



**PRESIDENTIAL
CLIMATE COMMISSION**
TOWARDS A JUST TRANSITION

REQUEST FOR PROPOSAL

APPOINTMENT OF SERVICE PROVIDER TO
DEVELOP AN INTEGRATED SOCIO-ECONOMIC, INDUSTRIAL STRATEGY AND
GLOBAL TRADE PERSPECTIVE TO CRITICALLY INFORM SOUTH AFRICA'S
POSITION ON CARBON BORDER AND TRADE TARIFF MEASURES.

Date of Issue	10 September 2024
Closing Date	27 September 2024, 16H00

1. INTRODUCTION

(Whilst focusing on the EU Green Deal's Carbon Border Adjustment Mechanism (CBAM), and the proposed United Kingdom Carbon Border Adjustment Mechanism, and making reference to other CBAM initiatives, the relevance of the United States' Inflation Reduction Act should also be addressed in this research.)

Scientific information confirms that we live in the Anthropocene, the age of human impact on Earth. Globally recorded temperatures reached record highs in 2023 and 2024 and for the first time exceeded 1.5 degrees Celsius above pre-industrial levels. Our safe operating space on Earth is radically changing and contracting in the face of extreme, unpredictable Climate Change (CC) impacts. These impacts have long spurred global action through the United Nations Convention on Climate Change (UNFCCC), which acknowledges the *different capabilities and responsibilities of individual countries* to address CC. The 195 signatory countries of the UNFCCC are (1) investing in decarbonisation, adaptation and systemic climate resilience pathways to contribute to the global reduction of carbon intensity, mitigate Greenhouse Gas (GHG) emissions and adapt to the fallout of CC impacts; and (2) developing their own sovereign, low-carbon pathways to address multiple climate crises unfolding in various contexts around the globe. The playing field, however, is not even; the unequal distribution of resources, opportunities, and power that shape the well-being of nations, critically affect countries' abilities to tackle rapidly changing global dynamics resulting from erratic CC impacts.

In line with its commitment to the Paris Agreement, South Africa (SA) navigates its position towards the attainment of the Just Transition (JT) to a low-carbon and climate-resilient economy and society. By preparing and communicating its Nationally Determined Contribution (NDC), South Africa pro-actively plans to combat CC and sets out what the expected contributions from South Africa are on its road to decarbonisation. The EU's expected contributions and plans are contained in the Green Deal that aims to cut Greenhouse Gas (GHG) emissions by 55% by the end of this decade and reach net-zero by 2050. The European Commission adopted an implementation regulation on CBAM on 13 July 2023, and entered a transitional phase on 1 October 2023, which requires importers to report emissions embedded in the CBAM products that they import. Technically, CBAM is a levy on carbon intensive goods imported into specific regions like the EU, to fight carbon leakage that occurs when companies transfer production into geographies where decarbonisation requirements are less strict or where products are replaced by more carbon intensive imports.

This announcement that forms part of a suite of potential Green Deal measures, sent a definitive global market signal in the roll out of global climate and trade policy, with far reaching implications. The additional cost and administrative burden of the CBAM, as well as the general contagion that other countries – the United Kingdom, Japan, Australia, Canada and potentially the USA – may implement similar carbon trade measures are fuelling reactive and rapidly changing geo-political dynamics in the global trading system.

The CBAM, positioned to be fully operational in 2026, currently covers cement, fertiliser, aluminium, electricity, hydrogen, iron and steel, iron ore and downstream products. The CBAM immediately threatens its export sectors with risk estimated at ZAR52.4 billion (in 2022), making these exports less competitive in the EU and other geographies compared to products using less carbon intensive methods and materials. The EU poses that (1) the CBAM could create incentives for SA producers to reduce their carbon footprint, (2) it intends to *level the playing field between imported and domestically produced goods by equalising carbon costs between producers*, and (3) be fair to EU companies for goods sold on the EU territory as the same rules apply irrespective of where products were produced. The SA Government, however, has called the CBAM policy coercive and a threat to a delicate national consensus as it imposes additional costs that could negatively impact the South African economy, labour, businesses and their competitiveness in the EU market. Industrial and trade market players in South Africa refer to the CBAM as green protectionism.

2. BACKGROUND

The PCC is an independent advisory body established by the President, overseen by a Commission drawn from government, business, labour, NGO, community based and research constituencies. The Commission emanates from the Presidential Summit held in October 2018, when social partners agreed that a statutory entity should be formed to coordinate and oversee the just transition towards a low-carbon, inclusive, climate-resilient economy, and society. Thus, the PCC advises government and social partners on South Africa's climate change response and the long-term transition to a climate resilient and low carbon economy and society.

