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# TERMS OF REFERENCE

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## for empowering communities in Indonesia to participate in the oversight of the extractive sector

The Extractive Industries Transparency Initiative (EITI) is seeking a consultant to support the EITI multi-stakeholder group (MSG) in Indonesia in improving its communications and dissemination activities to ensure the latter are citizen-oriented and strategic, with the aim of maximising the impact of EITI disclosures and encouraging local debate about the management of the extractive sector. The consultant is expected to carry out a mapping of civil society organisations and actors engaged around mining activities in Indonesia at the local level, outline their information needs, and identify opportunities to improve the MSG's communications and dissemination activities. The final report is expected to provide recommendations for how the EITI and partners can better support local stakeholders in using extractive sector information and the EITI multi-stakeholder platform strategically participate in policy discussions on natural resource governance. The findings from this report will inform a cross-country study by the EITI International Secretariat which will bring together the findings of similar studies on Colombia and Ghana.

### 1 Background

Too often, local populations bear a disproportionate share of the costs linked to the extractive industries, while not being sufficiently represented in dialogue around its management and oversight. Poor management of the extractive sector exacerbates inequalities and social exclusion. This is one of the reasons the [Extractive Industries Transparency Initiative \(EITI\)](#), the [global standard](#) for transparency and good governance of the extractive industries implemented by 52 countries, has sought to ensure that civil society organisations and representatives of local communities have an opportunity to participate in national debates on natural resource governance.

Local actors, from community representatives to associations and media, should be able to play a key role in overseeing natural resource investment and extraction and, ultimately, benefit from it. In each EITI implementing country, a multi-stakeholder group (MSG) consisting of representatives from government, industry and civil society oversees implementation of the EITI Standard, which aims to make information available in a timely manner to citizens. However, this information and data is not consistently used by communities and CSOs at the local level when raising concerns over natural resource extraction projects, due to lack of timely data, unavailability of relevant data, inadequate format for its dissemination, or gaps in the strategic use of information.

In light of the above, the EITI International Secretariat is seeking support for scoping out a communications and dissemination plan for broadening and deepening local civil society engagement in natural resource governance through the EITI. The outcomes of this scoping are also expected to inform further communications capacity building by the EITI for local communities and CSOs where there are opportunities and need for support.

In Colombia, Ghana and Indonesia,<sup>1</sup> EITI implementation support and consultations undertaken in the framework of [Validation](#) have shown particular interest in issues related to the local impact of extractives. Despite many activities at the subnational level, including efforts to disseminate EITI data and engage local actors, the potential for positive impact by the EITI remains limited. There is scope to improve local actors' engagement and capacity to hold governments and companies accountable in all three countries. These three countries are listed amongst the target countries of the Ford Foundation's NRCC-I programme and are EITI priority countries.

The Government of Indonesia committed to implementing the EITI in 2008. To date, Indonesia has published reports covering the fiscal years 2009 to 2016. Its Validation under the 2016 EITI Standard is ongoing. PWYP, Article 33 and Idea are represented on the MSG and have been particularly active on issues related to subnational implementation. There are also representatives from the local governments of the East Java, Riau and East Kalimantan provinces on the MSG. Public debates about the impact of the extractive sector have centered on the environmental impact of mining, subnational transfers, including how cost recovery impacts shares of revenues from the oil and gas sector destined to local governments, and social expenditures. There is scope to increase local understanding of how computations are made in calculating revenues transferred to local governments and monitor overlaps between licenses granted at the central and local level and social expenditures based on "ad-hoc agreements" between companies and local governments. As of 2016, the contribution of the mining sector (including coal) stood at USD 18 billion, significantly contributing to producing regions' workforce absorption and regional export compared to the national average. Despite a strong focus on subnational implementation, the Indonesia EITI has tended to function in a silo and not be involved in wider debates on issues of public interest, with too limited engagement from the government and companies.

