

Terms of Reference

Support to EITI Indonesia with Engaging communities in a just transition through EITI implementation

The EITI is a global standard that promotes transparency and accountability in the oil, gas and mining sectors. Additional information is available on <http://www.eiti.org>.

The EITI International Secretariat, with the support from the Ford Foundation, is seeking to strengthen its support to EITI Indonesia on subnational revenues and its use for community development and regional planning. The objective is to increase overall understanding of subnational payments and transfers for extractive projects, as well as ongoing and commissioned energy transition projects, for increased local community understanding, long-term planning and a just transition.

This project is part of EITI MSG Indonesia's Work Plan for 2022-2023.

1. Context

The energy transition is expected to shape the future of resource-dependent countries, impacting government revenues, investment decisions and development at the local level. While some regions and localities might benefit from increased investments in strategic minerals, others might face economic losses where there is a transition away from fossil fuel production. The transition to a low-carbon economy will have implications for the world's reliance on fossil fuels as a source of energy, as well as for the supply of strategic minerals, key in scaling up the use of renewable energy and electric batteries. For communities dependent on fossil fuel production and mineral extraction, the energy transition will impact revenues derived from extractive activities, employment and local procurement opportunities, and companies' social and economic contributions.

The EITI International Secretariat with the support of the Ford Foundation, commissioned a study on "[Empowering Local Communities in EITI Implementing Countries](#)" that ultimately recommended the need for MSGs to clearly establish the link between furthering transparency and addressing wider accountability and governance challenges both at the national and the local levels. It is through this link – having project level and subnational sector data - that local communities can better participate in the sector's governance. The project "Engaging communities in a just transition through EITI implementation" is a follow-up of the mentioned study. The activities herein will look at opportunities for the EITI Indonesia Multi-stakeholder Group (MSG) to provide a platform for local actors to engage in regional and national decision-making processes to bridge the gap between local, regional and national sector governance. The expectation is that adequate reporting and debate at the local level would enhance local communities' participation in the sector's oversight and that it will also help inform national transition plans and the MSG's agenda by ensuring that local community perspectives are taken into consideration for an equitable and inclusive transition. Furthermore, the project will look to involve national and local authorities on how to best use EITI data for development planning and policy decisions around the just transition.

The EITI Standard recognizes that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development. Thus, understanding local implications of the energy transition through sub-national sector data can better prepare communities, inform policy to address impacts, and continue to build multistakeholder collaboration around energy and natural resource governance.

The energy transition is expected to significantly change citizens' expectations of transparency and accountability efforts in the extractive industry and priorities for the EITI at the global, national, and local levels.

In October 2020, the EITI Board agreed activities that would support the EITI in playing a more proactive role in supporting an equitable transition to a decarbonised economy for resource-dependent countries. This includes supporting in-country stakeholders, particularly government actors and EITI MSGs in understanding and preparing for the energy transition. Thus, the activities herein aim to provide a blue-print on how other countries and communities can better integrate EITI subnational payments and transfers data for extractive sector projects – as well as potentially for energy transition projects - for increased resilience and equitable development planning.

This project will look to align with Indonesia's long-term strategy for low carbon and climate resilience 2050¹. Indonesia is the world's biggest nickel producer and national production is concentrated in Sulawesi Island. Nickel demand for batteries, especially for the kind used in electric vehicles (EVs), is growing rapidly. Because of this, the community of focus for the project will be in the Morowali District located Central Sulawesi. Central Sulawesi Province is home to the Indonesia Morowali Industrial Park (IMIP), a steel production as well as nickel processing for battery production. Considering that Indonesia alone will account for around half of global nickel production growth between 2021 and 2025 and the success of Indonesia's high-pressure acid leach (HPAL) projects is key to the future global nickel supply for batteries², this district possesses a unique opportunity to further understand local implications around critical minerals for the energy transition, as well as understand the implications for meeting the country's emissions targets, especially in a country where 86% of its energy mix is based on coal-fired power generation, and 60% of its coal is destined for export.³

The activities herein aim to support local civil society and communities to better understand, debate, address and prepare for the impact of the energy transition in communities dependent on extractive industries in resource-dependant countries. It also seeks to build local knowledge and capacity around the implications of the transition to engage in meaningful debate at the local level and to shape policy options regarding the just transition using EITI data and information. Lastly, the activities will help to establish the link between the local community and their sub-national data needs for EITI Indonesia MSG's consideration. The project will emphasize understanding local community needs in discussions around the energy transition and how those feed into the country's long-term vision. It will also help to explore MSG opportunities to integrate the energy transition into their work plan and mandate, as well as for the MSG to serve as a national amplifying platform to extend local community concerns.

