



Empowered lives.  
Resilient nations.

Date: 25 June 2012

## INDIVIDUAL CONSULTANT PROCUREMENT NOTICE

for individual consultants and individual consultants assigned by consulting firms/institutions

Country:	Viet Nam
Description of the assignment:	International consultant for Policy advice and backstopping to research and policy dialogue on Fossil Fuel Fiscal Policies and Greenhouse Gas Emissions in Viet Nam Phase II: Developing A Roadmap for Fossil Fuel Fiscal Policy Reform
Project name:	
Period of assignment/services (if applicable):	July 2012 – April 2013

1. Submissions should be sent by email to: [procurement.vn@undp.org](mailto:procurement.vn@undp.org) no later than: **17.00 hrs., 5 July 2012 (Hanoi time)**.

### With subject line: International consultant – Fossil Fuel

Submission received after that date or submission not in conformity with the requirements specified this document will not be considered.

Any request for clarification must be sent in writing, or by standard electronic communication to the address or e-mail indicated above. Procurement Unit – UNDP Viet Nam will respond in writing or by standard electronic mail and will send written copies of the response, including an explanation of the query without identifying the source of inquiry, to all consultants.

2. Please find attached the relevant documents:

- [Terms of Reference \(TOR\)](#)..... (Annex I)
- [Individual Contract & General Conditions](#)..... (Annex II)
- [Reimbursable Loan Agreement](#) (for a consultant assigned by a firm) & [General Conditions](#) (Annex III)
- [Insurance Coverage Table](#)..... (Annex IV)
- [Vendor Form](#) ..... (Annex V)
- [Guidelines for CV preparation](#)..... (Annex VI)
- [Format of financial proposal](#)..... (Annex VII)

3. Interested individual consultants must submit the following documents/information to demonstrate their qualifications:

a. Technical component:

- Curriculum vitae
- Expression of interest, explaining why he/she is the most suitable for the work.
- Copy of maximum **3 (three)** publications
- Contact reference of past three clients for whom you have rendered preferably the similar service

b. Financial proposal:

- The financial proposal shall specify a total lump sum amount in **US Dollar** including consultancy fees and all associated costs i.e. airfares, travel cost, meal, accommodation, tax, insurance etc. – see format of financial offer in Annex VII.
- Please note that the cost of preparing a proposal and of negotiating a contract, including any related travel, is not reimbursable as a direct cost of the assignment.
- If quoted in other currency, prices shall be converted to US Dollar at UN Exchange Rate at the submission deadline.

Please note: For the consultancy firm/institution/organization, please provide the above information **of the assigned consultant (only ONE) for this service**, not the experience and information of **YOUR firm**.

#### 4. Evaluation:

The technical component will be evaluated using the following criteria:

<b>Consultant's experiences/qualification related to the services</b>		
	<b>Criteria</b>	<b>Maximum Points</b>
1	Expertise in political economy research and analysis	400
2	Proven track record conducting research on reforms of fossil fuel fiscal policies, in Vietnam or other developing countries	300
3	Demonstrated knowledge of climate change and specifically of greenhouse gas emissions from energy	150
4	A basic understanding of Vietnamese fuel policies and markets	50
5	Good communication and teamwork skills; presentation and reporting skills; good written English	100
	<b>TOTAL</b>	<b>1000</b>

A two-stage procedure is utilized in evaluating the submissions, with evaluation of the technical components being completed prior to any price proposals being opened and compared. The price proposal will be opened only for submissions that passed the minimum technical score of 70% of the obtainable score of 1000 points in the evaluation of the technical component.

The technical component is evaluated on the basis of its responsiveness to the Term of Reference (TOR).

Maximum 1000 points will be given to the lowest offer and the other financial proposals will receive the points inversely proportional to their financial offers. i.e.  $S_f = 1000 \times F_m / F$ , in which  $S_f$  is the financial score,  $F_m$  is the lowest price and  $F$  the price of the submission under consideration.

The weight of technical points is 70% and financial points is 30%.

Submission obtaining the highest weighted points (technical points + financial points) will be selected.

An interview with the candidate given the highest combined score may be held before contract awarding, if deemed necessary.

