



## INDIVIDUAL CONSULTANT PROCUREMENT NOTICE

Date: **November 8, 2012**

**Country:** Republic of Moldova

**Description of the assignment:** National Consultant in improved subsidies system in energy sector in Moldova

**Project name:** Strengthening capacities to undertake Environmental Fiscal Reform to meet national and global environmental priorities

**Period of assignment/services:** Starting November 20<sup>th</sup> 2012, estimated volume of work – up to 45 working days

Proposals should be submitted **on-line** or by email to [vacancies-moldova@undp.org](mailto:vacancies-moldova@undp.org) , no later than **November 16, 2012**.

Requests for **clarification only** must be sent by standard electronic communication to the following e-mail: [ruslan.surugiu@undp.org](mailto:ruslan.surugiu@undp.org). UNDP will respond 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 applicants.

### 1. BACKGROUND

The economic cost of energy subsidies can represent a significant burden on a country's finances, can weaken its growth potential and encourage wasteful energy consumption. Governments support the production or consumption of energy in many ways: from providing grants or low-interest loans to tax exemptions and price controls that lower the cost of energy production, or raise the price received by energy producers or lower the price paid by energy consumers.

The removal of environmentally-harmful subsidies is key in moving towards a greener path of economic development. This has been recognized by the OECD countries, including in the G20 context. In 2009, the G-20 leaders committed to rationalize and phase out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption. This requires that governments undertake systematic efforts to identify and measure energy subsidies and their economic, social and environmental impacts.

Existing analysis shows that OECD countries subsidize energy production mostly, while in non-OECD countries, most energy subsidies go to consumers - usually through price controls that hold end-user prices below the full cost of supply. This could be the case of Moldova as well.

Moldova is poorly endowed with energy resources and it imports almost all of its primary energy (e.g. from Russia, Ukraine, Romania). Despite the fact that over the transition period Moldova has rationalized energy prices and largely cut blanket subsidies and cross subsidies, there is some evidence that energy subsidies, including consumer subsidies to heat and electricity are still significant in the country. Some studies (e.g. World Bank) indicate that a large part of these existing subsidies actually accrue to the non-

poor in the country. At the same time, there is some evidence of a new subsidy growth for energy service providers over the past several years. Rationalizing further such subsidies can encourage the development of clean energy in Moldova.

The OECD and UNDP Moldova are launching work on identifying and measuring energy subsidies in Moldova with the objective to assist the Moldovan government to better understand the nature of their policies supporting fossil fuel and stimulate a debate on possible reforms of such subsidies in the country. This will be done by reviewing and estimating the volume and coverage of such subsidies and identifying their environmental impacts particularly in terms of greenhouse gas emission reductions but also their impact on the public budget.

While the Ministry of Environment will act as the main counterpart, the project needs the concerted efforts of all key stakeholders involved in managing and subsidizing the energy sector in Moldova.

## **2. SCOPE OF WORK, RESPONSIBILITIES AND DESCRIPTION OF THE PROPOSED ANALYTICAL WORK**

UNDP Moldova under the “Environmental Fiscal Reform Project” funded by the Global Environment Facility intends to hire a local consultant to support the project on Energy subsidies and climate change in Moldova. More specifically the focus will be on Production and consumption subsidies in the coal, oil, gas, electricity and heat sectors in Moldova.

The objective of the assignment of the local consultant (the Consultant) is to identify and quantify (to the extent possible) major support schemes with regard to the production and consumption of coal, oil, gas, electricity and heat in Moldova.

In this assignment, the local consultant will be supported by a team of international consultants who will work under the guidance and supervision of and with the direct involvement of an OECD Project Manager. The local consultant will have relevant experience and practical expertise in energy sector operation and regulation and public finance (public expenditure programmes, taxation and customs regimes), with a focus on the energy sector.

The main responsibility of the Consultant will be to prepare a short overview of the relevant sectors to be analyzed as part of the project and to conduct an initial identification of subsidy schemes which may have a negative impact on the environment or, environmentally-harmful subsidy (EHS) schemes in these sectors, using existing (OECD) methodologies and tools for EHS identification.

The Consultant will also assist the Project Team in identifying and organizing meetings with relevant stakeholders.

	<b>Deliverable</b>	<b>Deadline</b>
1	<p>A list of subsidy schemes provided to producers and consumers in the oil, coal, gas, electricity and heat sectors, covering the issues as suggested in the table below (to the extent that this information is available). In preparing this information, the Consultant should follow the OECD subsidy classification matrix for oil, coal, gas, electricity and heat sectors, as given in Annex 1. The description of the subsidy schemes will include the following:</p> <ul style="list-style-type: none"> <li>• The policy objective or purpose of the subsidy</li> <li>• Background on, the legislation or the authority under which the subsidy is granted</li> <li>• The administrative form of the subsidy (that is, the mechanism through which it is provided e.g., grant, loan, tax concession)</li> <li>• To whom and how the subsidy is provided (target beneficiary, consumer or producer)</li> <li>• The per-unit subsidy, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy</li> <li>• The point of impact of the subsidy - input, output, profit or income –</li> </ul>	November 30, 2012

	(subsidies are always conditional on something e.g. level of production, use of particular inputs, introduction of a particular technology, etc.) • The duration of the subsidy	
2	Description of the economic, fiscal and environmental effects of applying the maximum rates of VAT, excise taxes, custom duties and other fiscal instruments on different energy products	December 11, 2012
3	Description of the potential options that are feasible and most desirable for implementation, focusing on contribution to targets and goals of FCCC, the development of new markets and cleaner technologies in the energy sector	February 15, 2013
4	Selected reform proposals with a detailed description of the medium and long term impacts (CO2 reduction, economic and fiscal effects)	March 7, 2013
5	Guidance for next steps which have to be taken by each institution for a proper implementation of the accepted reform proposals	March 21, 2013
6	Participation at round table meeting(s) with interested stakeholders	December, 2012 and March, 2013

For detailed information, please refer to Annex 1 – Terms of Reference.

