

Terms of Reference

Technical Consultant for a Study on Indonesia's Critical Minerals Value Chain

1. Background

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>.

With the support from the USAID, the International Secretariat of the Extractive Industries Transparency Initiative (EITI) together with the EITI Indonesia Secretariat (“EITI Secretariats”) is seeking a consultant to undertake a study on Indonesia’s critical minerals value chain aiming to comprehensively describe the state of play of Indonesia’s critical minerals governance from upstream, mid-stream and downstream, identifying data gaps and governance risks along the value chain and provide recommendations on how to strengthen Indonesia’s critical minerals governance.

The objective is to strengthen the governance of Indonesia’s critical minerals sector as Indonesia is moving toward low-carbon development trajectory to achieve its climate commitments. Critical minerals such as nickel, cobalt, and manganese are key for the development of clean energy or low-carbon technologies.

This project is part of EITI Indonesia Multi-stakeholder Working Group (“MSG”) Work Plan for 2022-2023.

1.1 EITI implementation in Indonesia

Indonesia officially joined EITI in October 2010. Presidential regulation no.26/2010 is the legal basis for EITI implementation in Indonesia. The regulation aims to promote good governance, transparency, sustainable development, and active participation of a multi stakeholder group from government, industry, and civil society groups in the management of extractive industries.

In 2020, as a result of the change in the government structure and mainstreaming of various initiatives within the government system, EITI Indonesia was moved from the coordinating ministry of economic affairs to the ministry of energy and mineral resources through presidential regulation no.82/2020. Despite the challenge posed by the COVID-19 crisis, EITI Indonesia continues to progress in its implementation through publication of flexible report and embarking on an extractive data mainstreaming project to further integrate EITI within the government system.

1.2. Energy Transition and Critical Minerals Value Chain

As part of the Indonesia’s 2022-2023 work plan development, there are key policy topics that the EITI stakeholders have identified to focus on. One of these is the work on the energy transition which has become a priority for the Indonesian government through its commitment at COP 26 in Glasgow in 2021. Public discussions in Indonesia with regards to the energy transition have

focused on the phase out of coal by 2060 and with international assistance and finance by 2040. There have been [study reports on coal transition](#) in Indonesia.

EITI stakeholders note that as one of the largest producers of critical minerals such as nickel, cobalt, manganese etc, Indonesia could be a major player in the energy transition market. The Indonesian government has an ambitious plan to position Indonesia as a [regional powerhouse for battery industry](#) with its critical minerals as main supply. However there have been fewer studies and public discussions around the critical mineral value chain in Indonesia. Supported by transparent and accountable management of critical minerals, Indonesia could further benefit from these resources.

A [report produced by the World Bank](#) estimates that global demand for clean energy technologies could increase critical minerals production nearly 500% by 2050. In order to achieve a low carbon future, the world will need to extract more minerals and metals to manufacture clean technologies. In other words, the clean energy transition will be significantly mineral intensive. This presents both opportunities for producers of critical minerals but also challenges if they are not managed responsibly and sustainably.

Indonesia, as the largest producer of nickel and significant producer of other critical minerals could benefit from the rising global demand for clean technologies such as batteries. The development of an integrated domestic electric vehicle supply chain from mining, processing of battery, manufacturing of electric vehicles and battery recycling has been the Indonesian government [national priority](#). However, if not well managed, this opportunity could present challenges. For instance, recent reporting by [Tempo](#), a major Indonesian investigative media outlet, documented nickel miners in Central Sulawesi and Southeast Sulawesi provinces faking mining license documents through bribery of public officials resulting in deforestation of half a million hectares of forest.

In this context, it is timely for EITI Indonesia to undertake a study on the critical mineral value chain in Indonesia and for the Indonesia EITI MSG to develop an action plan based on the study report to further strengthen critical minerals governance in Indonesia

2. Objectives of the assignment

The consultant is expected to achieve the following objectives:

1. Describe the state of play of critical minerals value chain in Indonesia including upstream, midstream, and downstream sectors
2. Identify data gaps and governance risks in the critical minerals value chain and how energy transition could exacerbate these gaps and risks
3. Develop recommendations and an action plan in consultation with the Indonesian EITI stakeholders to improve the governance of the critical minerals and mitigate risks brought about by energy transition

