



## Terms of reference

### GENERAL INFORMATION

**Title:** *Technical Advisor for Sustainable Development Goals (SDGs) Bond (Local Consultant)*  
**Project Name:** Innovative Financing Lab (IFL)/ Sustainable Development Goals (SDGs) Bond  
**Reports to:** Head of IFL, UNDP;  
**Duty Station:** Home-Based  
**Expected Places of Travel:** N/A  
**Duration of Assignment:** Thirty (30) working days within 6 months

### REQUIRED DOCUMENT FROM HIRING UNIT

<input checked="" type="checkbox"/>	TERMS OF REFERENCE
5	<b>CONFIRMATION OF CATEGORY OF LOCAL CONSULTANT, please select:</b> (1) Junior Consultant (2) Support Consultant (3) Support Specialist (4) Senior Specialist <b>(5) Expert/ Advisor</b>  <b>CATEGORY OF INTERNATIONAL CONSULTANT, please select:</b> (6) Junior Specialist (7) Specialist (8) Senior Specialist
<input checked="" type="checkbox"/>	APPROVED e-requisition

### REQUIRED DOCUMENTATION FROM CONSULTANT

<input checked="" type="checkbox"/>	P11 or CV with three referees
<input checked="" type="checkbox"/>	Copy of education certificate
<input checked="" type="checkbox"/>	Completed financial proposal
<input checked="" type="checkbox"/>	Completed technical proposal

#### ***Need for presence of IC consultant in office:***

☒ partial – due to COVID-19 situation, the presence of the consultant in office will not be necessary/ possible. Thus, any consultation will be done virtually/ online.

☐ Intermitten

☐ full time/office based (needs justification from the Requesting Unit)

#### **Provision of Support Services:**

*Office space:* ☐ Yes ☒ No

*Equipment (laptop etc):* ☐ Yes ☒ No

*Secretarial Services* ☐ Yes ☒ No

If yes has been checked, indicate here who will be responsible for providing the support services:

n/a

## I. BACKGROUND

In 2015, 150 world leaders assembled to form the United Nation's Sustainable Development Goals, a collaborative action plan to address inequalities in global prosperity and wellbeing by 2030. These interconnected 17 Sustainable Development Goals (SDGs) represent the international community's commitment to end extreme poverty, fight inequality and injustice, and mitigate the impact of climate change.

With only ten years left to achieve the SDGs, world leaders at the SDG Summit in September 2019 called for a decade of action and delivery for sustainable development, and pledged to mobilize financing, enhance national implementation and strengthen institutions to achieve the Goals by the target date of 2030, leaving no one behind.<sup>1</sup>

As financing will serve as a key driver of progress, the SDGs provide investment community with a well-structured framework for tackling long-term global challenges. With estimation of the funding required to meet the SDGs identified at USD 3-5 trillion per annum, the UN's 2019 progress update stated that private investment flows are often out of sync with sustainable development, and that international cooperation is required to ensure that countries have the means to achieve the goals.

One of the most promising financing instruments to answer the above challenges are bonds – as it is deemed as the largest asset class in the global financial market. With USD 6.7 trillion of annual issuance, bonds can provide a cheap, reliable, and scalable source of capital for stakeholders. Over the last few years, green bonds emerged at a rapid rate due to their ability to strengthen investors' assessment of risk and return as well as how they allow the investment community to take part in creating positive environmental impacts, which may be found attractive. In 2019, the credit rating agency, Moody's, estimated that the total global green bond issuance would reach USD 250 billion- a marked increase compared to the equivalent of USD 167 billion issued in the previous year (2018), which would make 2019 the third consecutive year with total issuance greater than USD 100 billion. Similar to trends seen in the green bond market, social and sustainability bond markets were also growing and maturing, and it was expected that issuance from these segments would become more diversified in terms of sector and region.

Looking at this potential, also reinforced by the fact that investors and market have been increasingly embracing a holistic approach to sustainability and deeply embedding the SDGs in their investment framework. In 2019, Mexico issued the world's first sovereign SDG Bond which was 6.4 times oversubscribed – signaling the strong demand for SDG-related, and overall sustainable and responsible investments.

Given the introduction of these new financial instruments over the recent years and the existing potentials, the Government of Indonesia, through the Directorate General of Budget Financing and Risk Management (DJPPR), Ministry of Finance, is looking at the opportunities to issue sovereign SDG Bond, potentially in the second semester of 2021. Reflecting on the issuance of Green Sukuk in 2018 and 2019, which have encouraged more green bonds issuance by domestic entities, the issuance of SDG Bond will provide greater signal to the market and showcase the pioneering role of the Government of Indonesia in leveraging untapped financial resources and innovative financing for sustainable development.

