



## Annex I

### Terms of reference

#### GENERAL INFORMATION

**Title:** Expert for The Development of Environmental, Social and Governance Framework

**Project Name:** MPTF JOINT SDG FUND (ASSIST)

**Reports to:** Head of IFL and the Senior Advisor for Climate Governance

**Duty Station:** Homebased

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

**Duration of Assignment:** April to September 2022

#### REQUIRED DOCUMENTS FROM HIRING UNIT

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
X	APPROVED e-requisition

#### REQUIRED DOCUMENTATION FROM CONSULTANT

X	CV
X	Copy of education certificate
X	Completed financial proposal
X	Completed technical proposal

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

☒ intermittent (deliverables-based)

☐ 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:

## I. BACKGROUND

As a form of commitment to the global community, Indonesia has revised its Nationally Determined Contribution (“NDC”) commitment by setting an emission reduction target (unconditional emission reduction) of 29% (formerly 26%), and a conditional reduction target of 41% in 2030 (formerly in 2020). The renewal of the NDC demonstrates Indonesia's commitment to realizing a low-carbon and climate-resilient economy.

Based on the Second Biennial Update Report, to achieve the NDC target in 2030, Indonesia needs Rp3,461 trillion (Rp266.2 trillion per year). Meanwhile, the government is only able to finance 34% of the total funding needs for this climate change action. The large funding gap needs to be addressed through mobilizing other sources of funds. This need continues to increase, with the government's decision to update the NDC target in July 2021. The update states Indonesia's commitment to achieving carbon neutrality by 2060 (as stated in the Indonesia Long-Term Strategy document for Low Carbon and Climate Resilience (LTS-LCCR) 2050).

Along with the increasing global awareness of climate change and biodiversity loss, investors and other sources of funds have also begun to shift their investment priorities. Investors and multilateral institution's appetites are now changing towards more sustainable investments, to which they will be very considerate of how programs/projects address environmental, social and governance aspects.

In Indonesia, at the level of state financial policy and related instruments, the Ministry of Finance recognizes the importance of moving in line with the changing environment. Policies, schemes and financing instruments are also continuously directed to contribute to the achievement of national commitments. Examples of these instruments include Green Sukuk and SDG Bonds. And most recently, the Ministry of Finance has also issued a regulation on carbon taxes.

Since the outbreak of COVID-19, there have been increasing calls from governments and industries for a “green recovery”. The COVID-19 crisis has also boosted governments' interest in infrastructure projects, which can offer both short-term and longer-term benefits resulting in increased job opportunities, connectivity, education, and health, etc. Infrastructure projects also are more resilient to external shocks, such as pandemics or climate catastrophes. In 2017, the OECD estimated that 60% of global emissions stemmed from infrastructure, which has suggested that innovative and sustainable infrastructure sits at the heart of positive change for sustainable development. The incorporation of ESG principles in infrastructure projects particularly those involving private financing contributes to unlocking important green funding sources, while also contributing to countries' sustainable development. Many markets around the world are now aligning their business models to the UN Sustainable Development Goals and investments are increasingly adopting disclosure guidelines relating to Environmental, Social and Governance (ESG) issues.

The Ministry of Finance has initiated the work to mainstream ESG principles in government support products, especially for the provision of infrastructure that involves private financing. The implementation of ESG in government support for infrastructure financing is considered effective in two ways. First, it ensures the provision of infrastructure whilst accounting for the achievement of sustainable goals. Second, it is an incentive and a form of government appreciation to private partners, particularly to those who address environmental and social impacts of infrastructure projects. In this context, UNDP supports the Ministry of Finance in the development of ESG Framework and its relevant activities that are expected to be delivered in 2022.

The ESG dimensions have been referred and applied at different levels in Indonesia. The

Ministry of Finance seeks to implement a rules-based fiscal policy framework for activities related to climate change while at the same time encouraging the state budget to be “greener” by utilizing public funds to support project initiatives related to climate change. In this context, the Ministry of Finance provides various forms of incentives (subsidies and other fiscal instruments) to influence economic actors to carry out environmentally friendly activities, pay attention to potential social impacts and deal with climate change. As a first step, the ESG frameworks to be developed will be applied in policy of infrastructure financing support management.

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

### **Scope of Work**

The consultant will support the Director-General of Budget Financing and Risk Management (DG-BFRM) to develop Environmental, Social and Governance Framework (ESGSMF) which will be piloted in infrastructure projects that MoF will finance:

1. Conduct readiness assessment of MoF to make ESG alignment with public finance management strategy: to identify resources, commitment, and progress to move forward ESG alignment framework implementation in the short term and midterm.
2. Suggest internal governance structure e.g., management-level ESG committee or oversight board to move forward with ESG implementation including decision rights, accountabilities, and oversight.
3. Identify ESG risks and/or opportunities of infrastructure projects need to be managed and disclosed
4. Development ESG assurance framework including incorporating ESG factors into (1) programming quality assurance and risk management, (2) project level screening, assessment, and management of social, environmental and governance risks and impacts, (3) stakeholder engagement and response mechanism, (4) access to information, (5) monitoring, reporting, and compliance.
5. Conduct inventory and assess data collection and governance practices
6. Develop an ESG information and data framework to capture, collate, and track relevant data and the proper protocols to ensure data is reportable, repeatable, and auditable
7. Decide what to do ESG disclosure, action plans and measurable Key Performance Indicators
8. Determine communication channels in reaching targeted audiences such as a dedicated ESG report or online public channel for informational disclosure
9. Suggest the capacity development plan for the implementation and enforcement of ESG framework at both minister level, project level, private sector level.

