

**REQUEST FOR PROPOSALS**

**BILATERAL SUPPORT FOR NATIONALLY DETERMINED CONTRIBUTIONS IMPLEMENTATION AND CLIMATE GOVERNANCE IN THE PACIFIC ALLIANCE**

Mexico, Chile, Peru, Ecuador, Colombia.

*Date* 18 January 2023

**DEVALUATION AND COMPETITIVENESS OF CARBON MARKET ACTIVITIES**

**Time: January 2023 – April 2023**

**Location: Remote working, with a preference for consultants based in Mexico, Chile, Peru or Colombia.**

<b>Project title</b>	<b>Bilateral Support for Nationally Determined Contributions Implementation and Climate Governance in the Pacific Alliance</b>
<b>Donor</b>	Environment and Climate Change Canada (ECCC).
<b>Supported countries</b>	Colombia, Peru, Chile, Mexico, Ecuador
<b>Project duration</b>	May 2022 – July 2026
<b>Maximum budget</b>	\$To be put forward by consultant/organization CAD (\$ <sup>1</sup> ) Maximum \$67,000 CAD.

<sup>1</sup> Currency converter used: Oanda 3 month average Nov – Jan. This exchange rate should be used for the calculation of the budget and costs.

**Tentative timeline of this assignment**

February 2023 – April 2023

**GS Classification**

Medium/High Value Purchase

## Context

Gold Standard is a civil society NGO and a standards body that promotes the best that can be achieved in climate and development projects. It was established in 2003 by [WWF](#) and other international NGOs as a best practice standard to ensure that projects which reduce carbon emissions also deliver credible, high-integrity sustainable development benefits. In close collaboration with its network of partners (civil society, governments, and private sector), Gold Standard leads several global innovation programs and supports 2000+ climate and development projects in over 80 countries worldwide.

Gold Standard is implementing a multi-year project assisting countries in the [Pacific Alliance](#) (Chile, Colombia, Mexico, Peru and Ecuador) on the implementation of their Nationally Determined Contributions, through dedicated support on issues related to monitoring, reporting and verification (MRV). We provide support to the Pacific Alliance's [Sub-Group on MRV and Climate Change](#), responding to the priorities of member countries to build capacity and systems to underpin climate action. This project is funded by Environment and Climate Change Canada (ECCC).

### Overview and Purpose of the Assignment

As part of the delivery of this project, Gold Standard is seeking an implementing partner (consultant or organization) to deliver work to support governments in the Pacific Alliance on matters related to carbon markets activities.

## Background

In the most recent update of its [Coordination Framework](#), the Technical Subgroup on MRV of the Pacific Alliance ([SGT-MRV](#)) established the following general objectives for group between 2022 and 2026:

- i. Consolidate the technical capacities in the countries to lead climate mitigation, adaptation, and financing monitoring and reporting.
- ii. Advance towards standards and protocols, harmonized among the countries of the Pacific Alliance, for monitoring and reporting climate change policies and actions.
- iii. Have MRV systems implemented and harmonized with the subsequent biennial transparency reports (BTR) in the Pacific Alliance countries.

To achieve these objectives, national focal points within Pacific Alliance countries have identified a need for the following work on carbon pricing instruments (CPI):

*'Clarify the relevance, cost-benefit, impact, functioning and strategies of the different carbon pricing schemes and instruments in the Pacific Alliance. To understand the social and environmental co-benefits at the national level of CPI implementation.'*

Three out of the four countries currently have one or more CPIs (Chile, Colombia, and Mexico), while all four countries as well as Ecuador host activities within the voluntary carbon market. In addition, economies in the region were affected by the COVID-19 pandemic, and today they face the challenge of recovering growth and employment while including a 'green approach.' In other words, addressing local environmental problems and mitigating greenhouse gases that cause climate change.

Within this scenario, some indicators have drawn the attention of the Pacific Alliance countries and the need to address them when evaluating the policy of carbon pricing instruments. Specifically, the inflationary process that the countries are experiencing, which in some cases exceeds double digits, and devaluation of local currencies.

Two of the three countries with a CPI in the Pacific Alliance (Colombia and Mexico) have set their tax rate in local currency. Consequently, the fluctuation and uncertainty of the economy affect its value in USD. Against this backdrop, and in the context of a growing voluntary carbon market and initial applications of Article 6 of the Paris Agreement, there is interest in the following:

1. Understanding the impact of devaluation and inflationary processes on carbon markets and their competitiveness.
2. Understanding the scope of these devaluation and inflationary processes and their relationship with the voluntary carbon market and mechanisms of Article 6 of the Paris Agreement.
3. How CPIs and related policies could be structured to manage and address such shocks.

