

# TERMS OF REFERENCE

## Technical Consultancy for the Cooling Sector – Feasibility and Capacity Building on Article 6 Carbon Market in the MENA and Türkiye

Country: Regional (and one Cool Up country, to be decided)

October 2024

## Summary

<b>Post title:</b>	Technical Consultancy for the Cooling Sector – Feasibility and Capacity Building on Article 6 Carbon Market in the MENA and Türkiye
<b>Starting date:</b>	Immediately after the selection of the service provider and signing the contract.
<b>Duration:</b>	Deliverable-based in a period of 6 months
<b>Location:</b>	Flexible, Field visits to different locations as needed
<b>Project:</b>	Cool Up - Scaling Up Sustainable Cooling in the Middle East
<b>Deadline to send the application</b>	9 <sup>th</sup> of December 2024

### Disclaimer

This document is provided for informational purposes only and does not constitute a binding offer or agreement. Participation in this tender process does not guarantee acceptance or award of any contract. All information provided herein is subject to change without notice. The tendering organization (Guidehouse Germany GmbH) reserves the right to reject any or all proposals, to waive any irregularities or informalities, and to negotiate with any qualified supplier. By participating in this tender process, all participants agree to abide by the terms and conditions outlined in this document and any subsequent communications.

### 1. Background information

The planet is heating up. Climate change is already causing longer hot periods and higher extreme temperatures across the Middle East and North Africa (MENA) region. The region is currently warming at double the global average and predicted to be 4° Celsius warmer by mid-century. Such extreme temperatures will result in increased demand for air conditioning and refrigeration, creating increased demand for electricity and refrigerants with high global warming potential. Without further policy and financial interventions, direct and indirect emissions from cooling and refrigeration may rise 90% above 2017 levels by 2050, creating a vicious feedback loop.

To reduce cooling demand and tackle its adverse impacts on the ozone layer and climate, accelerated technological change is essential. Sustainable cooling solutions exist and are available, though need financing to be brought to scale as financing mechanisms for cooling are rare and not widely implemented.

Carbon markets and carbon crediting mechanisms provide a potential financing opportunity to speed up the implementation of sustainable cooling solutions. Sustainable cooling projects could be mobilized via revenues

from the selling emission credits on international carbon markets under the Paris Agreement.

## 2. The Cool Up programme

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The Cool Up programme promotes accelerated technological change in cooling demand reduction and early implementation of the Kigali Amendment and Paris Agreement in Egypt, Jordan, Lebanon, and Türkiye. The approach is based on four pillars: Reducing cooling demand; Supporting the phase-down of hydrofluorocarbons (HFCs); Replacing and safely disposing of inefficient cooling appliances and refrigerants; Improving cooling appliance operation, training, and awareness. Long-term effects will be ensured by clear programme governance and strong participation of the local partners in each country.

Cool Up's scope covers sustainable cooling systems, including stationary air-conditioning and commercial refrigeration focus on solutions with natural refrigerants such as hydrocarbons like propane (R290) or isobutane (R600a), carbon dioxide (CO<sub>2</sub>, R-744), ammonia (NH<sub>3</sub>, R-717), water (R-718), air (R-729), and not-in-kind alternatives (solutions not requiring refrigerant-based compression technology). Despite their low global warming potential (GWP), hydrofluoroolefins (HFOs) and other F-gases with an intermediate GWP (e.g., R32) are excluded from the project scope due to their potential adverse effects on the climate, environment, and human health.

More information available: [www.coolupprogramme.org](http://www.coolupprogramme.org)

## 3. Institutional arrangements

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The Technical Consultancy Service Provider will be assigned to work under supervision of Cool Up Programme Manager and in collaboration with the respective Cool Up Consortium regional and national implementing partners.

## 4. Regional context

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Two new carbon pricing instruments under the Paris Agreement are generating momentum and opportunities to invest in sustainable cooling solutions. The Cooperative Approach (Article 6.2) will allow for the use of direct bilateral arrangements to develop emissions reduction activities in a host country. These arrangements generate credits, called Internationally Transferred Mitigation Outcomes (ITMOs) that can be transferred to help partner countries meet their National Determined Contributions (NDCs) under the Paris Agreement. The Mechanism (Article 6.4) would allow for a company in one country to reduce emissions in that country and have those reductions credited so that it can sell those ITMOs to another company in another country.

