regulations, policies and institutions concerning Sovereign Wealth Funds at the national and subnational level.
- Determine which existing policies can be used to facilitate the establishment of SWFs/Natural Resource Funds in Musi Banyuasin District.
- Develop an academic paper outlining the parameters for the implementation of SWFs/Natural Resource Funds in Indonesia, including regulation and institutional framework.

## **III. WORKING ARRANGEMENTS**

### **Institutional Arrangement**

The Consultant will be supervised by and report to the Results Based Management Analyst, Quality Assurance and Results Unit, who will also carry out a performance evaluation at the end of the assignment.

**Duration of the Work**

27 working days (April – June 2017)

**Duty Station**

Home based

**Expected Places of Travel (if applicable):**

N/A

**Travel Plan**

Below is an indicative travel plan for the duration of the assignment. The Consultant will be required to travel to the below indicated destinations and include the relevant costs into the proposal. There may be also unforeseen travel that will come up during the execution of the contract, which will be agreed, on ad-hoc basis.

No	Destination	Frequency	Duration/days
1	N/A	N/A	N/A

**IV. REQUIREMENTS FOR EXPERIENCE AND QUALIFICATIONS****I. Academic Qualifications:**

- Master's Degree (MA.) in Law.

**II. Experience:**

- Minimum 10 years of relevant experience in carrying out regulatory and institutional context analysis in financing related work;
- Good knowledge on decentralization of laws;
- Strong and proven research and analytical skills;
- Excellent command of written and spoken English, including strong report writing skills in clear and concise English;
- Initiative and ability to organise his/her work independently, but also work as part of a team since this assessment will be carried out together with other consultants;
- Proven ability to deliver high quality outputs when working under tight deadlines;
- Ability to communicate effectively and to facilitate discussions at the senior level with government officials and development communities;
- Excellent computer skills (Word, Excel, PowerPoint, Internet).
- Knowledge of sovereign wealth fund or natural resources fund is an advantage

**Functional Competencies:****Knowledge Management and Learning**

Promotes knowledge management in UNDP and a learning environment in the office through leadership and personal example

Actively works towards continuing personal learning and development in one or more Practice Areas, acts on learning plan and applies newly acquired skills

#### Development and Operational Effectiveness

Ability to lead strategic planning, results-based management and reporting

Ability to lead formulation, implementation, monitoring and evaluation of development programmes and projects, mobilize resources

Ability to formulate and manage budgets, manage contributions and investments, manage transactions, conduct financial analysis, reporting and cost-recovery

Good knowledge of the Results Management Guide and Toolkit

Good ICT skills, knowledge of Atlas

Ability to implement new systems and affect staff behavioral/ attitudinal change

#### Management and Leadership

Builds strong relationships with clients, focuses on impact and result for the client and responds positively to feedback

Consistently approaches work with energy and a positive, constructive attitude

Demonstrates good oral and written communication skills

Demonstrates openness to change and ability to manage complexities

#### **Other Requirements:**

In addition to the scope and responsibilities stated above, the incumbent will be required to undertake other ad hoc tasks that may arise during the contract period. These tasks will be delegated by the supervisor who will ensure that these ad hoc tasks do not impede on the incumbent's ability to meet contractual obligations/deliverables.

All materials and other intellectual property produced while working under contract including, but not limited to, documents, presentations, white papers, photographs and other media, will remain the property of UNDP and are required to be submitted to UNDP Senior Management for archiving.

V. EXPECTED RESULTS/DELIVERABLES		
Deliverables/ Outputs	Target Due Dates	Review and Approvals Required
1. Develop agreement on the scope of assessment and areas of focus. Draft outline of the assessment report, propose mission schedule, and circulate these for comments to UNDP and Musi Banyuasin District.	2 working days (April 2017)	Technical Advisor for Natural Resources Governance
2. Provide preparatory review of relevant regulations, policies and institutions concerning Sovereign Wealth Funds at the national and subnational level.	2 working days (April 2017)	

3. Provide stakeholder consultations meeting both in Musi Banyuasin and Jakarta.	5 working days (May 2017)		
4. Provide presentation on the initial results to UNDP and Musi Banyuasin District.	7 working days (May 2017)		
5. Submission of the academic paper to UNDP CO and Musi Banyuasin District Government.	4 working days (June 2017)		
6. Provide implementation report of the academic paper from UNDP CO and Musi Banyuasin District Government.	3 working days (June 2017)		
7. Provide final academic paper to UNDP CO and Musi Banyuasin District Government.	4 working days (June 2017)		

## VI. EVALUATION METHOD AND CRITERIA

Individual consultants will be evaluated based on the following methodology:  
Cumulative analysis using weighted scoring method will be applied to evaluate the applicant. The award of the contract will be made to the individual consultant whose offer has been evaluated and determined as:

Responsive/compliant/acceptable with reference to TOR, and

Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation.

- Technical Criteria Weight: 70%
- Financial Criteria Weight: 30%

Only candidates obtaining a minimum of 70 point would *be considered for the Financial Evaluation*

<b>Criteria</b>	<b>Weight</b>	<b>Maximum Point</b>
<b>Technical</b>		<b>100</b>
· <b>Criteria A: qualification requirements as per TOR:</b>	<b>70%</b>	<b>70</b>
1. Master's Degree (MA.) in Law.		20
2. Minimum 10 years of relevant experience in in carrying out regulatory and institutional context analysis in financing related work;		20
3. Has working experience related with decentralization of laws		20
4. Has experience on sovereign wealth fund or natural resources fund		10
· <b>Criteria B: Brief Description of Approach to Assignment (describe it in Technical Proposal)</b>	<b>30%</b>	<b>30</b>
· <b>Criteria C: Further Assessment by Interview (if any)</b>	<b>N/A</b>	<b>N/A</b>