



MEKONGSUSTAIN

Mekong Sustainable Supply Chains Transformation and Advancement

TERMS OF REFERENCE (TOR)

Consultancy:	Develop ESG Performance Indicators for SME Suppliers towards Decarbonization
Type:	Individual and/or Team of Consultancy Services
Duration	The consultancy will be carried out over a period of two years from October 1, 2024, to August 31, 2026
Location:	Home-based, Mekong Institute and Designated Location
Project:	Mekong Sustainable Supply Chains Transformation and Advancement

1. Background

Japanese companies have been leading in the manufacturing sector in Mekong countries and have developed a regional supply chain to export products to the global market in collaboration with local SMEs. Surveys conducted for developing the ASEAN-Japan Economic Co-creation Vision suggested that the supply chain should be upgraded in a sustainable manner through adopting Environmental, Social, and Governance (ESG) principles and related investment due to global business circumstances, continue business with global firms, improve competitiveness to access markets. However, one of the biggest challenges to implement ESG principle at the supply chain level is the insufficient knowledge of SMEs although some actions such as Kaizen can lead to another benefit such as less business operation cost. Therefore, based on the discussion in West East Corridor Working Group (WEC-WG) under AMEICC in 2023, Japan has decided to develop new co-creation project to accelerate ESG actions among local SMEs through capacity building with a plan of future expansion.

The basic premise of the project is that SME suppliers/component manufactures are provided with the opportunity to improve their ESG performance through an interplay of other stakeholders such as leading companies, technology providers and financing companies. These stakeholders guide SMEs in ESG adoption through technology and

financing options, while SMEs identify improvement areas on ESG standards to comply global regulations and requirements of lead companies through adoption of ESG solutions accessing affordable technologies and financing options.

Based on the premise, the project titled “Mekong Sustainable Supply Chains Transformation and Advancement’ (Mekong Sustain) will (i) develop training catering to the global, regional and local demand after preparatory research and train local lecturers (ii) provide training to selected SMEs and (iii) facilitate matching with solution providers and financial institutions to monitor the decarbonization process of SME suppliers in automotive, textiles and agriculture - food industry and thereby (iv) reduce carbon footprints in the supply chains.

The project aims to understand the opportunities and challenges local SMEs are facing and develop policy proposal to Mekong countries to facilitate the private sector’s transitions leading to accelerate adopting ESG principles and related investments at supply chain level at a later phase. The project focuses on the environment or decarbonization issue as climate change is the most urgent for concrete actions among ESG parameters. In addition, due to the characteristic of industries, the project in the pilot phase will target 150 SMEs in Automotive, textiles and agriculture- food industry.

The two-year pilot project is funded by the AOTS - The Association for Overseas Technical Cooperation and Sustainable Partnerships, Japan and implemented by Mekong Institute. The pilot phase of the project is from September 2024 to August 2026.

2. Objective of the Consultancy

The primary objective of this consultancy is to identify and develop core ESG performance indicators related to decarbonization plans for SME suppliers in the automotive, textile, agriculture, and food industries across Mekong countries: Cambodia, Lao PDR, Myanmar, Thailand, and Viet Nam. These indicators will be integrated into an IT system platform for monitoring progress, exploring motivations for compliance with ESG standards, and informing investment decisions regarding technologies and financing options for decarbonization actions.

The consultant (team) will be assisted by the Monitoring, Evaluation and Learning (MEL) team and MekongSustain project team.

3. Target group

The consultancy will develop the ESG measurement indicators to a total of 150 SME suppliers from the automotive, textile, agriculture, and food sectors within Mekong countries. These suppliers will be registered in the IT system with data on environmental or decarbonization issues to track progress against their decarbonization plans and measure impacts resulting from project interventions.