## Description of the Assignment

The purpose of this consultancy is twofold:

1. To conduct an analysis of devaluation and inflation trends observed in Pacific Alliance countries, and their implications for the effectiveness of CPIs and the competitiveness of Pacific Alliance member countries and private actors operating within these jurisdictions.
2. To develop recommendations for the design of carbon pricing instruments and policies to address economic uncertainty and mitigate its impacts, considering the potential implementation of mechanisms established under Article 6 of the Paris Agreement and the parallel growth of the voluntary carbon market.

## Activities

- Develop a work plan that outlines the timelines, actions, and products that will be carried out to meet the study's objectives.
- Prepare a diagnosis of the economic situation of the Pacific Alliance countries (from 2015 to 2030) considering, among other variables: Growth (GDP or other indicators), inflation (or Consumer Price Index), carbon price (taxes), voluntary market, local offset market, among others. This should draw on credible sources of data and projections, and the diagnosis should take into consideration the following periods:
  - 2015-2022: Before the carbon price instruments of Chile, Colombia, and Mexico entered into force.
  - 2023: considered as the short term.
  - 2024-2026: considered as the medium term
  - 2027-2030: considered as the long term

In addition, three projection scenarios are required for each period: optimistic, medium, and pessimistic.

- Analysis of the current state of the CPIs (Chile, Colombia, and Mexico) and their trends, considering the abovementioned periods.
- Identify the impacts of devaluation and inflation processes on local carbon markets, the voluntary carbon market, and a potential regional market, and the competitiveness of activities both domestically and internationally with a focus on the mechanisms proposed by Article 6 of the Paris Agreement.
- As part of the above, identify how devaluation and inflation may affect behavior by market actors, such as project developers or traders of credits considering whether to sell credits for use in the international voluntary market or under domestic compliance schemes.
- Propose tools and policies to address uncertainty and negative cycles of devaluation and inflation that affect carbon pricing instruments and markets, particularly for countries that have established their CPI under local currencies. Identify lessons learned from this process.
- Develop policy and technical recommendations for designing and implementing carbon pricing instruments so as to address potential implications of devaluation and inflation (and any related economic circumstances deemed relevant) for nations that do not yet have a CPI in place.
- Present the results in a virtual workshop for PA countries in Spanish with simultaneous translation to English).
- Prepare a report with all the points listed above and report on the virtual workshop for the presentation of results.

The consultant / organization(s) must be able to conduct interviews, lead workshop and perform other activities in Spanish, and also to engage with Gold Standard (and,

if required, Environment and Climate Change Canada) in English. They may choose whether to prepare original versions of written products in English or in Spanish. In either case, final products will be translated into the second language.

## Anticipated outputs and indicative timeline

1) A written report (no more than 50 pages) that includes:

- Analysis of the current status of the CPIs (Chile, Colombia, and Mexico) and their trends, considering the following periods:
  - 2015-2022: Before the carbon price instruments of Chile, Colombia, and Mexico entered into force
  - 2023: considered as the short term
  - 2024-2026: considered as the medium term
  - 2027-2030: considered as the long term

The above analysis is requested within three scenarios: optimistic, medium and pessimistic.
- Analysis of the potential impacts on domestic and international competitiveness in the framework of the carbon markets in the short, medium, and long term under the indicated scenarios linked to the devaluation and inflation processes.
- Analysis of the potential impacts of devaluation and inflation processes on local carbon markets, voluntary markets, potential regional markets, including effects on market actor behavior and the competitiveness of activities with a focus on the mechanisms proposed by Article 6 of the Paris Agreement (ITMOs).
- Recommendations to address and manage devaluation and inflation impacts, considering for instance the design of instruments, policies, procedures and/or institutional arrangements.

2) A shorter policy brief summarizing the main findings and recommendations (no more than six pages)

3) Virtual workshop for the presentation of results and discussion with national experts

4) Short report on the presentation and discussion points during the virtual workshop

<b>Output</b>	<b>Start date</b>	<b>End date</b>
Task 0: Contract award		13th Feb 2023
Task 1: Scoping of requirements	13th Feb 2023	17th Feb 2023
Task 2: Outline report delivery	13th Feb 2023	17th Feb 2023

Task 3: Research and data collection	13th Feb 2023	27th Mar 2023
Task 4: Draft policy brief	13th Mar 2023	31st Mar 2023
Task 5: Draft report	13th Mar 2023	13th Apr 2023
Task 6: Virtual workshop for presentation of results	17th Apr 2023	21st Apr 2023
Task 7: Workshop report	24th Apr 2023	5th May 2023
Task 8: Revisions to draft report and policy brief	24th Apr 2023	31st May 2023