#### 8. Contract

"Lump-sum" Individual Contract will be applied for freelance consultant (Annex II)

"Lump-sum" RLA will be applied for consultant assigned by firm/institution/organization (Annex III)

Documents required before contract signing:

- Personal History
- International consultant whose work involves travel is required to complete the course on Basic Security in the Field and submit certificate to UNDP before contract issuance.

Note: The Basic Security in the Field Certificate can be obtained from website: <http://training.dss.un.org>. The training course takes around 3-4 hours to complete. The certificate is valid for 3 years.

- Full medical examination and Statement of Fitness to work for consultants from and above 62 years of age and involve travel. (This is not a requirement for RLA contracts).
- Release letter in case the selected consultant is government official.

#### 9. Payment

UNDP shall effect payments to the consultant (by bank transfer to the consultant's bank account provided in the vendor form (Annex V) upon acceptance by UNDP of the deliverables specified the TOR.

1st payment: 20% of total contract value will be paid after signing of the contract and satisfactory work planning. A draft work plan will be submitted prior to the first mission to Viet Nam.

2nd payment: 30% of total contract value will be paid tentatively after the first 5 months of the contract implementation (around December 2012) based on satisfactory provision of guidance to the local research organisations in terms of research methodology, in particular support on how to capture financial flows and rents. This will be documented by copying all correspondence with the national research institutions and other stakeholders to UNDP PAT team members.

3rd and final payment: 50% of total contract value will be paid upon satisfactory completion of the assignment and upon approval of the final report by the UNDP Viet Nam Policy Advisory Team.

If two currencies exist, UNDP exchange rate will be applied at the day UNDP instructs the bank to effect the payment.

10. Your proposals are received on the basis that you fully understand and accept these terms and conditions.



## **TERMS OF REFERENCE (TOR)**

### **INTERNATIONAL CONSULTANT**

**Policy advice and backstopping to research and policy dialogue on**

**Fossil Fuel Fiscal Policies and Greenhouse Gas Emissions in Viet Nam  
Phase II: Developing A Roadmap for Fossil Fuel Fiscal Policy Reform**

**Country of assignment:** Viet Nam and home base

#### **1) GENERAL BACKGROUND**

##### **Fossil Fuel Fiscal Policy Reform – Why Now?**

According to the International Energy Agency (IEA) fossil fuel consumption subsidies amounted to an estimated USD 2.83 billion (equivalent to 2.83% of GDP) in Viet Nam in 2010, primarily in the electricity sector. Subsidies have serious fiscal, economic and environmental ramifications, encourage inefficiencies and represent an obstacle towards the expansion of renewable energy sources. Reducing or eliminating fossil fuel subsidies would liberate scarce financial resources that could be redirected to fund other national priorities including the implementation of climate change adaptation, and modernization of production technology, transport and buildings with potentially less pollution and greenhouse gas emissions. Such a policy change could also represent an important contribution to Viet Nam's move towards a more competitive and greener growth model.

In 2011 UNDP commissioned three research studies examining fossil fuel pricing policies and the potential economic, distributional and environmental impact of reducing subsidies and introducing environmental taxation on fossil fuels in Viet Nam (phase I). The first report (package 1) reviewed the fossil fuel value chain and policies related to the sector with a special emphasis on subsidies and taxation issues. The second report (package 2) looked at the economic and distributional impact of fossil fuel pricing policy changes under different scenarios while the third report (package 3) assessed the environmental implications.<sup>1</sup> A policy paper summarizes the main findings of the studies and provides initial recommendations for reform.<sup>2</sup>

Phase I research shows a clear economic and environmental rationale for reducing energy subsidies. As fossil fuel subsidies are regressive, the impact on the poor are considered to be limited, particularly if properly mitigated through targeted interventions. Provided that the revenue from a reduction in subsidies and the introduction of taxation would be used for social and environmental purposes, the social, economic and environmental benefits could be significantly amplified.

The Government has already embarked on modest steps towards reform, particularly in terms of power sector reform.<sup>3</sup> The refined petroleum sector is currently also associated with limited private investment and competition and inefficient and indebted SOEs. The Government is gradually removing price caps and move towards market-based pricing. However, the removal of subsidies including dealing with SOE debts and 'circular debt' issues is complex. Initial discussions with policy makers suggest that there is support for far reaching reform. However, the main concerns include inflationary pressures, social impacts, and the effects on energy intensive industries.

