



TERMS OF REFERENCE (TOR)

Consultancy:	Baseline Survey of SME Suppliers and Assessment of Motivations and Challenges Towards Decarbonization
Type:	Individual and/or Team of Consultancy Services
Duration	The consultancy will be carried out over a period of three months from October 1, 2024, to January 10, 2025
Location:	Mekong Institute and Field Work
Project:	Mekong Sustainable Supply Chains Transformation and Advancement

1. Background

Japanese companies have been leading in 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 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 (MI). The pilot phase of the project is from September 2024 to August 2026.

2. Objective of the Consultancy

The key objective of this consultancy is to establish baseline information by identifying 150 SMEs suppliers of leading companies in automotive, textile, agriculture and food industry goods in the Mekong countries.

The output of the assignment will be used to guide planning and execution of the project activities providing insights into the current state and challenges of SMEs for their decarbonization efforts.

Key tasks include:

- Explore motivations and challenges faced by SMEs in supply chains in Mekong countries regarding ESG compliance.
- Analyze the challenges related to ESG compliance. - Identify the motivations driving SMEs towards complying with ESG standards.
- Establish a baseline for carbon emissions, setting targets for reductions, and how to achieve these goals.

The assessment aims to provide a comprehensive understanding of the driving forces and obstacles related to decarbonization within the SME supply chains, contributing to informed decision-making for investment in decarbonizing process.

3. Scope of Work

The consultant will undertake the following tasks:

- Gather data from 150 SMEs* to identify their major environmental impact and scope for improvements.
- Establish a baseline data set for reference on SME suppliers' decarbonization efforts, to track progress over time and measure the impact due to interventions under the project.

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

Task 1: Establish Baseline Data to monitor decarbonization of SME

- Conduct a survey of 150 SME suppliers to establish a baseline by understanding their carbon emissions. This baseline calculation should cover the two key emission scope
 - a. Scope 1 emissions: (greenhouse gas (GHG) emissions that a SME makes directly – such as when running its vehicles, boilers or manufacturing lines).
 - b. Scope 2 emissions: (emissions indirectly such as electricity SME buys for heating, cooling and other operations.)
- Setting targets for reduction
 - Utilizing the baseline, determine the scopes of emissions SME will target to address and set tentative targets in consultation with the SMEs by using 2024 as the base year and determining target year.
 - (The target will be a reference input for preparing decarbonization plan which will be introduced later through SME trainings planned under the project. Such targets will be eventually finalized after the training and individual decarbonation plan)*
- Data Organization and Mapping
- Utilize spreadsheet /other digital formats to organize collected data systematically.

Task 2: Assess Current Decarbonization Practices:

- Evaluate the existing carbon footprint of SME suppliers and identify their current efforts towards decarbonization, including renewable energy usage, waste management, sustainable sourcing etc.
 - Evaluate the current greenhouse gas (GHG) emissions from operations, including direct and indirect emissions (Scopes 1, and 2).
 - Identify the sources of emissions within the organization (e.g., energy use, supply chain activities).
 - Review energy consumption patterns, sources (renewable vs. non-renewable), and efficiency measures in place.
 - Consider opportunities for energy efficiency improvements and shifts to renewable energy.
 - Identify existing decarbonation strategies and their effectiveness.
 - Assess whether the enterprise has set measurable, science-based targets for emissions reduction.
 - Evaluate current sustainable practices in production, waste management, transportation, and resource usage.
 - Explore any initiatives for technological innovations that could contribute to decarbonation
 - Assess employee awareness regarding decarbonation and sustainability practices.
 - Review the involvement of staff in sustainability initiatives and training programs
 - Assess the carbon footprint of suppliers and procurement practices.
 - Identify strategies for engaging suppliers in sustainability efforts and reducing overall supply chain emissions

Task 3. Identify Barriers and Challenges:

- o Investigate the key challenges and barriers faced by SMEs in their decarbonization efforts, such as financial constraints, lack of information, technological limitations, and workforce skills.

Task 4. Explore Motivations for Decarbonization:

- o Analyze the driving factors that motivate local SMEs to pursue decarbonization, including regulatory pressures, market demand, financial incentives, and corporate social responsibility.
- o Gather 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 Based on 'motivation' for decarbonization, identify criteria and suggest a priority list of the motivated SMEs by using the criteria.

Task 5: Summary and recommendations

- o Provide a summary of the above analysis, provide recommendations to guide implementation of the project activities under Modules 2-5 planned under the project MekongSUSTAIN.

4. Target group

A total of 150 SME suppliers in automotive, textile, agriculture and food industry goods in the Mekong countries will be identified for the survey. Their representation as per industry sector and country will be decided with the project team and the results of an ongoing SME mapping study of supplier's network of leading global and Japanese companies.

Note: The output of an ongoing mapping study of the SME suppliers' network of global companies and Japanese companies will be used as reference in addition to preparing a supplementary list of SMEs suppliers to be proposed by the consultant as part of this assignment.

5. Deliverables

- Inception Report: Detailing the consultant's understanding of the tasks, approach, and timelines.
- Interim Report: Summarizing findings and progress of each task.
- Baseline data set in spreadsheet/other digital formats to present the collected data systematically.
- Final Report: Comprehensive report covering all tasks, analysis, and recommendations.
- Presentation: Executive summary presentation for stakeholders summarizing the key findings and recommendations.

6. Duration

The consultancy will be carried out over a period of three months from October 1, 2024, to January 15, 2025.

Task	Delivery date
Inception Report	October 20, 2024
Inception Report Presentation to the project team	October 30, 2024
Interim Report	December 15, 2024
Interim Report presentation to the project team	December 20, 2024
Final Report	January 10, 2025
Final Report presentation to the project team	January 15, 2025

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 5 years of experience working in the development of baselines for SME suppliers on environmental issues will be an asset
- Proven experience in conducting surveys/interviews and engagement with SMEs.
- development cooperation projects.
- Capability to deploy strong multidisciplinary experts required for the analysis, communication and presentation expertise
- Experience in conducting training needs assessments and developing training curricula.
- Excellent analytical, writing, and presentation skills.
- Capability to deploy good communication expertise in English language

8. Budget

The available budget for the study is 25,000 USD. This includes professional fees and any travels 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 **September 25, 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 studies.

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 Vietnam 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