## Methodology and Work Plan

Applicants should submit proposals relevant to the purpose and description of the assignment including all elements outlined below. Proposals should be no more than ten pages, should be submitted in either English or Spanish, and should include:

- (1) Overview of the consultant / organization(s), highlighting relevant experience, including any work in at least one of the supported countries, and evidence of related projects;
- (2) Profiles of the participating consultant(s) demonstrating suitable qualifications and experience. (Full CVs may be annexed and in addition to the ten pages, no more than 3 pages per CV). At least one team member should have fluency in Spanish, with a preference that the consultant / organization(s) or at least one member is based in one of the supported countries (Chile, Colombia, Ecuador, Mexico, Peru).
- (3) Proposed Scope of Work, addressing the needs of the assignment. Any proposed methodology alterations should be clearly highlighted and justified, noting that we are open to receiving proposed alterations where these may create additional value or efficiencies.
- (4) A high-level work plan for the assignment taking account of key touchpoints, including:
  - Inception/scoping
  - Workshop
  - Final reporting
- (5) A budget, broken down between the phases outlined above. Budget should be presented in CAD, using the CAD/USD rate that is indicated in page 1
- (6) Reference letters, conflict of interest declaration, statement of availability and a confirmation of insurance

## Budget

The bidder must propose a costed budget for this assignment. The proposed budget must include day rates and the total price of the assignment, including any costs of implementation (e.g., workshops / training) and expenses (including for anticipated travel) as well as payment terms. All figures should be presented in CANADIAN DOLLARS (CAD<sup>2</sup>). Maximum budget available, 67,000 CAD (\$50,000 USD).

The final budget must include applicable taxes in the final price.

Please use the following for budgeting purposes:

- Flights must be economy.
- \$112 CAD average meals per diem, per night.
- Translation services related to project (English / Spanish): \$10,000 CAD.

Please note, these are average maximums across Pacific Alliance countries to serve for budgeting purposes. The actual expenses will be based on receipts and following the rules of ECCC and Gold Standard, which will be provided with the contract.

## Evaluation criteria

Proposals will be evaluated based on, but not limited to, the following formal criteria:

1. Timeliness. The proposals must be submitted on or before the stated deadline in order to be considered for further evaluation.
2. Proposal Format. The proposals shall follow the requested format and include all of its elements.
3. Proposed Scope of Work. Gold Standard will assess to what extent the proposal clearly addresses the needs of the assignment. Proposed methodological alterations should be clearly highlighted and justified.
4. Qualifications and Team. Gold Standard will assess whether the proposed team possesses expertise and relevant experience to assure successful completion of the work and delivery of good quality outputs.
5. Work plan. The proposed work plan and approach will be assessed for efficiency, relevance and technical feasibility.
6. Budget. Gold Standard will assess if the budget is reasonable, adequate for the proposed work and provides good value for money.

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<sup>2</sup> Rate using OANDA 3-month average CAD USD.

## Contract Award

Gold Standard will award a contract to the proposal that best meets the needs of our project, the requirements of the funding institution and the principles of the Gold Standard procurement policy. We may also find that no proposal completely fulfils these needs and choose not to award a contract or alternatively to negotiate directly with one or more of the contractors to refine their proposals.

Proposals may be disqualified on the following grounds:

- Submission of an incomplete proposal
- Illegal conduct or attempts to influence the evaluation process
- Material misrepresentation in the proposal
- Determination that the contractor is in a conflict of interest or is unlikely to fulfil the terms or conditions of the proposal
- Requested changes by a contractor in the proposal representations made after the closing date
- Changes in laws or regulations affecting the solicitation

## Confidentiality

Proposals should not include proprietary or confidential information. Each recipient of this Request for Proposals should treat the contents of the solicitation as business confidential and should use and disclose the contents of the solicitation only for the purposes of preparing and submitting a proposal.

## Applications and closing date

Please submit your complete proposal to [[pacificallianceproject@goldstandard.org](mailto:pacificallianceproject@goldstandard.org)] cc) [[hannah.betts@goldstandard.org](mailto:hannah.betts@goldstandard.org)] no later than **6th February 2023 18:00 CET**. Please title this submission 'DEVALUATION AND COMPETITIVENESS OF CARBON MARKET ACTIVITIES'.

Indicative timeline	Due date
Release of the Request for Proposals	18th January 2023
Closing date of the application process	6th February 2023
Indicative date for award of a contract	13th February 2023