Objectives

The aim of this project is to provide:

- (i) civil society and local communities, specifically those in the Morowali District located Central Sulawesi, with a better understanding of the impact of the energy transition on the extractive sector and their livelihoods, specifically on variations in sub-national revenue from ongoing and planned projects informed by EITI data,

¹ INDONESIA [Long-Term Strategy for Low Carbon and Climate Resilience 2050](#), 2021.

² CSIS, [Indonesia's Nickel Industrial Strategy](#), December 9, 2021 (Accessed on February 8, 2022).

³ IESR, [Showing Commitment, Indonesia is Ready for Early Retirement of Coal Power Plants](#), November 12, 2021 (Accessed on February 8, 2022).

- (ii) the EITI Indonesia MSG with a better understanding of local community needs, opportunities and possible risks around the energy transition through sub-national level reporting – based on the case study community in the Morowali District, and
- (iii) local communities with an opportunity to engage the EITI Indonesia MSG platform to amplify the voice of communities for improved energy and natural resource governance.

2. Scope of services

The project should cover the following aspects divided in three components:

- **Component 1: Scoping study, assessment on sub-national revenue data on extractive and energy transition projects and recommendations**
 - o **Activity 1.1: Community Project Scoping.** Scope at least two communities in the Morowali District located in Central Sulawesi and recommend which communities are best positioned for the set of activities described under the three Components. The community prioritised must meet two of the following criteria: (i) currently extract or has the confirmed potential to extract critical minerals for the energy transition, (ii) currently has or has recently commissioned renewable energy projects that diversify the national energy grid, or (iii) have significant oil or coal project(s) that makes the community particularly vulnerable to the energy transition.
 - o **Activity 1.2: Extractive Sector Sub-National Revenue Assessment, Implications and Community Data Report.** Following the scoping study, assess the status of EITI disclosures related to the subnational level (including revenues from projects managed at the subnational/community level, revenue transfers, social expenditures, employment opportunities, and environmental impacts). A data template will be suggested by the EITI International Secretariat for the community data report or factsheet. The assessment should include special consideration for EITI Standard Requirements 2.4, 4.6, 5.2, 6.1 and 6.4.
 - o **Activity 1.3: Energy Transition Assessment and Implications.** Following the scoping study, assess the status of (i) publicly available data for energy transition projects at a regional/community level, (ii) relevant energy transition policies and plans, and (iii) what data is needed to better inform these policies and plans, by contrasting data available derived from Activity 1.2. and the suggested community-level data factsheet. Furthermore, the assessment should consider what corruption risks are associated with the data gaps and develop recommendations on the types of disclosures energy transition projects should make to mirror EITI requirements. The assessment should include special consideration for EITI Standard Requirements 3.1, 3.2, 3.3 and 6.3.
 - o **Activity 1.4: EITI Data Community Use and Needs Assessment.** Conduct exchange meeting(s) through key-informant interviews and/or focus groups from the chosen community under Activity 1.1 on local EITI sub-national data disclosure gaps, project-level community information needs on extractive projects and energy transition linkages with the objective to best communicate and use EITI data disclosures, as well as provide feedback on how to best communicate sector data for increased community oversight. Interviews/focus groups must adapt to and reflect the community's gender, ethnic and cultural diversity.
 - o **Output(s):** This component will include the following outputs as deliverables: (i) Project work plan and scoping studies from Activity 1.1, and (ii) Assessment Report

that includes results and key recommendations derived from Activities 1.2, 1.3 and 1.4.