##### **Objective of Phase II**

<sup>1</sup> Package 1: PeaPros Consulting JSC, "Value Chain and Policy Analysis of Fossil Fuel Trade, Subsidy and Tax in Viet Nam", May 2011.  
Package 2: Hoa, H.C. and Willenbockel, D., "Fossil Fuel Prices and Taxes: Effects on Economic Development and Income Distribution in Viet Nam"

Package 3: Bao, N.M. and Sawdon, John, "Environmental Assessment of the Potential Effects and Impacts of Removal of Fossil Fuel Subsidies and of Fuel Taxes"

<sup>2</sup> UNDP, "Fossil Fuel Fiscal Policies and Greenhouse Gas Emissions in Viet Nam", May 2012

<sup>3</sup> See: 'First Power Sector Reform Development Policy Operation', March 2010, World Bank.

The objective of phase II will be *to develop and agree a roadmap with key policy makers in Viet Nam on fiscal reforms in the energy markets*. This roadmap will include the phasing out of indirect subsidies on fossil fuels and enable introduction of fair and green taxes, and will support implementation of Viet Nam's Green Growth Strategy.

Based on additional research, the roadmap will highlight progress to date, contextualize fossil fuel fiscal issues and identify political economy and other challenges to reform. This roadmap will complement the roadmap of reform for the power sector and ongoing efforts to move towards commercial and stable prices for refined petroleum products.

As Viet Nam has been facing serious macroeconomic instability including high inflation, a rise in fossil fuel prices will pose additional challenges and therefore requires careful timing and sequencing, and policies to mitigate adverse effects. In consultation with key stakeholders an action plan for overcoming barriers to reform with proposals for measures to mitigate the impact of reform will be developed.

## **Scope**

Phase II will build on the work undertaken during phase I, other relevant studies and initiatives. The studies will identify appropriate experiences and lessons learnt from other countries undergoing similar reform.

## **The main components of phase II.**

### **1. Contextualization of Reform Efforts**

Phase I looked at the main energy, electricity and refined fuels policies. Phase II will update this assessment and look at progress to date in these areas, the main obstacles encountered as well as identify 'winners and losers'. It will provide a more thorough assessment of complementary policies and contextualization with other ongoing reform efforts including SOE and public financial management reforms. Particular attention will be paid to the power sector development reform efforts, and the developments on fiscal policies of petroleum products will also be updated.

The following issues will be addressed: ongoing reforms affecting the energy sector (power sector development plan, energy SOE reforms, public financial management, fiscal transparency, energy efficiency, green growth, etc.); stakeholders in these reforms; bottlenecks and resistances for reform; media coverage and government communication of reform; the main development partners or private sector initiatives supporting reform; reactions of various stakeholders to energy price reform (including industries, employees and consumer groups).

This will include desk reviews of reports, policies, analysis of media coverage, as well as interviews with key stakeholders such as policy makers, private sector representatives, donor agencies, and sector experts.

This research will be led by one national partner and involve various government and non-government stakeholders.

### **2. Understanding the Political Economy of Reform – Identifying 'Winners and Losers'**

The current pricing policies divert scarce resources and have an adverse environmental impact, but political and social considerations constrain the possibilities for subsidy reform. In many countries policy makers fear that vulnerable parts of society may be adversely affected and that powerful interest groups benefitting from the current policy regime may block reform. International experience with subsidy reform has therefore been mixed and Governments have often backtracked on implementing energy subsidy cuts.

The design, prioritisation and phasing of subsidy reforms and the introduction of fossil fuel tax in Viet Nam therefore requires a careful assessment of groups benefiting from the status quo. The package 1 report provided an initial review of the regulations guiding the use of fossil fuels in Viet Nam and mapped the value chains of the two main fossil-fuel markets for electricity and transportation. While it identified some of the main stakeholders, a more thorough analysis of the incentive structure and who would gain and who would lose from a subsidy reform scheme is required.

SOE losses are the main – albeit indirect - form of subsidy to the electricity market as well as the markets for refined petroleum products. Losses within energy SOEs are normally guaranteed by the state but are very

difficult to trace, but for example differentiation between losses due to regulated tariffs and the operational inefficiencies of SOEs must be properly understood for the development of a reform roadmap.

