



Aus4ASEAN
FUTURES

Australia for ASEAN Futures – Economic & Connectivity

TERMS OF REFERENCE FOR

DEVELOPMENT OF THE ASEAN STRATEGY FOR CARBON NEUTRALITY

The ASEAN Secretariat and the Australian Government, through Australia for ASEAN Futures – Economic & Connectivity program (Aus4ASEAN (ECON)), invite applications from consultants for the above-referenced project.

I. Background

The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) presented the unequivocal evidence that the climate is changing, and the considerable impacts will intensify unavoidably due to global greenhouse gas (GHG) emissions. The Asian Development Bank estimated that if left unchecked, climate change can shrink the gross domestic product (GDP) of Southeast Asia by 11% by the end of the century. Addressing climate change is therefore a priority for ASEAN, with Southeast Asia among the regions that are most susceptible to climate change. The shift towards carbon neutrality inevitably comes with cost but at the same time offers opportunities for ASEAN to generate value-add and optimise on areas of competitive advantage towards green economy. Green economy is expected to bring up to USD1 trillion in annual economic opportunities and create 30 million jobs across ASEAN by 2030.

While individual ASEAN Member State (AMS) have set their respective Nationally Determined Contributions (NDCs) and longer-term climate commitments, either towards carbon neutrality or net zero, varying degrees of domestic climate initiatives may lead to some levels of fragmentation at the regional level. Such fragmentation will not only risk slowing the region's transition to low-carbon economy, but also increase uncertainties in trade policies, raise costs of doing business, and adversely affect the region's future competitiveness in international trade.

A regional strategy on carbon neutrality would therefore complement AMS approaches to NDCs and Long-Term Low Emission Development Strategies (LT-LEDS). There is an opportunity for collaboration among AMS to leverage individual states' existing advantages in technology and know-how.

A regional approach would enable resource optimisation and is an opportunity to set a more ambitious pathway for carbon neutrality. This will drive economic growth in the short and long term across the ASEAN Economic Community (AEC) and enable ASEAN's environmental, social, and economic development goals to be achieved simultaneously and in a mutually reinforcing way. An ASEAN Strategy for Carbon Neutrality is not intended to

suggest individual AMS increase their climate commitments, but rather address the potential collaboration among AMS to leverage advantages.

The key pillars of the ASEAN Strategy for Carbon Neutrality may cover, but not limited to:

- i) Exploring establishing a GHG inventory to prioritise emission reduction opportunities and monitor progress
- ii) Developing nature-based solutions and ecosystem-based approach to optimise the value of ASEAN's natural capital
- iii) Developing market-based solutions to stimulate economically efficient emission reductions
- iv) Investment in low-carbon technologies to accelerate the transition to a carbon neutral economy
- v) Inclusive and sustainable infrastructure to support ASEAN's climate change and economic development ambitions

II. Needs and Objectives

The development of the ASEAN Strategy for Carbon Neutrality follows through the recommendation put forward under the Concept Note on ASEAN Strategy for Carbon Neutrality supported by Aus4ASEAN Futures that has been endorsed by the ASEAN Economic Ministers. The ASEAN Strategy for Carbon Neutrality will synergise and build upon existing regional initiatives such as the Framework for Circular Economy for the AEC, sustainability initiatives under all three ASEAN Community pillars (Economic, Socio-Cultural, and Political-Security), and AMS' national plans to achieve their NDCs.

The Strategy will complement and support existing sectoral initiatives including the Study on Decarbonizing the ASEAN Agriculture and Forestry Sector; Strategic Action Plan for Food, Agriculture and Forestry (2016-2025); ASEAN Plan of Action on Energy Cooperation (APAEC Phase II); ASEAN Minerals Cooperation Action Plan (AMCAP); and ASEAN Sustainable Transport Initiatives. The Strategy shall also support ASEAN's commitments in addressing climate change as highlighted in the ASEAN State of Climate Change Report, ASEAN Outlook on the Indo Pacific, and ASEAN Joint Statement on Climate Change at the COP26.

The Project's stakeholders and beneficiaries are:

- ASEAN Member States and Relevant ASEAN Sectoral Bodies:
The Strategy will provide clear guidance on the policy direction for ASEAN to reach its carbon neutral goal and help inform relevant ASEAN Sectoral Bodies in developing appropriate interventions and action plans that will accelerate ASEAN and AMS' transition to carbon neutral economy.
- Other pillars of ASEAN cooperation:
Climate-related initiatives are cross-cutting in nature and affects all three ASEAN community pillars. The Strategy will help prepare all three ASEAN pillars to synergise and coordinate their respective initiatives towards achieving the region's carbon neutral

goal, and not only ensure that the region remains competitive but will also address climate issues.