With the new international crediting mechanisms taking shape, carbon credits enabled by Article 6.2 and Article 6.4 could offer a potential financing mechanism for sustainable cooling projects while simultaneously perpetuating emissions reductions in the cooling sector.

While not very robust yet, there are existing carbon crediting mechanisms in place which allow the generation of credits from activities in the cooling sector. Operationalization of the Article 6 carbon market in the MENA region is also accelerating. Enhanced capacity of the cooling sector on the carbon market will help incentivize private sector investment which can reduce direct and indirect emissions and generate income through carbon credits to increase feasibility of sustainable cooling projects.

## 5. Objectives of the assignment

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The main objective of this technical consultancy support is to address growing need of sectoral awareness raising and capacity building on how the cooling sector in the MENA and Türkiye can effectively benefit from the participation into the carbon market. Additionally, it evaluates the current institutional situation and readiness of country policy and finance frameworks for development of carbon market for cooling sector. The assignment will also enhance technical capacity building offerings under Cool Up Output 6, in coordination with other relevant outputs on regulatory (OP3), finance (OP4) and technology components (OP5). This should ultimately raise awareness about the potential of Article 6 to leverage finance to scale up sustainable cooling activities, including case studies of initial estimated mitigation potential and associated revenue.

## 6. Scope of work and tasks

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Cool Up programme aims to mobilize a Technical Consultancy Service Provider on a deliverable-based contract modality. The actions to be performed under this contract should be closely coordinated with the Cool Up team. All outputs will focus on the question of how a sector like cooling can benefit from carbon markets. The assignment includes the following tasks:

### **Task 1: Synthesis report (approx. 30 pages): Making use of carbon markets (special focus on Article 6) to enhance sustainable cooling in selected countries**

#### **Task 1.1.: Overview of carbon markets**

Overview of relevant carbon market standards and programmes (incl. Voluntary carbon markets and Article 6.4 carbon market). This should cover -but not limited to- the following:

- Difference between standards
- Relevance of ensuring environmental integrity
- Overall trends within each carbon market

#### **Task 1.2.: Article 6 – the state of play**

- Introduction to key principles of Article 6
  - The difference between Article 6.2 and 6.4
  - Key principles, steps, requirements.
  - Status of Art.6 and expectations for the future.
  - How to engage in Article 6 and the general considerations.
  - Eligibility requirements and interaction with national, regional and global initiatives and standards.
- Typical steps and durations for developing a carbon market activity.
- Article 6 readiness as precondition for Article 6
  - Key building blocks of Article 6 readiness
  - Current Article 6 readiness landscape (which countries are active, the current trends globally and in MENA region)
- Key countries currently engaged in Article 6 and overview of existing Article 6 activities.

#### **Task 1.3.: Linking carbon markets (Article 6) and sustainable cooling**

- The relevance of understanding the interplay of Paris Agreement and Montreal protocol (incl. Kigali Amendment):
  - How to align both agendas and what are critical aspects to consider for Article 6 activities?
  - The relevance of integrating the cooling sector into National Determined Contributions (NDCs).
  - Steps for integrating the cooling sector into NDCs.
- Gap analysis: To identify the actions and steps to harness opportunities that the carbon markets may provide for sustainable cooling.
- The critical aspects to consider for applying Article 6 in the cooling sector?
- Overview of potential activity types and available methodologies
- Overview of existing Article 6 cooling activities (country, scope, status, etc.) including case studies, i.e., introduction of green split ACs in Ghana.

### **Task 2: Country mapping and country assessments for Article 6 potential**

#### **Task 2.1.: Mapping of Article 6 potential in sustainable cooling in Cool Up partner countries**

- Assessment of each country according to
  - Status of NDC and Kigali Amendment.
  - Relevance of Article 6 and carbon markets in the country.
  - Level of Article 6 readiness in the country, e.g. institutional set-up, Article 6 framework, existing activities, and agreements.
  - Potential partner countries/partner organizations for Article 6 activity development.

- Potential mitigation measures relevant for the cooling sector, Incl. initial estimation of mitigation potential and revenue (depending on data availability).
- Potential barriers for Article 6 activity development.