## 2 Objectives of the assignment

To help inform how to maximise the impact of EITI disclosures and encourage local debate around extractives in Indonesia, the EITI is seeking a consultant to:

- Map civil society organisations and other actors active on extractive resources governance at the local level and identify their information needs, with support from the national MSG and EITI International Secretariat.
- Help identify opportunities and tools to improve the communications and dissemination activities of the national MSG.
- Provide recommendations for how the EITI and partners can better support local stakeholders in using extractive sector information and the EITI multi-stakeholder platform strategically to participate in policy discussions on natural resource governance.

## 3 Scope of work

The consultant will be expected to undertake the following tasks:

1. **Initial consultations with the Indonesia EITI MSG, the national secretariat and the International Secretariat** to collect background material, clarify any areas related to the scope of the work and agree on the target region(s) for further consultations.

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<sup>1</sup> For more information about the respective EITI processes, visit the national EITI websites and country pages on the EITI international websites: Colombia EITI, <http://www.eiticolombia.gov.co/es/>; GHEITI, <http://www.gheiti.gov.gh/site/>; Indonesia EITI, <http://eiti.ekon.go.id/en/>; on the EITI international website: <https://eiti.org/colombia>, <https://eiti.org/ghana>, <https://eiti.org/indonesia>.

2. The consultant should undertake a **desk review** of information relevant to transparency and governance in extractives at the local level in Indonesia, focusing on the EITI's work to date and drawing from relevant literature by other organisations and experts in the area. Through this desk review, the consultant should:
  - (i) Develop an understanding of key challenges in extractive governance at the local level, including but not limited to: subnational payments by extractive companies (EITI Requirement 4.6), transfers by central governments to local communities as well as gaps in publicly available information (5.2), social and environmental expenditures by extractive companies (6.1), environmental monitoring (6.4), licensing (2.2), production (3.2), gender equality and social inclusion (1.4, 6.3, 7.1 and 7.4), local employment (6.3) and procurement, and artisanal and small-scale mining. This analysis should include identification and ranking of the most important information asymmetries between communities and other actors;
  - (ii) Identify activities and tools related to the Indonesia EITI's communications and dissemination activities in the relevant areas, including but not limited to: communications material accessible at the local level; activities carried out at the local level; communications means, channels and technology used to disseminate EITI information, such as radio, TV, newspapers, social media, forums, etc. The consultant is expected to document the potential impact of these activities at the local level and assess whether EITI data addresses relevant issues in these communities.
  - (iii) Identify existing initiatives and organisations that promote local dialogue and debate around these issues and carry out activities to improve the management of the sector, including mitigating the negative impact of the sector and at the local level; and
  - (iv) Outline the information needs and barriers to participation in policy discussions on natural resource governance of the above mentioned organisations and other local groups and actors, including but not limited to: chiefdoms, local community elders, women's associations and youth associations.
  
3. The consultant should undertake **consultations in the target region with key EITI stakeholders, civil society organisations and other relevant actors at the local level**, to complement findings related to the three points above, particularly in terms of information needs and demands related to the EITI's contribution to dialogue and debate at the local level. These consultations should also inform the consultant's recommendations related to improving the Indonesia EITI's communications and dissemination activities.
  
4. **Draft a report summarising the key findings, based on the following structure:**
  - (i) **Background and local context:** including key challenges in the sector and in particular in the target region; a summary of Indonesia EITI's communications and dissemination activities, as well as the potential impact of EITI reporting at the local level;
  - (ii) **Landscape of actors and information needs and barriers to participation in policy discussions on natural resource governance:** categorised by theme, highlighting the role of each actor and identifying gaps in terms of EITI reporting;
  - (iii) **Recommendations to strengthen the impact of EITI disclosures on local dialogue:** depending on the key challenges in the extractive sector and information needs identified by the consultant, the recommendations should outline concrete proposals to improve the involvement of local actors in the oversight and the management of the sector. This should include but not be limited to improving access to relevant information and increasing debate at the local level through improved communications

and dissemination activities, strategic engagement and capacity-building. The report should also provide recommendations for how the EITI and partners can better support local stakeholders in using extractive sector information and the EITI multi-stakeholder platform strategically to participate in policy discussions on natural resource governance.

