



ASEAN-AUSTRALIA DEVELOPMENT COOPERATION PROGRAM (AADCP) PHASE II

TERMS OF REFERENCE FOR

DEVELOPMENT OF ASEAN SMART CITY INVESTMENT TOOLKIT

The ASEAN Secretariat and the Australian Government, through AADCP II, invite applications from consultants for the above-referenced project.

I. Background

Half of all peoples in ASEAN are already living in urban areas and an additional 70 million more people are forecasted to live in cities by 2025.¹ Smart and sustainable urbanisation is therefore crucial for economic transformation and integration. The COVID-19 pandemic has created an impetus for cities to embrace technology as an enabler to address urban challenges and generate new sources of growth. For instance, investment in digital infrastructure and solutions will provide cities with a robust technology base. The promotion and adoption of appropriate digital infrastructure could support local governments in their decision making.

However, cities are often faced with challenges in making the required investments. Some of these challenges include: properly prepared projects, low credit rating scores; national/local sovereign ceilings limiting the capacity to provide guarantees; managing off-balance sheet liabilities; debt service and repayment capacity; and legislative limitations. There is also a lack of capacity to assess and utilise the appropriate financing and commercial structures for city projects.

Financing smart cities requires approaches that focus on both short-term and long-term goals. Different types of projects in different communities demand different types of financing. A good understanding of the financing tools available with its advantages and disadvantages can help to address the challenges encountered in financing smart cities.

There are at least two major ASEAN initiatives being undertaken for the promotion of smart cities and sustainable urbanisation:

- a. **ASEAN Smart Cities Network (ASCN).** Established in 2018, ASCN is a collaborative platform where cities from the ten ASEAN Member States (AMS) work towards the common goal of smart and sustainable urban

¹ *World Urbanization Prospects: The 2018 Revision*, United Nations Department of Economic and Social Affairs, Population Division, 2019.

development. The primary goal of the ASCN is to improve the lives of ASEAN citizens, using technology as an enabler. By focusing on people, it adopts an inclusive approach to smart city development that is respectful of human rights and fundamental freedoms as inscribed in the ASEAN Charter. The networking of smart cities across ASEAN also contributes to enhancing mutual understanding across cultures.

The ASCN aims to facilitate cooperation on smart cities development, catalyse bankable projects with the private sector, and secure funding and support from ASEAN's external partners. The 26 ASCN Pilot Cities are: Bandar Seri Begawan, Battambang, Phnom Penh, Siem Reap, Makassar, Banyuwangi, DKI Jakarta, Luang Prabang, Vientiane, Johor Bahru, Kuala Lumpur, Kota Kinabalu, Kuching, Nay Pyi Taw, Mandalay, Yangon, Cebu City, Davao City, Manila, Singapore, Bangkok, Chonburi, Phuket, Da Nang, Ha Noi, and Ho Chi Minh City. Each of this city has prepared Smart City Action Plans (SCAPs), in which the city identifies its vision, priority focus areas, and strategic targets, as well as smart city projects. Financing remains a major challenge across the projects.

- b. **ASEAN Sustainable Urbanisation Strategy (ASUS)** under the Master Plan on ASEAN Connectivity (MPAC) 2025. ASUS, which was developed through AADCP II support, provides ASEAN cities with a framework of sustainable urbanisation based on six areas, namely civic and social, health and well-being, security, quality environment, built infrastructures, industry and innovation. ASUS also provides two toolkits to help cities prioritise sustainable urbanisation actions and develop practical actions and projects relevant to their local context.

Following the ASUS launch in 2018, 8 city technical proposals based on the ASUS have been developed for Kep City, Tomohon, Kaysone, Mandalay, Shah Alam, General Santos, Hat Yai and Sapa Town, through a collaboration between ASEAN and UN-HABITAT. An ASEAN Sustainable Urbanisation Forum had taken place in October 2021, which helped build network and share knowledge between these cities and relevant stakeholders.

This project provides further support to the above initiatives. This project will develop an ASEAN Smart City Investment Toolkit, which will provide the ASCN and other ASEAN cities with knowledge and understanding of numerous financing options available for various types of smart city initiatives in AMS, and identify strategies that suit the needs of smart city projects.