- ASEAN stakeholders at large:

The project will be beneficial for ASEAN stakeholders at large, such as the private sector including micro- small and medium enterprises (MSMEs), consumers and ASEAN external partners as it provides clear guidance on the way forward for the region, and highlights the required support for ASEAN to achieve sustainable growth and deeper integration for the region.

The ASEAN Strategy for Carbon Neutrality for ASEAN is expected to provide an orderly, inclusive and safe transition pathway that complements AMS NDCs under the Paris Agreement, while recognising the different levels of development across the AMS by:

- Accelerating decarbonisation in ASEAN to achieve carbon neutrality;
- Preserving ASEAN's competitiveness in global trade; and
- Achieving sustainable growth for ASEAN.

III. Outputs

The project will produce the ASEAN Strategy for Carbon Neutrality.

The Strategy will consider the diverse economic circumstances and development across AMS and provide the required guidance for policymakers to design the appropriate evidence-based intervention measures to ensure that the region's transition to carbon neutrality will be just, safe, inclusive and not hinder ASEAN's progress in advancing development goals, eliminating poverty and other socio-economic disparities within and among AMS.

The draft Strategy will include:

- Description of specific deliverables, to be informed by the study for each of the five pillars identified in the Concept Note on ASEAN Strategy for Carbon Neutrality endorsed by the ASEAN Economic Minister (AEM) and adopted by the AEC Council, namely, i) establishment of a GHG inventory; ii) development of nature-based solutions and ecosystem-based approach; iii) development of market-based solutions; iv) investment in low-carbon technologies; and v) inclusive and sustainable infrastructure. Where relevant, the study should also identify other potential key driver towards carbon neutrality beyond the five identified pillars;
- An implementation plan for the Strategy which may include existing initiatives currently pursued by relevant sectoral bodies. The implementation should clearly specify priorities, timelines and the resources required to implement the identified deliverables;
- A monitoring and evaluation (M&E) mechanism to track the timely and effective implementation of the Strategy. The M&E mechanism should not duplicate existing mechanisms e.g. AEC M&E Framework, ASEAN Comprehensive Recovery Framework (ACRF), Framework on Circular Economy for the AEC, Consolidated Strategy of the 4th Industrial Revolution, etc.
- A recommendation on the governance structure to oversee the implementation of the Strategy;

To produce the Strategy, this project will undertake a comprehensive study, building upon existing initiatives under the ASEAN Political-Security, Economic, and Socio-Cultural pillars. Activities required, among others, will include desk-based research, in-depth consultations with individual AMS, validation workshops, regional consultation, and socialisation workshops (once the draft is finalised). A stocktaking of and consolidating of existing initiatives related to carbon neutrality will be necessary to avoid duplication.

The Final output of this project should be finalised by 3rd July 2023 in order to be presented to the Leaders at the 43rd ASEAN Summit in September 2023.

IV. Tasks / Activities

Given the participatory and consultative nature of the project, multiple methods may be used to obtain the needed information from AMS (e.g., literature review, desktop research, and

conduct of interviews whether virtual or face-to-face). It is envisioned that the consultative dialogue (either virtual or face-to-face) will be facilitated by the selected experts/bidders.

Bidders are expected to design their own work plans ensuring delivery of the desired outputs. The bidder should provide details on its approach, specific activities, corresponding number of working days, expected completion dates and person(s) responsible in its bid. A summary should be presented in the form of a tabulated work plan in their bid to indicate the following information:

- Deliverable output or report;
- Activities to be undertaken for each deliverable;
- Person working days;
- Timeline for completion/ target completion date; and,
- Person/s responsible in the team.

In preparing the work plan, please allow at least three (3) weeks for ASEAN's approval of each milestone or output.

The eventual project implementation design will be determined in consultation between ASEAN Secretariat, Aus4ASEAN Futures (ECON) and the winning bidder during the inception stage.

V. Reporting

Apart from the outputs described in Section III, activity/progress reports would have to be produced including:

- Inception Report detailing the overall approach to the delivery of the expected outputs including detailed work and management plans;
- Consultation Reports/Summary of Responses;
- Project Completion Report summarising the project outputs, achievements/shortfalls, learnings and recommendations; and

All reports will be submitted based on Aus4ASEAN Futures Guidelines for Contractors in draft format to the ASEAN Integration Monitoring Directorate (AIMD), AEC Department (with a copy to Aus4ASEAN Futures (ECON)). All outputs and reports must be suitable for publication, although the decision on publication lies with the ASEAN.

The contractor will also provide regular (fortnightly, or as agreed with ASEC) summation of activities undertaken and issues that have arisen. These will be submitted to AIMD and Aus4ASEAN Futures (ECON) via email.

Financial reports will be submitted at invoicing in line with a payment schedule to be specified in the Special Services Agreement (SSA).

The consultant is expected to produce outputs in accordance with Section III and IV above. These are summarised below. The timing of delivery is indicative and can be adjusted when the consultant's work plan is developed, subject to mutual agreement.