#### **Task 2.2.: Road map for countries and measures and recommendation**

- Road map for Article 6 development incl. recommendation for Article 6 activity development.
- Where Article 6 may not be the most suitable or only option, we may also include information about other potential sources of funding (climate finance or blending climate/carbon finance).

#### **Task 3: Workshop to present results of tasks 1&2 and discuss way forward**

- To organize and run a workshop to present the result of the tasks 1 and 2.
- The workshop should be an online event and the format might be one or two online sessions. Cool Up team will assess the possibility of making the workshop as in-person event in one of Cool Up focus countries (Egypt, Jordan, or Türkiye). Hence the consultant team should be present in the workshop. This will be coordinated with the consultant team in due time.
- The consultant shall prepare the workshop programme, materials, and presentations.
- Cool Up programme will support in the logistics of the workshops incl., online hosting, venues booking in case of an in-person event, invitation.

#### **Task 4: Support the development of an Article 6 activity and a Mitigation Activity Idea Note (MAIN)**

- Develop the MAIN document (approx. 20–30-page document) and in close coordination with partners/owners of the potential activity. Evaluation and strategic and technical advice on A6 implementation potentials for the cooling sector in the MENA and Türkiye for selected 1 country. This document will include e.g.
  - Participating entities and roles and responsibilities
  - Description of the mitigation activity, incl. Scope of the activity, Mitigation measures and technologies, Timeline
  - Barrier analysis and risks (incl. Risk mitigation)
  - Business Model & Finance, incl. Financing requirements, financial incentives requires and financing mechanisms, financial additionality.
  - Alignment to national policies and NDC
  - Baseline setting
  - Approach to determine mitigation potential.
  - Sustainable development impacts and safeguards.
  - Scale and replicability potential.
  - An approach to determine the relevant methodologies of Measurement, Reporting and Verification MRV.

#### **Task 5: Capacity building and awareness raising for preparation of Article 6 activity (optional based on the result of Tasks 1-4)**

- Preparation of Introductory Training Package on A6 market for the cooling sector stakeholders (policy, finance, industry) with modules including, but not limited to:
  - The basics of carbon market and assessment of the potential of the sustainable cooling projects to benefit from the participation to the A6 carbon market.
  - Examples of carbon credit projects relevant to sustainable cooling projects (in case of availability, this may be extended to cover mechanisms and methodologies).
  - Provision of two (2) training sessions for the Introductory Training Package on A6 market for the cooling sector (each with 1-day onsite workshop, up to 20 participants) targeting Cool Up teams and stakeholders in selected one or two countries in the MENA and Türkiye.
  - Cool Up programme may ask participation of the Service Provider experts to the relevant Cool Up outreach events and awareness sessions as deemed necessary.

## 7. Expected outputs and delivery timeframe

	Deliverable	Timeline	Estimated Expert-Days
<b>Task 01</b>	Synthesis report (approx. 30 pages).	1 months after signing the contract.	12 days
<b>Task 02</b>	Country mapping and country assessments for Article 6 potential.	In coordination with Cool Up team. (within 2 months after signing the contract)	15 days
<b>Task 03</b>	Workshop to present results of task 1&2 and discuss way forward.	In coordination with Cool Up team. (approx. within 3 months after signing the contract)	3 days
<b>Task 04</b>	Support the development of an Article 6 activity	In coordination with Cool Up Programme (approx. within 5 months after signing the contract)	20 days
<b>Task 05 (optional)</b>	Capacity building and awareness raising for preparation of Article 6 activity	In coordination with Cool Up team. (approx. within 6 months after signing the contract)	10 days
<b>Total estimated days of all tasks</b>			<b>60 days</b>





