

Request for Proposal (RFP)
**Consultant for Analysis of Carbon Border Adjustment
Mechanism Implementation Implication**

Institute for Essential Services Reform

Tebet Timur Raya No. 48B, Tebet

Jakarta Selatan

Indonesia

25 February 2025

1. Overview and background

The European Union (EU) has introduced the Carbon Border Adjustment Mechanism (CBAM) as a part of its Green Deal and the "Fit for 55" initiative, aimed at reducing carbon leakage and ensuring a fair price for carbon-intensive imports. CBAM, set to fully operationalize by 2026, targets sectors such as steel, aluminum, cement, fertilizers, electricity, and hydrogen. Its phased implementation poses significant challenges to exporting countries like Indonesia, which rely on these industries for EU trade.

Indonesia's industrial landscape, heavily dependent on coal and high-emission production processes, faces risks of reduced competitiveness and additional trade barriers due to CBAM. Key industries, particularly iron and steel, are expected to bear the brunt of CBAM, given their reliance on fossil fuels for production and their contributions to greenhouse gas (GHG) emissions. For instance, Indonesia exported 8.33 million tons of steel to China in 2022, far exceeding exports to the EU, where regulatory pressures may disrupt future trade flows.

To mitigate these challenges, Indonesia must assess CBAM's economic and regulatory implications, identify gaps in industrial readiness, and develop strategies for adaptation. The Institute for Essential Services Reform (IESR) seeks a qualified consultant to lead a comprehensive analysis of CBAM's impacts, fostering actionable insights for industries and policymakers.

The Institute for Essential Services Reform (IESR) is seeking an experienced consultant to conduct a comprehensive analysis of CBAM's implications for Indonesia and to provide strategic recommendations for adaptation and policy alignment.

2. Scope of Work

The consultant is expected to conduct an in-depth analysis of CBAM's implications, focusing on its economic, industrial, and policy impacts on Indonesia. Key tasks include:

1. Policy and Market Review:

- a. Examine CBAM's framework, objectives, and operational mechanisms in relation to the EU Emissions Trading System (ETS).
- b. Assess its implications for Indonesia's export industries, including trade flows, pricing and competitiveness.
- c. Identifying policy gaps and necessary adjustments for Indonesia's carbon taxation and pricing mechanisms.

2. Industry Analysis:

- a. Analyzing how CBAM will affect production costs, emissions reporting, and market access for Indonesia's steel, aluminum, cement, and fertilizer industries.

- b. Estimating the potential financial burden of CBAM certificates on Indonesian exporters.
 - c. Identifying opportunities for emission reduction strategies and green investment to enhance competitiveness.
- 3. Stakeholder Engagement and Consultation:**
- a. Conduct consultations with policymakers, industry associations (e.g., IISIA, ASI) and environmental organizations to gather insights.
 - b. Develop a stakeholder matrix analyzing power and interest levels.
 - c. Summarizing stakeholder perspectives and challenges in CBAM compliance.
- **Comparative Analysis:**
 - a. Analyze how Indonesia's regulatory framework compares with international best practices in industrial decarbonization and carbon pricing mechanisms.
 - b. Benchmark Indonesia's policies and industry practices against international standards and CBAM-compliant strategies in other countries.
 - **Recommendations:**
 - a. Propose actionable strategies for industries to align with CBAM requirements.
 - b. Develop policy recommendations to mitigate CBAM's impacts and enhance Indonesia's green competitiveness.
 - **Reporting and Dissemination:**
 - a. Deliver detailed reports summarizing findings, stakeholder feedback, and strategic recommendations.
 - b. Present findings at a dissemination workshop.

3. Deliverables

The following deliverables which follow the scope of the work described above are expected from the consultant:

- **Inception report:** A detailed work plan with methodology, timeline, and stakeholder engagement approach.
- **Interim progress report:** A mid-term report detailing preliminary findings and emerging trends from the relevant Indonesia policy analysis with CBAM's stakeholder insights and consultations in the mid of April.
- **Draft final report:** A complete draft of the policy and regulatory gap analysis, with key findings, and recommendations, including sectoral assessments.
- **Final report:** A refined final version of the report incorporating feedback from the project team and stakeholders, including policy briefs or presentations for dissemination.
- **Presentation of findings:** A presentation to stakeholders, including policymakers and industry representatives, to share the results of the analysis and proposed recommendations.