**5. Finalise the report** after receiving feedback from the EITI International Secretariat.

#### 4 Deliverables and timetable

The assignment is expected to commence in January 2020 culminating in the finalisation of the assignment by April 2020. The assignment is expected to require a total of 25 working days. The proposed schedule is set out below:

Singing of contract	By 29 January 2020
Initial consultations on the scope of work	2 days
Desk review	5 days
Consultations with the EITI International Secretariat and local stakeholders	7 days, including travel-time
Submission of the draft report	7 days By 15 March 2020
Submission of the final report	4 days By 14 April 2020

#### 5 Consultant qualifications

The consultant must be a reputable firm/individual(s) that is/are perceived by the EITI International Secretariat to be credible, trustworthy and technically competent.

The consultant will need to demonstrate:

- Expertise in extractives governance and communications. Technical knowledge of the mining and oil and gas sector is highly desirable.
- Experience with transparency in the extractive sector and/or multi-stakeholder governance initiatives and working with civil society organisations, local community leaders and/or grassroots movements. Previous work experience in the region is a strong advantage.
- Proficiency in Bahasa and English is required.
- A track record in similar work. Previous experience with EITI is not required but would be an advantage.

In order to ensure the quality and independence of the exercise, the consultant is required, in their technical and financial proposals, to disclose any actual or potential conflicts of interest, together with commentary on how any such conflict can be avoided.

#### 6 Procurement procedure

A consultant will be selected following a quality- and cost-based selection procedure.

Consultants should submit:

- A **technical proposal**, outlining: (a) the experience of the firm / consultants, (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, **inclusive** of all costs associated with required travel and applicable taxes. The financial proposal should clearly differentiate fees from any other reimbursable expenses. 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](mailto:skasimova@eiti.org) by **20 January 2020**.

The criteria for assessing the technical proposals is as follows:

Criteria	Weighting
Experience of the Consultant (as a firm) relevant to the Assignment	10%
Adequacy and quality of the proposed methodology, and work plan in responding to the Terms of Reference (TORs) <sup>2</sup>	50%
Key Experts' qualifications and competence based on the Qualification requirements (see section 5 above)	40%

The weights given to the Technical (T) and Financial (P) Proposals are:

T = 70%

P = 30%

Proposals will be ranked according to their combined technical (St) and financial (Sf) scores using the weights (T = the weight given to the Technical Proposal; P = the weight given to the Financial Proposal; T + P = 1) as following:  $S = St \times T\% + Sf \times P\%$ .

Contract negotiations will be held with the highest ranked firm. If contract negotiations are unsuccessful, negotiations will be held with the next highest ranked firm.

## 7 Payment schedule

The payment will be carried out based on the following table:

Payment	Deliverable	Payment
1 <sup>st</sup> payment	Contract signature	10%
2 <sup>nd</sup> payment	Submission of the draft report	40%

<sup>2</sup> The Client will assess whether the proposed methodology is clear and responds to the TORs; the work plan is realistic and implementable; the overall team composition is balanced and has an appropriate skills mix; and the work plan has right input of experts.

3 <sup>rd</sup> payment	Approval of the final report by the EITI International Secretariat	50%
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## 8 Administrative support

The EITI International Secretariat will provide the following support to the project:

- Share relevant material on the EITI’s work on subnational implementation, including thematic review by the EITI Board and guidance material on subnational payments by extractive companies (EITI Requirement 4.6), transfers by central governments to local communities (5.2), social and environmental expenditures by extractive companies (6.1), environmental monitoring (6.4), production (3.2), exports (3.3), gender equality and social inclusion (1.4, 6.3, 7.1 and 7.4), dissemination and outreach (7.1), and assessment of impact (7.4).
- Facilitate contacts between the consultant and the Indonesia EITI MSG;
- Share background information on EITI implementation in Indonesia.