4. Scope of Work

The consultant will work closely with an IT System Developer or IT Consultant and Mekong Institute (MI) team to define and develop ESG measurement metrics for SME suppliers focused on decarbonization. The designed metrics will be displayed on the IT system platform. The specific scope of work includes:

Task 1: Design Input Form for SME Suppliers Data

- Work closely with the IT Consultant to create a form for inputting SME suppliers' information (text, choice, figure, etc.) into the IT system platform. The information required include, but not limited to;
 - Contact details (name of contact person and business profile).
 - Country (Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam).
 - Business sector and services (Automotive, textiles and agriculture- food industry).
- Incorporate, analysis and determine baseline decarbonization information based on survey of SME suppliers and identify its target for inputting into the IT system by working closely with the consultant on Baseline survey of SME suppliers and Assessment of motivations and challenges towards decarbonization and the IT Consultant. (See TOR).
- Ensure that decarbonization information and data for at least 150 SME suppliers in the IT system are monitored and tracked progress over time and measured the impact due to intervention under the project.

Task 2: Develop Decarbonization Area Indicators

- Identify and create various measurement categories of decarbonization and input information in the forms of indicators, metrics, lists, percentages, choices, Yes/No, open-ended questions, etc. by SME suppliers on the following issues, but not limited to.
 - Decarbonization information/data and carbon emission with its calculation. Key emission scope covers on
 - o Scope 1 emissions: (greenhouse gas (GHG) emissions that a SME makes directly – such as when running its vehicles, boilers or manufacturing lines).
 - o Scope 2 emissions: (emissions indirectly such as electricity SME buys for heating, cooling and other operations.)
 - Determine the scopes of emissions SME will target to address and set tentative targets with the SMEs by using 2024 as the base year and determining target year.
 - Set up list of existing carbon footprint measurement of SME suppliers and identify their current efforts towards decarbonization, including renewable energy usage, waste management, sustainable sourcing etc., but not limited to,
 - o current greenhouse gas (GHG) emissions from operations, including direct and indirect emissions (Scopes 1, and 2).
 - o sources of emissions within the organization (e.g., energy use, supply chain activities).
 - o energy consumption patterns, sources (renewable vs. non-renewable), and efficiency measures in place.

- o opportunities for energy efficiency improvements and shifts to renewable energy.
- o existing decarbonation strategies and their effectiveness.
- o review whether the SME supplier has set measurable, science-based targets for emissions reduction.
- o current sustainable practices in production, waste management, transportation, and resource usage.
- o any initiatives for technological innovations that could contribute to decarbonation.
- o employee awareness regarding decarbonation and sustainability practices.
- o involvement of staff in sustainability initiatives and training programs.
- o carbon footprint of suppliers and procurement practices.
- o strategies for engaging suppliers in sustainability efforts and reducing overall supply chain emissions.
- o key challenges and barriers faced by SMEs in their decarbonization efforts, such as financial constraints, lack of information, technological limitations, and workforce skills.
- o motivation for local SMEs to pursue decarbonization, including regulatory pressures, market demand, financial incentives, and corporate social responsibility.
- o qualitative data on the perceptions and attitudes of SME owners and managers towards decarbonization, including their understanding of its benefits and any misconceptions that may hinder progress.
- o 'motivation' for decarbonization, identify criteria and suggest a priority list of the motivated SMEs by using the criteria.

Task 3: Suggestions and Recommendations

- Once the data set is input into the IT system, it can generate a summary highlighting current decarbonization status and areas for improvement including suggestions and recommendations to guide the SME suppliers on solutions related to technologies and financial institutions.
- Provide suggestions and recommendations on
 - o Opportunities for energy efficiency improvements and shifts to renewable energy.
 - o Decarbonization strategies and their effectiveness.
 - o Lists of technological innovations and financial institutions that could contribute to decarbonation.
 - o Guideline to overcome the challenges and barriers faced by SMEs in their decarbonization efforts, such as financial constraints, lack of information, technological limitations, and workforce skills.
 - o Factors that motivate local SMEs to pursue decarbonization, including regulatory pressures, market demand, financial incentives, and corporate social responsibility.
 - o Knowledge of perceptions and attitudes of SME owners and managers towards decarbonization, including their understanding of its benefits and any misconceptions that may hinder progress.
 - o Criteria and a priority list of the motivated SMEs.

- Design format for displaying the summary of SME suppliers' reports in the format of Excel, word, PDF, tabulate, graph, etc.
- Ensure that the results of inputs data by weekly, monthly and/or quarterly by SME suppliers can be saved as a file and can be used later to compare with the result from the preceding period. A graph of the various emission measurement (Indicators, metric, answers, lists, percentage, and/or choice) will also be presented in the output file.