This component should map the stakeholders in the reform process, their incentives in maintaining the status quo and in supporting or potentially undermining reform efforts. Research questions will include:

- Which sectors/businesses/individuals benefit from energy subsidies and to what extent, and are these groups economically and politically influential? What are the main opportunities for rent seeking and patronage and how these rents being distributed and used? Which are the main SOEs/ enterprises involved, what is their ownership structure, and are they affected by the ongoing SOE reform?
- How much do energy SOEs contribute to Government revenue according to official figures as well as other unofficial 'guess'-estimates? How do estimated subsidy flows compare to government expenditures?
- How are the energy SOEs regulated, what are the institutional structures and de facto rules, and how do they promote or undermine transparency and accountability? What interests drive and maintain the current regulatory system?

The research will try to estimate the amount of financial flows and fiscal implications. The majority of subsidies are indirect and financial flows are difficult to trace, particularly in case of 'circular debt'. The research should look at innovative ways of estimating - even if only roughly - the size of financial flows and rents.

This research will be led by one national partner and involve various government and non-government stakeholders.

### 3. Mitigating the Impact of Fossil Fuel Price Reform

This part of the study should contribute to the development of tools to assess *ex ante* the impact of subsidy cuts, and outline different options in terms of phasing out subsidies and increasing prices and their respective impact. International experience will inform this discussion.

An important factor for successful reform will be the ability of the Government to compensate the 'losers' for the reduction or removal of subsidies and introduction of tax, through mitigation measures that protect the most vulnerable and assist the economy in the adaptation process. Experience from other countries has demonstrated that social safety nets can reduce the likelihood of reform reversal.

Fossil fuel subsidy reform impacts the economy through a variety of channels, affecting sectors differently and there is a need for more research on the impact on the economy and various stakeholders, including low income groups, businesses and employees.

Mitigation measures are needed for the following.

- a) The impact on households: Households are impacted directly through higher prices for energy such as electricity and diesel and indirectly through higher prices for other consumer goods that use energy as an intermediate input. The World Bank funded CIEM to develop a tool to assess the social impacts of price and tariff reform<sup>4</sup>, which will be useful to identify mitigation measures as well. Phase II will include a review of existing studies on the impact of reform on households and identify gaps; provide examples from other countries on energy fiscal reforms; and formulate options for mitigating the impact on the poor and vulnerable.
- b) Industries will experience major impact from reform of regulated electricity pricing, cheap coal, and subsidized diesel for transport. As a result of relative increases in coal price notably the cement, fertilizer, paper and steel industry are using an increasingly large percentage of electricity. Subsidy reform will affect the competitiveness of many industries and firms. In the medium to long run industries can adjust production technology, but in the short term they may need access to funding and e.g. retraining of workers. In the long term subsidy reform can improve competitiveness. The roadmap of reform will include suggestions on mitigation of the impact of reform through technical assistance and financing. This work will draw on desk research, analysis of a small-scale qualitative survey of enterprises (including enterprises that currently benefit most from cheap energy) as well as other relevant surveys and in-depth interviews.
- c) Inflation is one of the main concerns in the current macroeconomic climate and different scenarios, the timing and phasing of price reform and their impact on inflation will therefore be considered. Ongoing UNDP research on the dynamics of inflation will support this work. This will assess impact of first and second round effects on inflation of electricity and petroleum price increases; and how the Government is currently assessing *ex ante* the inflationary impact of energy price increases. A

---

<sup>4</sup> "Assessing Social Impacts of Price and Tariff Reform in Viet Nam: Building Capacity for Change", CIEM, March 2012.

model will be developed to test – ex ante - different price reform scenarios and their impact on the CPI.

The above research will be led by two national partners and involve various government and non-government stakeholders.

#### **4. Towards A Roadmap - Developing an Action Plan for Reform and Policy Dialogue**

The above research will inform the development of a roadmap for fossil fuel subsidy reform. The roadmap will include the following components:

- a. Subsidy Reform – Why Now?
  - A discussion of the economic/ fiscal, social and environmental rationale for reform
- b. Impact of Reform - ‘Winners and Losers’
  - Mapping of stakeholders and respective impact of reform
  - Development of tools to assess *ex ante* some of the most important impacts on stakeholders.
- c. Reform Options  
This will include suggestions for timing, sequencing and prioritisation as well as different strategies for mitigating the impact on different stakeholders.
- d. Consultation process and communication strategy (see below)

The research, development of tools and reform options will be informed by similar initiatives in the region including work undertaken by the Global Subsidy Initiative of the International Institute for Sustainable Development.