Moreover, the global COVID-19 outbreak has left the country with a fiscal deficit of USD 54bn (4.67% of GDP) as of October 2020. Globally, several measures have been taken in response to COVID-19. In Indonesia, the Government and Parliament have agreed on a deficit policy in the 2020 budget, i.e., an allocation of IDR 405 trillion for health care, social safety nets, and economic recovery programs,

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<sup>1</sup> <https://www.un.org/sustainabledevelopment/development-agenda/> accessed May 14, 2020

coupled with civil emergency measures, on top of the IDR 69,7 trillion bonds issued to cover state budget financing, as the national responses to the pandemic. SDG Bond issuance, therefore, may be seen as potential in this case to fulfill the gap and to support Indonesia's economic recovery. The IMF estimated that Indonesia's economic growth would plunge to 0.5 percent this year. Simultaneously, the government estimated that up to 3.78 million Indonesians would fall into poverty and 5.2 million lose their jobs during the coronavirus pandemic<sup>2</sup>. A 2019 study by researchers at the Bank for International Settlements (BIS) has shown that green bonds can be treated as eligible central bank reserve asset<sup>3</sup>, meanwhile the European Central Bank (ECB) also recently announced plans to buy up to EUR 750 billion in government and corporate bonds as part of the Coronavirus stimulus<sup>4</sup>. These steps are important as bond purchases will likely form a key component of economic stimulus packages. Therefore, the emergence of SDG-linked bonds is needed and may help further cement stakeholder's active role in post-pandemic recovery strategy.

UNDP has shown its commitment to support Indonesia in achieving SDGs. Through the Innovative Financing Lab (IFL, the Lab), UNDP leverages various financial resources, through three main verticals: Islamic finance, impact investing, and green finance. The Lab operates as a collaborative space for various stakeholders, e.g. Government, the private sector, investors, etc. to engage and develop solutions for financing the SDGs. IFL has notably been supporting Ministry of Finance in the development of climate budget tagging which drives the issuance of world's first sovereign Green Sukuk in 2018 and Green Sukuk Retail for domestic market in 2019.

The Government of Indonesia, through the Directorate General of Budget Financing and Risk Management (DJPPR), Ministry of Finance, is looking at the opportunity to issue SDG Bond in 2021. The Government has requested UNDP to assist the development of Indonesia's first sovereign SDG Bond. UNDP has been conducting an SDG Bond feasibility study together with the State Debt Directorate of the Ministry of Finance in December 2020. Further in the overall SDGs Bond process, UNDP Indonesia will also provide support in the pre-issuance (e.g. framework development, project selection) until post-issuance (e.g. impact reporting) as elaborated in the next section. Therefore, UNDP will need consultant's technical advisory and assistance to develop and deliver both pre- and post-issuance activities.

## II. SCOPE OF WORK, ACTIVITIES, AND DELIVERABLES

The technical advisor's assignment will fall under UNDP's areas of support towards the Government of Indonesia on the overall SDGs Bond issuance process, which include but not limited to the following:

### Pre-Issuance

- *Framework*
  - Provide review and analysis on the framework – ensuring its alignment with Indonesia's commitment, priorities, and strategies towards sustainability and SDGs.
  - Advise on the relevant project evaluation and selection process and methodology as well as the impact reporting aspects, aligned with international standards and guidelines (e.g., the Green Bond Principles 2018, the Social Bond Principles 2018 and Sustainability Bond Guidelines).

<sup>2</sup> [https://www.thejakartapost.com/news/2020/04/14/millions-to-lose-jobs-fall-into-poverty-as-indonesia-braces-for-recession.html?utm\\_source=newsletter&utm\\_medium=mailchimp&utm\\_campaign=mailchimp-april&utm\\_term=unemployment-poverty](https://www.thejakartapost.com/news/2020/04/14/millions-to-lose-jobs-fall-into-poverty-as-indonesia-braces-for-recession.html?utm_source=newsletter&utm_medium=mailchimp&utm_campaign=mailchimp-april&utm_term=unemployment-poverty) accessed May 14, 2020

<sup>3</sup> <https://www.reuters.com/article/us-bis-cenbanks-greenbonds/green-bonds-can-be-central-bank-reserve-assets-bis-idUSKBN1W70MV> accessed May 14, 2020

<sup>4</sup> <https://www.euractiv.com/section/coronavirus/news/ecb-unveils-e750-billion-stimulus-against-coronavirus/> accessed May 14, 2020

- Provide a letter of opinion on the SDGs alignment of the framework, to strengthen Indonesia's position towards accelerating sustainable development in the global market as well as increase the level of confidence of global investors.
- *Project Selection*  
Provide advisory and take part in coordination and discussion with the Ministry of Finance, Ministry of National Development Planning, relevant line ministries, Legal Counsel, and Joint-lead Managers to develop a mechanism for project evaluation and selection as well as to select projects that fit with the framework.

#### **Issuance**

- *Advocacy and Campaign*  
Provide support on the communication and presentations to external stakeholders, including through participation in roadshows and development of relevant communication materials/products, if necessary.

#### **Post-Issuance**

- *Impact Report Preparation and Writing*
  - Participate in the overall drafting process of the impact report, including in the data collection process and coordination with relevant line ministries.
  - Advise on and develop the impact measurement methodologies and guidance.
  - Provide institutional strengthening and capacity buildings, including capacity assessments, training on data collection and impact reporting, and knowledge products development.