This project recognises that there are various tools available for assessing financing options, such as the Guidelines on Tools and Mechanisms to Finance Smart Sustainable Cities Projects developed within the framework of the United for Smart Sustainable Cities (U4SSC) Initiative and the World Bank/International Finance Corporation (IFC) Advanced Practices for Environmental Excellence in Cities (APEX) App. The development of ASEAN Smart City Investment Toolkit will take into account these guidelines and tools, and other developments that can strengthen its development and subsequent implementation. Unlike the aforementioned tools, the ASEAN Smart City Investment Toolkit will be tailored to address the unique context of

the region and focus on financing needs of ASCN and ASUS cities, while enabling cities to assess specific financing strategies or options that are most relevant to their context.

II. Needs and Objectives

The goal of this project is to advance the smart and sustainable cities development by bridging the investment gaps for city projects.

As a result of the project, that ASCN and other ASEAN cities would have better understanding and make informed decisions about appropriate financing options and strategies for smart city initiatives.

III. Outputs

This project has the following outputs:

1. Project Inception Report:
 - Outline of the overall approach, work plan, and management plan.
2. ASEAN Smart City Scoping Report:
 - Review of current and emerging smart cities trends in driving competitiveness, environmental sustainability, liveability, gender equality and social inclusion, as well as people-centred approaches.
 - Assessment of smart city financing challenges and opportunities.
 - Analysis of smart cities' funding and financing options and tools (government and private sector).
 - Identification of priority smart city and sustainable urbanisation projects for which financing strategies/options are needed.
 - Development of case studies to demonstrate good practices and lessons learnt surrounding the options.
 - Design of the toolkit, including elements of potential users, engagement, communications, assessment, planning, learning and evaluation.
 - Conduct of a regional workshop to discuss the draft ASEAN Smart City Scoping Report and seek AMS feedback on the draft toolkit.
3. ASEAN Smart City Investment Toolkit:
 - Development of the toolkit based on the ASEAN Smart City Scoping Report.
 - Integration of the toolkit into the ASCN online portal.
4. Training/Socialisation Workshop:
 - Conduct of a regional training/socialisation workshop on the toolkit that is envisaged to: (a) improve understanding amongst participants of smart cities' funding and financing options and tools, good practices and lessons learnt surrounding the options; (b) improve capacity amongst participants in planning and selecting funding and financing options and tools appropriate for their smart city projects.
 - Development of the workshop report containing the event's proceedings, lessons learnt, recommendations, and next steps.

5. Project Completion Report:

- Summary of completed project activities, lessons learnt, and suggestions for follow-on projects.

IV. Tasks/Activities

The following activities will need to be undertaken to achieve the outputs presented above. The bidder should provide details on its approach to each activity in its bid and is free to recommend additional activities.

	Output	Activity	Person working weeks**	Indicative Completion Date	Person(s) responsible
1	Project Inception Report	1.1. Outline the overall approach, work plan, and management plan.	3	4 weeks after signing of a Special Services Agreement (SSA)	Consultant, with inputs from ASEC
		1.2. Circulate, revise and finalise the Project Inception Report based on feedback, if any.			
	Week 4				
Approval of Output 1: Inception Report by SOM/ASEC (4 working weeks)					
2	ASEAN Smart City Scoping Report	2.1. Review current and emerging smart cities trends in driving competitiveness, environmental sustainability, liveability, gender equality and social inclusion as well as people-centred approaches.	23	Week 16	Consultant
		2.2. Assess smart city financing challenges and opportunities.			
		2.3. Analyse smart cities' funding and financing options and tools (government and private sector).			
		2.4. Identify priority smart city and sustainable urbanisation projects for which financing strategies/options are needed.	10	Week 24	Consultant, with inputs from ASEC