The roadmap of reform will include a communication strategy. Effective communication of subsidy reforms including information about the size and distribution of subsidies, their economic, social and environmental costs, and information about compensatory measures are likely to increase popular acceptance of reform.

Based on the information collected during the research a brief policy makers' guide to energy subsidies in the SE Asia region will be developed by the International Institute for Sustainable Development (IISD).

## **2) OBJECTIVES OF THE ASSIGNMENT**

Under this TOR, an International Consultant will be hired, to provide overall policy advice, guidance on research methodology and backstopping to different elements of the Phase II research and dialogue process on fossil fuel fiscal policies and greenhouse gas emissions in Viet Nam, including formulation of a roadmap for fossil fuel fiscal policy reform.

## **3) SCOPE OF WORK**

The different research packages mentioned in section 1 will be implemented by national research organisations in close cooperation with the Policy Advisory Team of UNDP Viet Nam, and by engaging with different researchers and officials in other organisations.

The backstopping / advisory services will assist different research undertakings as well as the formulation of the roadmap at different stages with high quality, concise inputs based in particular on international research and experience, covering the full breadth of the Phase II policy research agenda.

## **4) DURATION OF ASSIGNMENT, DUTY STATION AND EXPECTED PLACES OF TRAVEL**

The contractor should be present in Hanoi for about ten days in August 2012 (tentatively) to engage in discussion / interaction with the UNDP and the main research organisations at the early stages of the research, and some initial interactions with key stakeholders in the fossil fuel fiscal reform, including meetings with potential reform ‘losers’.

A second short visit towards the finalisation of the research and reporting will be required for about 5 days in April 2013 tentatively. Apart from that, most of the work can be done from home base through written inputs and teleconferences.

The total allocation of time by this contractor on the substantive issues outlined in section 1 is estimated to be 40 working days, to be allocated / used over a period of about 9 months from July 2012.

## **5) FINAL PRODUCTS**

The tasks of the contractor include the following:

- a. Formulate detailed work plan for the backstopping inputs with critical milestones dependent on work plans of PAT advisors and national research organizations that will conduct the main research.
- b. Discuss and provide written comments on and suggestions for the detailed work plans of the national research organizations.
- c. Discuss and provide written guidance to local institutions on research methodologies, in particular regarding the political economy (stakeholder mapping and estimating financial flows). This should include suggestions on innovative ways to capture rents involved and estimating - even if only roughly - the size of circular debts.
- d. Assist in the design and analysis of the small-scale survey of enterprises (particularly questionnaire design, sampling), through discussions and written comments and suggestions for the research team.
- e. Identify appropriate regional and international experiences for each of the research components of Phase II, and document those in a concise and accessible manner for the research teams.
- f. Assist UNDP and the national research partners in quality assurance of draft research results and reports, through written reviews, comments.
- g. Draft the initial roadmap of fiscal policy reform outlining various policy options in terms of phasing and sequencing, and including draft proposals for mitigating negative impacts of reforms on specific stakeholder groups, based on various inputs of national research institutes and on international experiences.
- h. Provide written suggestions for a communication strategy.

The contractor will reflect the following in a final report:

- The individual written suggestions and comments as per a-g above, collated, which will have been provided at different times to different research stakeholders.
- A professional assessment of the overall research and dialogue process as managed by UNDP (PAT) and national research organisations.
- A list of (international) literature that has been consulted and has been suggested for reference.
- A list of experts, officials and other persons contacted, interviewed and advised.

This final report is expected to be submitted to UNDP by around May 2013.

## **6) PROVISION OF MONITORING AND PROGRESS CONTROLS**

The overall research and dialogue process will be managed by the Policy Advisory Team (PAT) of UNDP. The activities by national research organisations will be coordinated by PAT. The backstopping contractor will be managed by PAT Policy Advisors on Climate Change and on Economics.