No.	Reports	Target Delivery/ Completion Date
1	Inception Report <i>This would detail the consultant's approach to the project and provide a detailed work plan along with initial survey of literature</i>	1 st week after contracted
2	Interim Report <i>This would describe the result of the comprehensive study, detailing data collected and the result of the data analysis.</i>	Week 3
3	First draft of the Strategy	Week 11
4	Final Strategy including Consultation Report	Week 17
5	Socialisation of the Strategy	Week 28
6	Project Completion Report <i>The Project Completion Report will establish a record of the project achievements against the project's original intended purpose and outputs. It is intended to assist in assessing impact, draw out conclusions and lessons learned that may be valuable in designing new related initiatives.</i>	Week 32

VI. Project Management

The project will be funded by the Aus4ASEAN Futures (ECON) and managed by the AIMD, AEC Department of the ASEAN Secretariat in consultation with the relevant divisions.

The AIMD, with oversight support from Aus4ASEAN Futures (ECON), will be responsible for the overall management of the project. It will work closely in the selection of external consultant(s) for the project, in ensuring the timely delivery of planned activities and key deliverables of the project, and in ensuring efficient reporting and disbursement of funds. Aus4ASEAN Futures (ECON) will monitor progress from the perspective of the use of its resources and timely delivery of outputs that are fit for purpose, and will provide advice to the AIMD accordingly.

AIMD will act as the ASEC key focal point for the project. It will, in consultation with the relevant divisions in ASEC:

- manage project implementation, and together with Aus4ASEAN Futures (ECON), monitor progress of the consultancy work;
- provide technical supervision to the project;
- assist/facilitate introductory consultation meetings with key Member States focal points and sectoral bodies; and
- provide over-all guidance on the presentations and meetings.

Project outputs will be consulted with key sectoral bodies and entities ad-referendum and through focus group discussions and consultations.

The consultant should be responsible for organising and conducting the scheduled activities in collaboration with ASEAN Member States and the ASEAN Secretariat. The designated project manager shall be the single point of contact between ASEC and the project team.

VII. Scope of Services

The consultancy will be undertaken over a **period of up to 208 person-days, spread out over approximately 8 calendar months** of professional services. Work will commence immediately after contract signing.

The number of people working weeks is intended to indicate the amount of relative effort required to deliver the corresponding outputs. The calculation is based on assumption of five person-days per week. Actual time will be agreed in negotiation with the successful bidder.

VIII. Qualifications

In its proposal the bidder (preferably an entity) should demonstrate experience and availability of the following skills and competencies, both management and technical:

- High-caliber entity/consulting firm with deep understanding and rich experience in decarbonisation and sustainability issues, particularly on carbon neutrality transition;
- A multidisciplinary team composed of team members who possess expertise in the areas of sustainable finance, carbon market, nature-based solution, just green transition, low-carbon technologies, transition technologies, renewable energy, international trade, public policy, labour and industrial relations, human rights, gender, environment and natural resources management, sustainable development or related fields;
- The team is expected to be led by a team leader with at least ten (10) years of demonstrated expert knowledge and practical experience in the areas of sustainable development, decarbonisation and regional market integration, particularly in ASEAN;
- Proven track record in policy formulation, research, activity design, survey and data analysis as well as delivering technical assistance, particularly those related to sustainability and decarbonisation;
- Excellent writing and communication skills for building rapport, facilitating participation and effective presentation of result especially during the stakeholder's consultation workshop; and,
- Familiarity with ASEAN, ASEAN Economic Community, ASEAN Structure and implementation arrangements, is an advantage.
- A thorough understanding of ASEAN or ASEC procedures will be considered added value.

IX. Bidding

Interested entities are invited to submit a proposal in response to this TOR. This proposal should be in two parts: Technical and Financial components, to be submitted as two separate documents.

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 underline 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; and,
- Samples in soft copy attached to the application (or website link to samples) of relevant past work/ reports.

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; and,
- 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 ASEC 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 the ASEAN Strategy for Carbon Neutrality**" as the subject via email to tender@aus4aseanfutures.org, no later than **24 February 2023** at 5:00pm Jakarta time (GMT +7). Late submissions will be disqualified.

For Frequently Asked Questions (FAQ), please visit <https://www.aus4aseanfutures.org/tender-frequently-asked-question/>

Any queries on the TOR should be sent by email to query@aus4aseanfutures.org before Wednesday, 22 February 2023. Please use subject line: "**Query: Development of the ASEAN Strategy for Carbon Neutrality**"

Response to received queries will be published at <https://www.aus4aseanfutures.org/tender-development-of-the-asean-strategy-for-carbon-neutrality/> . Please check the page regularly for updates.

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 ASEC under the name of **ASEAN** only.
2. Successful bidder shall agree to be bound and sign the Special Services Agreement (SSA) with all requirements under the terms and conditions provided therein, including but not limited to the Aus4ASEAN Futures 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.