	Output	Activity	Person working weeks**	Indicative Completion Date	Person(s) responsible
2	ASEAN Smart City Scoping Report (cont'd)	2.5. Develop case studies to demonstrate good practices and lessons learnt surrounding the options.			Consultant
		2.6. Design the toolkit, utilising the background research conducted through Activities 2.1-2.5, and include elements of potential users, engagement, communications, assessment, planning, learning and evaluation. The design phase will already prepare for integration of the toolkit into the ASCN Online Portal.	11	Week 32	Consultant, with inputs from ASEC
		2.7. Submit the draft ASEAN Smart City Scoping Report comprising the background research and draft toolkit.			Consultant
		2.8. Prepare and convene a regional workshop to discuss the draft ASEAN Smart City Scoping Report and seek AMS feedback on the draft toolkit.	2	Week 34	Consultant, with inputs from and facilitation by ASEC
		2.9. Prepare, submit, revise, and finalise regional workshop report.	2	Week 36	
		2.10. Revise the draft ASEAN Smart City Scoping Report and design of the toolkit based on feedback.			
	Approval of Output 2: ASEAN Smart City Scoping Report and regional workshop report by SOM/ASEC (4 working weeks)				
3	ASEAN Smart City Investment Toolkit	3.1. Develop the toolkit based on the ASEAN Smart City Scoping Report.	8	Week 40	Consultant, with inputs from and facilitation by ASEC
		3.2. Submit and refine the toolkit based on AMS feedback.	12	Week 52	

	Output	Activity	Person working weeks**	Indicative Completion Date	Person(s) responsible
3	ASEAN Smart City Investment Toolkit (Cont'd)	3.3. Develop the toolkit based on the ASEAN Smart City Scoping Report.	8	Week 40	Consultant, with inputs from and facilitation by ASEC
		3.4. Submit and refine the toolkit based on AMS feedback.	12	Week 52	
		3.5. Integrate the toolkit into the ASCN Online Portal.			
	Approval of Output 3: ASEAN Smart City Investment Toolkit by SOM/ASEC (4 working weeks)				
4	Training/ Socialisation Workshop	4.1. Prepare and convene a regional training/socialisation workshop to utilise the toolkit.	4	Week 54	Consultant, with inputs from and facilitation by ASEC
		4.2. Prepare, submit, revise, and finalise the training/socialisation workshop report.	2	Week 56	
	Approval of Output 4: Training/Socialisation Workshop Report by SOM/ASEC (4 working weeks)				
5	Project Completion Report	5.1. Record the project achievements against the project's original intended purpose, work plan, and outputs. It should assist in assessing impact, draw out conclusions, and lessons learnt that may be valuable in designing follow-on projects.	2	Week 60	Consultant, with inputs from ASEC.
		5.2. Prepare, submit, revise, and finalise the Project Completion Report based on feedback, if any.			
	Approval of Output 5: Project Completion Report by SOM/ASEC (4 working weeks)				
** The number of person working weeks is intended to indicate the amount of relative effort required to deliver the corresponding outputs. The calculation is based on assumption of 5 person days per week. Actual time will be agreed in negotiation with the successful bidder.					

V. Reporting

All reports will be submitted based on AADCP II Guidelines for Contractors in draft format to the ASEAN Connectivity Division of the ASEAN Secretariat (with a copy to AADCP II) and, following the ASEAN Secretariat approval, in final form. All outputs and reports must be suitable for publication, although the decision on publication lies with the ASEAN. The timing of delivery is indicative and can be adjusted when the consultant's work plan is developed, subject to mutual agreement.

The consultant will also provide regular (bi-weekly, monthly or as agreed with the ASEAN Secretariat) summation of activities undertaken and issues that have arisen. These will be submitted to the ASEAN Connectivity Division and AADCP II via email.

Financial reports will be submitted at invoicing in line with a payment schedule to be specified in the SSA.

VI. Project Management

This project will be managed by ASEAN Connectivity Division of the ASEAN Secretariat. The consultant should be responsible for organising and conducting the scheduled activities in collaboration with the host countries and the ASEAN Secretariat.

The project will be funded through AADCP II until the end of 2022. Beyond 2022, support for this project will be provided through AADCP II's successor program, the Australia for ASEAN Futures (Economic & Connectivity) program, upon approval.

VII. Scope of Services

The consultancy will be undertaken over a continuous effective period of 16 calendar months with approximately 79 person weeks of professional services. Work will commence immediately after contract signing.