The PAT Policy Advisors on Climate Change and on Economics will:

- a) provide background data to the backstopping contractor and to national research organisations where available and possible
- b) convene and facilitate various meetings with national and UN/international stakeholders; and the backstopping contractor if possible
- c) take editorial end-responsibility for the final papers / outputs that the UN will publish based on the work of national research organisations and the backstopping contractor.

Overall facilitation of workshops will be by UNDP-Viet Nam (PAT) and the national research organisations. They will make several resource people available as peer reviewers of draft results and participants in various dialogues.

## **7) DEGREE OF EXPERTISE AND QUALIFICATIONS**



The contractor will be responsible for the timely and quality delivery of all outputs. S/he will have:

- a. Internationally recognised expertise in political economy research and analysis;
- b. In-depth knowledge of reform of fossil fuel fiscal policies in developing countries;
- c. Good understanding of climate change and greenhouse gas emissions, and energy production, trade and consumption;
- d. Proven excellent English, writing skills and communication skills;
- e. The contractor should preferably have a basic understanding of the Vietnamese fiscal policies related to fossil fuels and be familiar with prices and fuel market mechanisms in Viet Nam.

## **8) ADMIN SUPPORT AND REFERENCE DOCUMENTS**

Administrative support will be provided by UNDP-Viet Nam (PAT).

## **9) REVIEW TIME REQUIRED AND PAYMENT TERM**

20% of the contract will be made available after signing of the contract and satisfactory work planning. A draft work plan will be submitted prior to the first mission to Viet Nam.

30% of the contract will be paid tentatively after the first 5 months of the contract implementation (around December 2012) based on satisfactory provision of guidance to the local research organisations in terms of research methodology, in particular support on how to capture financial flows and rents. This will be documented by copying all correspondence with the national research institutions and other stakeholders to UNDP PAT team members.

50% of contract amount will be paid upon satisfactory completion of the assignment and upon approval of the final report by the UNDP Viet Nam Policy Advisory Team.

## **10) CONSULTANT PRESENCE REQUIRED ON DUTY STATION/UNDP PREMISES**

NONE                       PARTIAL                       INTERMITTENT                       FULL-TIME

## **Annex VI**

### **GUIDELINES FOR PREPARING CV**

WE REQUEST THAT YOU USE THE FOLLOWING CHECKLIST WHEN PREPARING YOUR CV:

Limit the CV to 3 or 4 pages

NAME (First, Middle Initial, Family Name)

Address:

City, Region/State, Province, Postal Code

Country:

Telephone, Facsimile and other numbers

Internet Address:

Sex, Date of Birth, Nationality, Other Citizenship, Marital Status

Company associated with (if applicable, include company name, contact person and phone number)

#### **SUMMARY OF EXPERTISE**

Field(s) of expertise (be as specific as possible)

Particular development competencies-thematic (e.g. Women in Development, NGOs, Privatization, Sustainable Development) or technical (e.g. project design/evaluation)

Credentials/education/training, relevant to the expertise

#### **LANGUAGES**

Mother Tongue:

Indicate written and verbal proficiency of your English:

#### **SUMMARY OF RELEVANT WORK EXPERIENCE**

Provide an overview of work history in reverse chronological order. Provide dates, your function/title, the area of work and the major accomplishments include honorarium/salary. References (name and contact email address) must be provided for each assignment undertaken by the consultant that UNDP may contact.

#### **UN SYSTEM EXPERIENCE**

If applicable, provide details of work done for the UN System including WB. Provide names and email address of UN staff who were your main contacts. Include honorarium/salary.

#### **UNIVERSITY DEGREES**

List the degree(s) and major area of study. Indicate the date (in reverse chronological order) and the name of the institution where the degree was obtained.

#### **PUBLICATIONS**

Provide total number of Publications and list the titles of 5 major publications (if any)

#### **MISCELLANEOUS**

Indicate the minimum and maximum time you would be available for consultancies and any other factors, including impediments or restrictions that should be taken into account in connection with your work with this assignment.

Please ensure the following statement is included in the resume and that it is signed and dated:

I CERTIFY THAT ALL INFORMATION STATED IN THIS RESUME IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE. I AUTHORIZE UNDP/UNOPS OR ITS AGENT TO VERIFY THE INFORMATION PROVIDED IN THIS RESUME.

(Signature)