3. Scope of services, tasks and expected deliverables

3.1. *The study should contain:*

- a. An executive summary of the complete report.
- b. A description of the entire value chain of the critical minerals in Indonesia
 - Legal and institutional framework from upstream, midstream, and downstream
 - Allocation of Licenses from upstream, midstream, and downstream
 - Exploration, production, and export (including midstream and downstream)
 - Revenue collection and allocation from upstream, midstream, and downstream
 - Social and environmental impacts from upstream, midstream, and downstream
- c. A description of key locations of critical minerals deposits and mines, key industry actors including mining companies, SOEs, mid-stream and downstream companies
- d. Gap assessment of critical mineral governance and document relevant case studies to illustrate these gaps
- e. Analysis of how energy transition could exacerbate the governance risks related to critical minerals
- f. Recommendations and an action plan for mitigating governance risks highlighting the government institutions with the mandate to implement the recommendations

3.2. *To achieve the foregoing, the Consultant is expected to perform the following tasks:*

- a. Prepare and submit an inception report containing a proposed and detailed outline of the narrative or write-up, and a description of the approach and technical research methodology to be employed;
- b. Perform desk research, review of related literature, and facilitate meetings and consultations as identified in the preceding section or as necessary, including with civil society organizations, industry, government, relevant academics and researchers;
- c. Present a draft consolidated report containing findings and recommendations for a review by the EITI Secretariats and MSG
- d. Write the final copy of the study incorporating inputs from the EITI Secretariats and MSG
- e. Submit raw data and material to the EITI Secretariats
- f. Cover all relevant costs incurred in the conduct of the study
- g. Perform other tasks related to those outlines in this ToR necessary to complete the study

4. Qualification requirements

The Technical Consultant for this study should be credible, trustworthy and technically competent. Short-listed persons shall be assessed based on the following criteria/requirements:

- Background in law, public policy, public finance, natural resource governance, investigative journalism, economics, or related fields, preferably with post-graduate degree or education;
- At least ten (10) years of relevant work experience;
- Previous work experience in writing and research on anti-corruption and natural resource governance preferably on Indonesia;
- Previous work experience in conducting interviews, and facilitating focus group discussions and stakeholder consultations preferably in Indonesia;

- Knowledge of the legal and regulatory framework for the extractive industries in Indonesia;
- Knowledge of the Extractive Industries Transparency Initiative (EITI); and
- Proficiency in Bahasa Indonesia and written English, especially in technical writing.

5. Budget, duration, and schedule of deliverables and payment

The assignment is expected to take 45 non-consecutive consultancy days, commencing in May 2022. The assignment is expected to be completed by July 2022. The proposed schedule is set out below:

Milestone	Objective	Output	Timeframe
Submission of an inception report	To establish work plan and set expectations of deliverables	Inception report with work plan indicating the scope, approach, methodology, and proposed outline of the report	May 2022
Meeting of the consultant with the EITI Indonesia MSG	To ensure stakeholder buy-in of the project	The MSG confirm to support the process of the study	Second week of May 2022
Draft study report produced with inputs from EITI Indonesia National Secretariat, EITI International Secretariat	To ensure that the draft report is in line with the ToR	Inputs from the EITI Indonesia National Secretariat and EITI International Secretariat are integrated into the draft report	First week of July 2022
Draft report presented to the MSG for discussion and comments	To ensure that the MSG discuss the findings and recommendations of the draft report and endorse the action plans	Inputs from the MSG is integrated into the draft report and MSG endorse the action plans to improve nickel governance	Third week of July 2022
Final report produced	The final report is in line with the ToR and incorporated inputs from the National Secretariat, International Secretariat and MSG	Full report published	Fourth week of July 2022

6. Support to be provided by EITI Indonesia

The Consultant shall, on a regular basis, coordinate with and report to the EITI Indonesia Secretariat through the latter's designated representative/s on all matters pertaining to the implementation of the Project. The EITI International, likewise, retains oversight of the project and should be included in updates and discussions throughout project implementation.

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

- Coordination with the members of the EITI Indonesia MSG;
- Coordination with relevant government officials to facilitate the Consultant's work; and
- Provision of relevant reference materials and information on EITI.

7. Administrative arrangements

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 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. Open financial proposals will result in disqualification. The passwords will be requested following the assessment of the technical proposals.

Proposals must be delivered by email to skasimova@eiti.org close of Monday 10 May

2022. The criteria for assessing the technical proposals are as follows:

- 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)
- Key Experts' qualifications and competence based on the Qualification requirements (see section 5 above)

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

**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.

Reference materials:

- The EITI Standard, <http://eiti.org/document/standard>
- The online Guide to implementing the EITI Standard, <https://eiti.org/guide>
- EITI implementation guidance notes issued by the International Secretariat, <https://eiti.org/guidance-notes-standard-terms-of-reference>. The consultant is advised to contact the EITI International Secretariat for any questions or clarifications related to the EITI Standard and the implementation of the EITI requirements;