The following methodologies may be used for the assignment:

- Desk review;
- In-depth interviews and/or Focus Group Discussion with key stakeholders;
- Other relevant methodologies proposed by the consultant.

The expected deliverables are elaborated as the following.

<b>Deliverables*</b>	<b>Number of Working Days</b>	<b>Time</b>
<b><u>Deliverable 1</u></b> Submission of UNDP's analysis and review of the Republic of Indonesia (RoI) SDG Bond/ Sukuk Framework	5 Wds	15 March 2021
<b><u>Deliverable 2</u></b> Submission of UNDP Indonesia's alignment letter of the RoI SDG Bond/ Sukuk Framework to the SDGs	5 Wds	05 April 2021
<b><u>Deliverable 3</u></b> Report on supporting the project evaluation and selection process for SDGs Bond Issuance	5 Wds	31 May 2021
<b><u>Deliverable 4</u></b> Report on supporting the advocacy, campaign, as well as communication to external stakeholders on the SDGs Bond Issuance	5 Wds	30 June 2021
<b><u>Deliverable 5</u></b> Report on providing technical support towards the impact report writing process, including in the	5 Wds	31 July 2021

stakeholder coordination and kick-off (5 working days)		
<b><u>Deliverable 6</u></b> Report on the proposed SDGs Bond Impact Report measurement methodology	5 Wds	31 July 2021

*\*each deliverable shall be prepared and submitted in English.*

### III. WORKING ARRANGEMENTS

#### **Institutional Arrangement**

- The consultant will have close supervision and coordination with the Innovative Financing Lab of UNDP;
- The consultant's draft reports will be reviewed by UNDP and other relevant counterparts;
- The consultant will report to the Head of IFL, UNDP;
- The payment will be made to the consultant at each payment schedule, upon technical clearance and approval of the satisfactory submission of results from Head of IFL/UNDP. Estimated lead time for UNDP or Project Implementing Partners to review outputs, give comments, certify approval/acceptance of outputs is 2 weeks.

#### **Duration of the Work**

The consultant is expected to work 30 working days within 6 months. Final report expects full completion not later than 31 July 2021.

#### **Duty Station**

The consultant is expected to work home-based.

#### **Travel Plan**

*There will not be any travelling required for this project.*

### IV. REQUIREMENTS FOR EXPERIENCE AND QUALIFICATIONS

#### Academic Qualifications:

Masters degree in economic, finance, international development/ development studies, and/ or environmental studies.

#### Years of experience:

1. Minimum 8 years of experience working on SDGs-related initiatives, public finance, green/ sustainable finance, or other related fields, including in policy analysis, research/ studies development
2. Substantive experience in country/ regional level works, in close coordination with national government (e.g. Ministry of Finance and Ministry of National Development Planning).
3. Substantive experience in designing/implementing multi-stakeholder (both in public and private sector) engagement process leading to broad-based consensus and support

#### Competencies and special skills requirement:

- Analytical skills, communications abilities, teamwork.

- Excellent report writing and drafting skills along with a grasp of sustainable development in the context of Indonesia, as demonstrated by previous research/analytical reports/policy notes on relevant topics.
- Strong motivation & ability to work & deliver under short deadlines.
- Focuses on impact & result for the client & responds positively to critical feedback.
- Able to work independently with little or no supervision.
- Outstanding knowledge of the international/national green and sustainable bonds market, framework, issuance modalities and procedures, including requirements and guidelines.
- Strong understanding of Indonesia's governmental framework, including SDG and Green Bond-related policy and other related regulations in Indonesia.

## V. EVALUATION METHOD AND CRITERIA

Individual consultant will be evaluated based on the following methodologies:

### Cumulative analysis

When using this weighted scoring method, the award of the contract should be made to the individual consultant whose offer has been evaluated and determined as:

- a) Responsive/compliant/acceptable, and
- b) 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

Criteria	Weight	Maximum Point
<u>Technical</u>		100
Criteria A: qualification requirements as per TOR:	(70%)	
1. Masters degree in economic, finance, international development/ development studies, and/ or environmental studies	20	
2. Minimum 8 years of experience working on SDGs-related initiatives, public finance, green/ sustainable finance, or other related fields, including in policy analysis, research/ studies development	20	
3. Substantive experience in country/ regional level works, in close coordination with national government (e.g. Ministry of Finance and Ministry of National Development Planning).	20	
4. Substantive experience in designing/ implementing multi-stakeholder (both in public and private sector) engagement process leading to broad-based consensus and support	10	
Criteria B: Quality of Proposal	(30%)	
1. Understanding the scope of work and objectives of the assignment	10	
2. Approach and methodology proposed - comprehensiveness & fitness against requirements	10	

3. Quality of proposed implementation plan, i.e. report outline, how the bidder will undertake each task, and time-schedules	10	
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