- o **Outcome(s):** The assessment should provide insights into the actual obstacles faced by the selected community on sub-national revenue, social and environmental data availability and use. The firm/team of consultants should identify practical and actionable recommendations on how EITI subnational data can strengthen local debate and provide an avenue for Indonesia's MSG to expand their scope to start exploring the energy transition into their mandate. The recommendations should also highlight any changes to the country's legal framework or policy development that may be required to successfully implement the recommendations.
- **Component 2: Stakeholder Capacity Building**
 - o **Activity 2.1: Stakeholder Exchange Meeting.** Convene and lead a joint stakeholder meeting with community representatives, local industry actors, local governments, MSG members, and EITI NS on sub-national revenue, social and environmental data gaps and data relevancy needs based on the findings under Component 1. This activity should lead into general recommendations on sub-national data disclosure templates based on (i) EITI Requirements, (ii) the status of extractive and renewable energy projects and (iii) community needs that stem from Activity 1.4. This activity could take place in-person in the community in-line with local protocols, if online it must guarantee access to all constituencies and key community participants.
 - o **Activity 2.2: Community and CSO Training.** Design and deliver 2 half-day trainings for at least 30 community participants that must include but is not limited to: Introduction to the EITI Standard, the assessment results from Component 1, and how to generate good governance where energy transition projects are underway. The training must consider local community needs and be coherent with local COVID-19 security measures. Participants must represent the community's gender, cultural and ethnic diversity and will not be limited to community leaders only. If possible, such training will be in-person.
 - o **Activity 2.3: EITI Indonesia MSG and NS Training.** Design and deliver 1 half-day training that must include but is not limited to: the assessment results from Component 1, and how to best advocate for increased natural resource governance for the energy transition to EITI MSG and National Secretariat (NS). If possible, such training will provide hybrid in-person and online options for participants and will aim to have at least 60% of MSG and NS participation.
 - o **Activity 2.4: National and Local Authorities Training.** Design and deliver 1 half-day training to at least 15 national and local authorities to build capacity for EITI data use and analysis for (i) planning and policy making, (ii) identify opportunities for improving data collection efforts and timeliness, and (iii) explore relevant linkages for energy transition planning. If possible, such training could provide hybrid (in-person and online) participation options.
 - o **Output(s):** Three trainings designed and delivered to community and CSO representatives, local governments, EITI MSG and NS, and national and local community leaders on sub-national revenue data gaps and needs for better informed policies around natural resource governance, including the energy transition informed by EITI data.
 - o **Outcome(s):** (i) Most of the training participants have an increased understanding of the impact of the energy transition on the extractive sector and their livelihoods,

informed by EITI data, and (ii) MSG and NS include in their work plan energy transition activity or participate as a speaker in a national policy forum around the energy transition in the subsequent months after the training.

- **Component 3: National Engagement and Learning**

- **Activity 3.1: National Engagement Plan.** Aligning with global EITI's energy transition strategy, this activity will suggest actions for a possible time-bound national strategy for Indonesia on engaging in energy transition matters. This could include increased participation of stakeholders trained into existing national platforms on energy transition policy discussions. The national engagement strategy should include a communications strategy that considers the different stakeholders, MSG constituencies and is specifically tailored to Indonesia's ongoing policy discussions.
- **Activity 3.2: Stakeholder Participation in National Energy Transition Fora.** Preparation, support, and 6-month follow-up with training participants on their engagement in national platforms and fora on how the energy transition is managed to voice recommendations on just transition, in line with activity 3.1.
- **Activity 3.3: EITI International Secretariat Iterative Learning Sessions.** Participate in three EITI International Secretariat iterative learning sessions on common challenges, lessons learned throughout the project for knowledge sharing and reporting purposes. This project will be replicated in two communities in Colombia, and 1 community in Ghana. Virtual sessions will be once every four months for half a day.
- **Activity 3.4: End of project Report.** Provide a final execution report for all activities, findings and outcomes that reflect on lessons learned and includes training material and assessment in annexes. Report should not be longer than 20 pages.
- **Output(s):** National engagement plan, stakeholder engagement and dissemination strategy, participation follow-up and end of project report.
- **Outcome(s):** At least 30% of training participants (civil society and local community representatives, local industry actors, EITI Indonesia's MSG and NS, and national and local authorities) voice their needs and concerns by leveraging the EITI platform and data for increased natural resource planning, especially around the energy transition, in existing national policy platforms.

3. Deliverables and calendar

The assignment is expected to take up to 65 consultancy days throughout April 2022 – March 2023 (estimate days per component are 25 days for Component 1, 28 days for Component 2, and 12 days for Component 3). It is estimated that around 80% of the total allocated days will be within the first seven months of the project.