VIII. Qualifications

This project is open only to consulting firms/entities with the appropriate qualifications, not individuals. In its proposal, the bidder should demonstrate:

- Thorough understanding and in-depth knowledge of ASEAN, ASEAN Community, ASEAN Smart Cities Network, and ASEAN Sustainable Urbanisation Strategy;

- Thorough understanding and research experience on smart cities and sustainable urbanisation issues, trends and recent developments preferably in the ASEAN context;
- Proven expertise in funding and financing options and tools for smart city and sustainable urbanisation projects;
- Understanding of gender and social inclusion mainstreaming into smart cities, sustainable urban development projects and programmes;
- Demonstrated experience working in a participatory manner with and having established network amongst urban development stakeholders across the AMS;
- Proven track record in working with multi-stakeholder in a participatory manner, including with high-level government officials, bilateral and multilateral institutions (including financial institutions), civil society and NGOs;
- Proven track record in data collection, management, and analysis as well as report writing on regional and global research/survey;
- Extensive knowledge and experience in project management;
- Thorough understanding of monitoring and evaluation of development projects, particularly in outcome setting and identification of performance indicators;
- Ability to manage multiple parallel activities and deliver results in a short timeframe would be desired; and
- Understanding of ASEAN, ASEAN Secretariat, and AADCP II procedures will be considered an added value.

IX. Bidding

Interested consulting firms are invited to submit a proposal in response to these Terms of Reference. This proposal should be in two parts: **Technical** and **Financial components**.

The Technical component should present the following information:

- A brief discussion indicating the bidder's understanding of the needs of the project;
- A brief analysis of key issues;
- A methodological discussion of how the bidder proposes to address those needs including assessment of key issues, analytical strategies that will underlie the project, specific techniques to be utilised, and practical discussion of possible limitations in carrying out the project;
- A detailed work plan that specifies activities to be undertaken, expected outputs and deliverables, resources to be utilised and timing;
- Staffing and management plan;
- A discussion on how measures to ensure the future sustainability of the outcomes of the project will be addressed;
- CVs of all proposed experts;

- Brief discussion of firm's past experience in undertaking similar work and brief summaries of all projects undertaken;
- Examples of previous work as Annexes to the proposal.

The Financial component should specify:

- Professional fees of expert(s);
- Management and/or operational fees (if any), which include all costs incurred by the person/entity/company for internal coordination, communication, travels and any other associated project management cost;
- Applicable taxes such as VAT, GST, PPN. See Section XI point 3 for an additional note on tax liability.

Activity costs for experts and participants such as reimbursable expenses for airfare, other travel costs and daily subsistence allowance for workshops, meetings, and all other agreed activities do not need to be included in the Financial Component. These items will be discussed with the preferred contractor during the finalisation of the scope of services. Costs will be based on prevailing ASEAN Secretariat rates.

X. Submission of Application

Applicants should send their application with a cover letter, materials specified in Section IX above and other supporting documents with '**Development of ASEAN Smart City Investment Toolkit**' as the subject via email to tender@aadcp2.org, no later than **6 September 2022 at 05:00pm Jakarta time**.

For Frequently Asked Questions (FAQ), please visit <http://aadcp2.org/aadcp-ii-tender-frequently-asked-questions/>

Any queries on the TOR should be sent to contact@aadcp2.org with the subject line: "**Query 'Development of ASEAN Smart City Investment Toolkit'**".

XI. Additional Notes on Terms and Conditions of the Project

1. Any future studies/reports/analysis in any form of intellectual property rights (including but not limited to patents, copyright and any related rights) submitted by the Contractor to ASEAN arising out of or in connection to the services performed by the Consultant to ASEAN shall belong to the ASEAN Secretariat under the name of **ASEAN** only;
2. Successful bidder shall agree to be bound and sign the SSA with all requirements under the terms and conditions provided therein, including but not limited to the AADCP II Guidelines for the Contractors attached to the SSA;

3. As an intergovernmental organisation, ASEAN shall not be responsible for any tax(es), levy, tax claim or any tax liability which may be imposed by any law in relation to any amount payable by the ASEAN Secretariat.