4. Consultant Qualifications

The consultant (individual) should meet the following qualifications:

Expertise in industrial decarbonization: Demonstrated experience in industrial decarbonization projects, particularly in trade policy and carbon pricing

Knowledge of Indonesian policy framework: Strong familiarity with Indonesia's national climate policies, key export industries, and trade relations with the EU.

Experience with stakeholder engagement: Proven track record in conducting consultations with government bodies, industry stakeholders, and environmental organizations in form of FGDs and policy discussions.

International and comparative experience: Experience in applying international best practices and knowledge of carbon pricing and trading mechanisms.

Strong writing and communication Skills: Proven ability to write clear and concise policy reports and deliver presentations to technical and non-technical audiences.

5. Proposal Submission Guidelines and Timelines

Interested consultants are requested to submit the following:

- **Technical Proposal:**

- Description of experience in carbon pricing, trade policy, industrial decarbonization and environmental economics consultancy (minimal of 2-year experience)
- Methodology and approach to the project.
- Work plan and timeline until August.
- Qualifications of key personnel (including personnel CV).
- Examples of three or more similar projects, such as paper publishing about CBAM conducted by you.
- Confirmation of the timeframe for completion of the project
- Brief description of how you will meet the deliverables within the allocated time

- **References:**

- At least three relevant references (e.g. report) from previous projects or studies.

Proposals will be accepted until 10:00 a.m. Indonesian Western Standard Time (WIB, GMT+7) on Monday, 4 March 2025. Any proposals received after this date and time will be regarded as inadmissible. All proposals must be signed by the person submitting the proposal itself. Kindly address Program Manager of Industrial Decarbonization at juniko@iesr.or.id and Policy and Technology Coordinator of Industrial Decarbonization faricha@iesr.or.id for inquiries. Please include "RFP Response – CBAM implementation analysis" in the subject line

- **RFP Release Date:** 25 February 2025

- **Deadline for Submission of Proposals:** 4 March 2025 (10.00 p.m.)
- **Consultant Selection:** 7 March 2025
- **Project Duration:** The expected duration of the project is within 6 months, with the final report and presentation to be delivered by 8 August 2025. However, there are some expectations for the initial draft of the white paper in April, the second draft in May and dissemination in August.

A draft timeline is presented below. Internal changes may be made if mutually agreed.

Activities/Deliverables	Suggested Timeline
RFP release date	25 February 2025
Deadline for proposal submission	4 March 2025
Consultant selection	7 March 2025
Review existing policies and regulations – 1	10 – 14 March 2025
Identify regulatory gaps on carbon pricing – 1	17 – 28 March 2025
Indonesia and international comparative analysis on regulatory framework	14 – 25 April 2025
Stakeholders' consultation	10 – 21 March 2025
<ul style="list-style-type: none"> ● Policymakers (MoI, MoF) 	(to be filled up accordingly)
<ul style="list-style-type: none"> ● Industry association (e.g., IISIA – iron and steel, ASI – cement, APPI – fertilizer) 	(to be filled up accordingly)
<ul style="list-style-type: none"> ● Energy – economy related with CBAM study center in universities (UI, ITB, UGM) 	(to be filled up accordingly)
FGD to validate desk study findings	24 – 28 March 2025
First drafting of the white paper	21 April 2025
Second drafting of the white paper	30 May 2025

Analysis on emission carbon cap in relation with Indonesia industry decarbonization roadmap.	2 – 27 June 2025
Analysis of EU ETS and CBAM aligning with Indonesia ETS and PTBAU scheme, following the previous findings.	30 June – 11 July 2025
Stakeholders’ consultation and finalizing current findings.	30 June – 11 July 2025
Interim progress report	At the end of the month (week 4 th)
Days of working plan	3 March – 29 August 2025
Draft final report	14 – 25 July 2025
Final report/dissemination	28 July – 8 August 2025

6. Evaluation Criteria

Proposals will be evaluated based on the following criteria:

- **Technical competence (40%):** The consultant's understanding of the scope, methodology, and proposed approach.
- **Relevant experience (30%):** Experience in CBAM, industrial decarbonization, policy analysis, and knowledge of the Indonesian regulatory landscape.
- **Proposed work plan and feasibility (20%):** Clarity of the proposed timeline, methodology and deliverables
- **Communication and writing skills (10%):** Ability to present findings effectively through reports and presentations.

Terms and Conditions

- IESR reserves the right to accept or reject any or all proposals without assigning any reason.
- All deliverables and intellectual property developed during the consultancy will belong to IESR.
- The consultant will be required to maintain confidentiality of all sensitive information obtained during the project.
- Any modifications to the scope or timeline must be approved in writing by IESR.