Costs associated with providing the trainings, i.e., venue & catering, as well as travel costs for participants will be covered by the International Secretariat.

The proposed timeline for deliverables is as follows and should be agreed upon signing of the contract:

Deliverables	Timeline
Final Work Plan and Community Scoping	+/- 3-4 weeks after contract signature
Extractive Sector and Energy Transition Sub-National Revenue Assessment	+/- 7-9 weeks after contract signature
Community and CSO Training	+/- 12-16 weeks after contract signature

National engagement plan, stakeholder engagement and dissemination strategy	+/- 12-22 weeks after contract signature
MSG and NS Training and National and Local Authorities Training	+/- 14-22 weeks after contract signature
1 st Draft of End of Project Report	+/- 32-38 weeks after contract signature
End of Project Report	+/- 40-48 weeks after contract signature

4. Firm or Team of Consultant(s) Qualifications

The firm or team of consultants must be a reputable company/person(s) perceived by the EITI International Secretariat to be credible, trustworthy and technically competent. The team should consist of at least two professionals with the following skills:

- Knowledge of the extractive sector, and the EITI Standard,
- Proven expertise in sub-national extractive sector revenue data,
- Proven expertise on the energy transition,
- Proven relevant and technical training experience,
- Experience with engaging local stakeholders,
- Have references related to similar work,
- **Have extensively worked in Indonesia and preferably in the Morowali District. Local consultants are preferred.**
- Be able to provide end of project report in English and participate in EITI's International Secretariat internal project iterative learning sessions in English. Assessment, training material and local adaptation of the energy transition plan must be in native languages in countries of operation.

5. Administrative support

The EITI International Secretariat will facilitate contacts between the firm or team of consultants.

The consulting firm or team of consultants is expected to establish regular check-ins with the EITI International Secretariat to update on progress, present and validate key deliverables. The meeting frequency timeline should be agreed upon on the work plan. It shall be the consulting firm's or consultant's team's responsibility to ensure that such meetings are conducted, and reports are submitted to the International Secretariat.

The EITI Indonesia National Secretariat will provide the consultant with the following support:

- Coordination with the members of Indonesia EITI MSG
- Coordination with the selected local authorities to take part in the relevant project activities
- Provision of relevant materials and data on EITI Indonesia

6. Contractual procedure and proposal deadline

A Consultant will be selected following a quality and cost-based selection procedure. Consultant should submit:

- A **Technical Proposal**, outlining: (a) the experience of the consultant/s, (b) the proposed methodology and work plan in response to the Terms of Reference (TORs) and (c) the key experts' qualifications and competence. The Technical Proposal should not include any financial information. Technical proposals containing material financial information shall be declared non-responsive.

- A **Financial Proposal**, clearly indicating a lump sum financial proposal of all costs associated, with applicable taxes. The daily rate for the consultant fees should be clearly indicated. The Financial Proposal should be sent as a password protected PDF file. The passwords should not be sent. The passwords will be requested following the assessment of the technical proposals.

Proposals must be delivered by email to skasimova@eiti.org by Friday, March 25th, 2022.

All questions related to the project, its timeline and deliverables should be submitted to skasimova@eiti.org by no later than Friday, March 18th, 2022.

The criteria for assessing the technical proposals will be based on:

- Experience of the Consultant relevant to the Assignment,
- Adequacy and quality of the proposed methodology, and work plan in responding to the Terms of Reference (TORs), and
- Key Experts' qualifications and competence based on the Qualification requirements (see section 5 above).

The weighting assigned to the technical proposal (T) and the financial proposal (P) is as follows:

T = 70 %

P = 30 %

Proposals will be ranked according to their combined technical (St) and financial (Sf) scores, using the weights [T = weight given to the technical proposal; P = weight given to the financial proposal; T + P = 1] as follows: $S = St \times T\% + Sf \times P\%$.

Contract negotiations will be initiated with the firm or team of consultants with the highest score. If these negotiations fail, a new contract negotiation will be initiated with the firm with the second highest score.

**When preparing your proposal, please be sure to include a section on potential conflicts of interest in the technical proposal. This section should identify any areas of work, including past, present, or future consultancies related to the EITI, which might pose a conflict of interest. Please also describe strategies that you intend to use to minimize those risks.*