To complete the above, the consultant should:

1. Review policy statement developed by DG BFRM and consult with MoF and other stakeholders such as BAPPENS regarding the GoI rules, regulation and best practices.
2. Refer to international standards from UN organizations, such as UNDP SESP; DFIs, such as IFC and World Bank social and environmental safeguard frameworks; ESG rating entities such as MSCI, Sustainalytics; standardization organizations or initiatives such as GRI TCFD, the SASB “Materiality Map,” which provides overview of ESG disclosure topics across relevant industries,<sup>12</sup>

Ensure the indicators are quantitatively measurable or qualitatively tangible to include but not limited to (1) biodiversity and conservation and sustainable resource management, (2) climate change and disaster risk, (3) community health, safety, and security, (4) cultural heritage, (5) displacement and resettlement, (6) indigenous people, (7) labour and working conditions, (8) pollution prevention and resource efficiency.

### **Expected Outputs and Deliverables**

In line with the above scope of works, the consultant is expected to deliver a policy document to cover the key building blocks of an ESG framework covering the scope of work 1-8, and the recommendations for capacity development plan and implementation of ESG framework, and a policy summary of proposed ESG framework the expected outputs of this activities, are as follows:

<b>Deliverables/Outputs</b>	<b>Estimated Number of Working Days</b>	<b>Completion Schedule</b>
<b><u>Deliverable 1:</u></b> <b>Draft Document</b> -Policy document covering key building blocks of an ESG framework and recommendation on implementation and capacity development plan based on FGD results with immediate stakeholders (especially Special Mission Vehicle) that will be facilitated by MoF	40	June 2022 (72%)
<b><u>Deliverable 2:</u></b> <b>Draft Document</b> -Policy document covering key building blocks of an ESG framework and implementation and capacity development plan and a policy summary. Prior to finalizing the draft, there will be a one-round review/comment/input from stakeholders.	20	September 2022 (28%)

### **III. WORKING ARRANGEMENTS**

#### **Institutional Arrangement**

Expert will report to Head of IFL and the Senior Advisor for Climate Governance in UNDP Indonesia Country Office and work in close collaboration with DG-BFRM .

The contract and payments will be performance-based and regularly assessed by UNDP Indonesia Country Office. The present ToR may be subject to modification, without changing the overall objective and the scope of work, on the basis of mutual consultations. The consultant shall submit the final report in Bahasa version in containing soft copy of editable version of final report, all presentation, documentation, all data and calculation, and simulation result (if available).

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

- a) The duration of work will be 60 days from April to August 2022.
- b) UNDP will hold the copyright of the assignment deliverables.
- c) The unforeseen delay will be further discussed by UNDP as basis for possible extension.
- d) The feedback from UNDP and government partners to the submitted reports can be expected within 10 working days from the date of submission.

**Duty Station**

The consultancy will be home-based.

**Travel Plan**

There is no travel plan for the duration of the assignment.

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

A Master's degree in a field related to Environmental Science, Public Administration & Policy, Development or other closely related field from an accredited college or university, or a bachelor's degree in above areas with two additional years of relevant experience.

**Working Experience:**

- A minimum of 8 years of relevant work experience in environmental, social or governance risk, environmental, social or governance assessment and management or natural resource management with reference to national laws and regulations, the World Bank Environmental and Social Framework (ESF) or UN's Safeguards Policies, and other international standards on ESG from other Multilateral Development Banks, sovereign funds, ESG funds and other ESG rating organizations, international standardization organizations or initiatives.
- Substantial professional experience at senior technical and advisory levels on issues related to environmental review, safeguards and mainstreaming issues and processes as practiced in Indonesia
- Proven ability to conceptualize, design and produce major and complex safeguards instruments, reports and studies (ESMFs, EIAs, EMPs, SEAs, etc).
- Demonstrated professional leadership and ability to lead a team of professionals in the execution of major safeguards interventions in high risk or complex investment projects.

**Other Competencies (if applicable):**

- Demonstrate analytical skills.
- Language skills: excellent spoken and written in English; Bahasa Indonesia is an advantage.
- Good interpersonal and communication skills, with the ability to effectively interact with people in a multi-disciplinary and multi-cultural environment.
- Demonstrated ability to take initiative and work independently while also having the skills and interests to work effectively within teams.

**V. EVALUATION METHOD AND CRITERIA****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>	70%	100
<p>Criteria A: qualification requirements as per TOR:</p> <ol style="list-style-type: none"> <li>1. A minimum of 8 years of relevant work experience in environmental, social or governance risk, environmental, social or governance assessment and management or natural resource management with reference to national laws and regulations, the World Bank Environmental and Social Framework (ESF) or UNDP's Safeguards Policies, and other international standards on ESG safeguards from other Multilateral Development Banks and other development partners/donors</li> <li>2. Substantial professional experience at senior technical and advisory levels on issues related to environmental review, safeguards and mainstreaming issues and processes as practiced in Indonesia</li> <li>3. Proven ability to conceptualize, design and produce major and complex safeguards instruments, reports and studies (ESMFs, EIAs, EMPs, SEAs, etc).</li> <li>4. Demonstrated professional leadership and ability to lead a team of professionals in the execution of major safeguards interventions in high risk or complex investment projects.</li> </ol>		<p>20</p> <p>20</p> <p>20</p> <p>10</p>
<ul style="list-style-type: none"> <li>• Criteria B: Brief Description of Approach to Assignment <ol style="list-style-type: none"> <li>1. Understands the task and applies a methodology appropriate for the task?</li> <li>2. Important aspects of the task addressed clearly and in sufficient detail?</li> <li>3. Is planning logical, realistic for efficient project implementation?</li> </ol> </li> </ul>		<p>10</p> <p>10</p> <p>10</p>