### 3. REQUIREMENTS FOR EXPERIENCE AND QUALIFICATIONS

#### I. Academic Qualifications:

- Advanced university degree in public finance, economics, environment or engineering/energy.

#### II. Years of experience:

- At least 5 years substantive professional experience in areas related to taxation and subsidization of energy or analysis of energy sector development in Moldova;
- Be familiar with the public finance principles in Moldova;
- Experience in legal framework improvement;
- Experience in sector related policy development;
- Experience in working and collaborating with state institutions is a strong asset.

#### III. Competencies:

##### Technical work

- Thorough understanding of energy sector institutional framework, energy products price setting mechanisms, energy regulation, energy sector subsidies, energy products taxation.
- Demonstrated knowledge and expertise in energy sector development, energy market, mechanisms and instruments used for implementation of cleaner technologies.
- Experience in drafting strategic documents and legal framework proposals.

##### Partnerships

- Maturity and confidence in dealing with senior and high-ranking members of international, regional and national institutions.
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability.
- Good oral communication skills and conflict resolution competency to manage inter-group dynamics and mediate conflicting interests of varied actors.
- Excellent written communication skills, with analytic capacity and ability to synthesize project outputs and relevant findings for the preparation of analytical documents.

##### Results

- Promotes the vision, mission, and strategic goals of UNDP.
- Builds strong relationships with clients, focuses on impact and result for the client and responds positively to feedback.

#### IV. Language

- Excellent English/Romanian writing skills are essential. Knowledge of Russian would be an asset.

#### 4. DOCUMENTS TO BE INCLUDED WHEN SUBMITTING THE PROPOSALS

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

1. Proposal explaining why they are the most suitable for the work;
2. Financial proposal;
3. Personal CV including past experience in similar projects and at least 3 references or the fully filled Personal History Form (P11).

#### 5. FINANCIAL PROPOSAL

The financial proposal shall specify a total lump sum amount, and payment terms around specific and measurable (qualitative and quantitative) deliverables (i.e. whether payments fall in installments or upon completion of the entire contract). Payments are based upon output, i.e. upon delivery of the services specified in the TOR. In order to assist the requesting unit in the comparison of financial proposals, the financial proposal will include a breakdown of this lump sum amount (including travel, per diems, and number of anticipated working days).

#### 6. EVALUATION

Initially, individual consultants will be short-listed based on the following minimum qualification criteria:

- Advanced university degree in public finance, economics, environment or engineering/energy;
- At least 5 years substantive professional experience in areas related to taxation and subsidization of energy or analysis of energy sector development in Moldova;
- Experience in legal framework improvement;

The short-listed individual consultants will be further evaluated based on the following methodology:

##### Cumulative analysis

The award of the contract shall 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 – 60% (300 pts);

\* Financial Criteria weight – 40% (200 pts).

Only candidates obtaining a minimum of 210 points would be considered for the Financial Evaluation.

Criteria	Scoring	Maximum Points Obtainable
<b><u>Technical</u></b>		
Advanced university degree in public finance, economics, environment or engineering/energy	(Master's – max 40 pts., PhD's – max 50 pts.)	50
A minimum of 5 years substantive professional experience in areas related to taxation and subsidization of energy or analysis of energy	(5 years – 30 pts., >5 years – 50 pts.)	50

sector development in Moldova		
Knowledge of public finance principles in Moldova	(no – 0 pts., to some extent – 20 pts., solid knowledge – 40 pts.)	40
Experience in legal framework improvement	(to some extent – 30 pts., yes – 50 pts.)	50
Experience in sector related policy development	(no – 0; to some extent – 30 pts., yes – 50 pts.)	50
Experience in working and collaborating with state institutions is a strong asset	(each year of such work 10 pts.)	40
Knowledge of Romanian and English, knowledge of Russian is an asset;	(Romanian - 5 pts, Russian 5 pts; English – 10 pts)	20
<b>Maximum Total Technical Scoring</b>		<b>300</b>
<b>Financial</b>		
Evaluation of submitted financial offers will be done based on the following formula: <b><math>S = F_{min} / F * 200</math></b> S – score received on financial evaluation; Fmin – the lowest financial offer out of all the submitted offers qualified over the technical evaluation round; F – financial offer under consideration.		<b>200</b>

### Winning candidate

The winning candidate will be the candidate, who has accumulated the highest aggregated score (technical scoring + financial scoring).

### Important notice

The applicant who has the statute of Government Official / Public Servant, prior to appointment will be asked to submit the following documentation:

- a no-objection letter in respect of the applicant received from the government, and;
- the applicant is certified in writing by the government to be on official leave without pay for the entire duration of the Individual Contract.

A retired government official is not considered in this case a government official, and as such, may be contracted.

### ANNEXES:

#### **ANNEX 1 – TERMS OF REFERENCES (TOR)**

#### **ANNEX 2 – INDIVIDUAL CONSULTANT GENERAL TERMS AND CONDITIONS**