## 8. Required qualifications and conditions

Topic	Requirements and conditions
<b>General</b>	<ul style="list-style-type: none"> <li>Interested Service Provider shall be legally registered and shall demonstrate sufficient capacities to implement the required activity in a satisfactory manner. Clear understanding and solid network and experience in the MENA region are required.</li> <li>Service Provider should propose at least 2 technical experts for this assignment, each with a minimum of a master's degree in environmental law, science and engineering or any other related field.</li> </ul>
<b>Experiences for the proposed experts</b>	<ul style="list-style-type: none"> <li>Minimum 7 years of demonstrable experience in international carbon market, Article 6 of Paris agreement; and/or international agreements relevant to the cooling sectors e.g., Montreal Protocol and Kigali Amendment.</li> <li>Proven track record of undertaking similar assignments, especially in the MENA region.</li> <li>Excellent verbal and written communication skills in English are required.</li> <li>Professional language skills in English, Arabic, Turkish and German are an advantage.</li> </ul>
<b>Timing and duration</b>	<ul style="list-style-type: none"> <li>The tasks are expected to start in December 2024 after the contract signature date. The contract will be initially signed for six months with a possibility of extension.</li> </ul>
<b>Place of work and travel costs</b>	<ul style="list-style-type: none"> <li>Home-based and field visits in selected country.</li> <li>Travel costs of experts to the selected country for training workshops will be covered by the Service Provider and should be included in the financial offer (2 days to be costed per expert per workshop).</li> <li>In the case of ad-hoc or unforeseen travel of experts by the request the Cool Up programme, travel costs including accommodation and living costs will be borne by Cool Up Programme in conformance with the IKI funding rules. The Service Provider should obtain prior approval for the costs of the travels. The costs will be reimbursed upon the submission of the invoices.</li> </ul>

<b>Payments</b>	<ul style="list-style-type: none"> <li>▪ The invoice should be sent after written approval of deliverables by Guidehouse team. Payments will be made within 90 days upon receipt of the invoice. The Service Provider shall submit an invoice indicating activities, costs, and corresponding expert-days.</li> </ul>
<b>Contractual arrangements</b>	<ul style="list-style-type: none"> <li>▪ Upon the successful selection of the Service Provider, the contract to provide the services mentioned in this TOR will be signed with Guidehouse Germany GmbH as the Implementing organization of Cool Up programme.</li> </ul>
<b>Taxes</b>	<ul style="list-style-type: none"> <li>▪ The Service Provider is completely responsible for all taxation.</li> </ul>
<b>How to apply proposal submission</b>	<p>Interested Service Providers must send their applications to <a href="mailto:coolup@guidehouse.com">coolup@guidehouse.com</a> with the title: Cool Up Technical Consultancy Cooling Sector A6 Carbon Market Capacity Building before <b>9th of December 2024</b>.</p> <p><b><u>The following documents must be submitted to be considered for the assignment:</u></b></p> <ul style="list-style-type: none"> <li>▪ <b>Proof of legal registration of the Service Provider.</b></li> <li>▪ <b>Expression of Interest letter</b> <ul style="list-style-type: none"> <li>• Understanding of, and responsiveness to Cool Up requirements.</li> <li>• Understanding of scope, objectives, and completeness of response.</li> <li>• Overall concord between Cool Up requirements and the proposal.</li> </ul> </li> <li>▪ <b>Company profile, qualifications, and team:</b> <ul style="list-style-type: none"> <li>• Team leader CV demonstrating relevant experience, qualifications, and position with firm.</li> <li>• Team members CV demonstrating relevant experience, skills, and competencies.</li> <li>• Organization of the team and roles and responsibilities</li> <li>• Professional expertise, project references, knowledge and experience with similar projects, contracts, clients, and assignments</li> </ul> </li> <li>▪ <b>Proposed methodology, approach, and timeline:</b> <ul style="list-style-type: none"> <li>• Proposed approach including 1-2 pages of describing the methodology and two project examples of similar kind.</li> <li>• Proposed implementation plan, i.e. how the bidder will undertake respective services, and time schedules.</li> <li>• Risk assessment - recognition of the risks/peripheral problems and methods to prevent and manage risks/peripheral problems.</li> </ul> </li> <li>▪ <b>Financial proposal:</b> <ul style="list-style-type: none"> <li>• The expected costs in Euro, including details of expert daily fees.</li> <li>• Estimated travel costs.</li> </ul> </li> </ul>
<b>Evaluation criteria</b>	<p>The Service Provider apply to this TOR, will be evaluated based on the following aspects:</p> <ul style="list-style-type: none"> <li>▪ Experience and capacity of the Service Provider on the assignment (30%)</li> <li>▪ Proposed experts' relevant experiences and knowledge on the A6 carbon market and cooling sector in the MENA and Türkiye (40%) based on the experiences mentioned above.</li> <li>▪ Financial offering (total cost) 30%</li> </ul>

For further information, please reach out to: [coolup@guidehouse.com](mailto:coolup@guidehouse.com)



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