5. Deliverables

- **Inception Report:** The report will detail the consultant's understanding of the tasks, methodology, timelines, and the format for selecting SME suppliers for training programs.
- **Progress Report:** The report will encompass the design data input form for SME Suppliers including finalized form on calling for selecting SME suppliers to the trainings.
- **Interim Report:** The report will cover a summary of indicators relevant to measuring decarbonization among SME suppliers.
- **Training resource:** Deliver the training session on how to input decarbonization indicators into the web-based platform to SME suppliers.
- **Technical assistance and progress reporting :** Provide ongoing technical assistance during the data input phases to the SME suppliers and submission of data input results on a weekly, monthly, or quarterly basis.
- **Final Report:** Comprehensive report based on Task 3.

6. Duration

The consultancy will be carried out tasks over a period of two years from October, 2024, to August 31, 2026.

Tasks	Delivery date
Inception Report on outline the consultant's understanding of the tasks, approach, timelines, and template on calling for selecting SME suppliers to the trainings	October 11, 2024
Presentation of Inception Report to the project team	October 14,2024
Progress Report on design a form for SME suppliers input data (Task 1)	November 22, 2024
Presentation Progress Report to the project team	November 25, 2024
Interim Report on development of decarbonization area indicators with its measurements (Task 2)	December 20, 2024
Presentation of Interim Report to the project team	December 23, 2024
Training resource on presenting how to input the decarbonization indicators with its	January 2024 – July 31, 2026

measurements on the web-based platform and provide online technical assistance.	
Ongoing technical assistance and progress reporting by submission of data input results on a weekly, monthly, or quarterly basis.	January 2024 – July 31, 2026
Final Report	August 16, 2026
Presentation of Final Report to the project team	August 29, 2026

7. Required Qualifications and Experience

The prospective service provider is expected to meet the following minimum requirements:

- The consultant (individual or team) must have a minimum of five to ten years experience in ESG compliance.
- Advanced degree in Electrical or Mechanical Engineer or related fields relevant to targeted industries (Automotive, textiles and agriculture- food industry).
- Background of decarbonization or environmental issues for Manufacturing.
- Excellent understanding of ESG performance and decarbonization actions.
- Previous experience with development cooperation project / track record is a plus.
- Proven project management experience of varying scope.
- Commitment to accuracy.
- Excellent written reporting and communication skills in English.

8. Budget

The budget allocated for developing ESG Performance Indicators for SME Suppliers is 12,000 USD. This encompasses professional fees including travel expenses within Mekong countries (travel to Japan is not included).

9. Submission of Proposals

Interested Service providers are requested to submit:

- A technical proposal detailing the approach and methodology for completing the tasks.
- CVs of the consultant(s) demonstrating their qualifications and experience.
- Examples of previous work relevant to the tasks outlined in the scope of work.
- Shortlisted proposals will be required to present the study approach, methodology, team etc. via online meeting.

Proposals should be submitted electronically by **October 7, 2024**, to procurement@mekonginstitute.org and cc to dutta@mekonginstitute.org

10. Evaluation Criteria

The proposals will be evaluated based on the following criteria:

- Understanding of the scope of work.
- Proposed methodology and approach.
- Relevant experience and qualifications of the team.
- Experience of conducting similar assigned tasks.

Only shortlisted service providers will be contacted for the next steps.

11. About Mekong Institute

Mekong Institute (MI) is an intergovernmental organization founded by members of the Greater Mekong Subregion (GMS). MI serves the GMS countries, namely Cambodia, China (Yunnan Province and Guangxi Zhuang Autonomous Region), Lao PDR, Myanmar, Thailand, and Viet Nam by providing, implementing, and facilitating integrated human resource development (HRD), capacity building programs, and development projects related to regional cooperation and integration.

MI aims to foster regional cooperation and connectivity by working with local government authorities, development partners, and local organizations to deliver standardized and customized learning programs, workshops, seminars, policy dialogues and consultations as well as research and development projects. For more details, please visit www.mekonginstitute.org