The PCC views the CBAM as contradicting the spirit of the UNFCCC multilateral processes geared to decarbonising the global system, as the proposed CBAM appears unilateral in its origin and intent and motivated to protect domestic sectors in developed countries. The CBAMs focus on hard to abate sectors holds potentially punitive implications for industrial sectors in developing countries and their economic growth and decarbonising pathways. In the absence of developed countries delivering on their promises to provide climate finance for decarbonisation transitions and the barriers to technology transfer, they could be viewed as flouting non-discrimination principles of the WTO policy that highlights multilateral fairness as well as domestic preferential treatment. In the face of these challenges, South Africa is committed to undertake a process to advise both Government and industry on a deeply considered position on the domestic response to the CBAM as we undertake our own JT. The country's policy and legislative framework have a clearly articulated system of how SA intend to honour common but differential commitment through the NDCs into the UNFCCC process and proposes a country led journey to pursue a path that *combines JT elements and industrial transformation*. This RFP thus seeks to further unpack the choices and trade-offs of where to allocate South Africa's resources to elements in CBAM that we consider critical to undertake our own journey to a renewable energy future, and in the longer-term to a decarbonised future with competitive industrial sectors. The PCC navigates a set of complexities as we seek consensus amongst social partners to advise on our opportunities in the face of a world where more CBAM like measures and complex inter-competitive trade

relationships play out between developed countries, and responses by larger developing countries.

2.1 Emerging Themes that Frame the RFP

- Within multilateral context (UNFCCC, Paris Agreement and development of country specific NDAs) consider existing pathway-making and scenario development to achieve low-carbon development and climate resilience outcomes vis-à-vis the unilateral approach that the EU CBAM is taking.
- As South Africa pursues its current NDC commitments, the country may see increased emissions over the shorter-term as cleaner production and renewable energy pursuits are ramped up in sectors that are coincidental to CBAM priorities.
- Analyse and compare current economic and trade models assessing the qualitative and quantitative impacts of the CBAM in South Africa, i.e., the Cambridge econometric Business-as-Usual (BAU), Rest of the World (ROW) and Net Zero (NZ) scenarios; and the Oxford research on applying the GRAVITY model. Identify critical data and measurement gaps to unpack and track the CBAM response.
- Assess the metrics that can be used to structure a CBAM response in the country. Do we follow several countries that are considering mechanisms to inject a carbon price in their domestic economies; for example, an Emission Trading System (ETS) on its own, ETS and carbon tax together or an ETS that precedes the CBAM? Or do we track and organise the CBAM response according to liability, diplomacy, green industrial policy development and implementation, fiscal policy route and trade route analyses?
- Varied, and often contradicting, first responses to the CBAM in South Africa frame the technical issue in the context of trade and industrial policy; specifically with regards to the notion of fairness and level playing fields, differentiated sovereign action, and perceived benefits (incentivises low-carbon action) and challenges (export sectors become less competitive).
- The emergence of CBAMs should be seen within the context of the broader green industrial revolution. Embedded within the geopolitics of the green industrial revolution is a fight for relevance in the sectors which will most enable the green transition. The EU and US are seeking domestic economic agendas as much as climate ambition with the implementation of the respective European Green Deal, other CBAMs, and Inflation Reduction Act.
- South Africa needs to accelerate and show intent in our global commitment to reduce carbon emissions, whilst undertaking our electricity, and other key sectors forward to maintain competitiveness.
- The decarbonisation of South Africa's hard-to-abate sectors will require the bridging of a considerable technical and financial feasibility gap, which will depend on the mobilisation of appropriately concessional funding and technology transfers.
- Unpack the geo-political impacts and dynamics of the CBAM on South Africa's trade relationships and work towards a consolidated perspective on CBAM to advise both Government and affected industries.
- Collective understanding of the baseline in the country with respect to CBAM; assess the ramp-up required to develop cleaner production processes and facilities that will result in lower embedded carbon exports; which Measurement,

Reporting and Verification (MRV) systems are in place and feeding into existing global carbon reporting systems?

- South-South partnerships and BRICS+ collaboration and co-creation of developing world responses; CBAM provides incentives governments to introduce carbon prices (see Türkiye/ Morocco) to reduce the impact of CBAM. Aim is to keep revenue collection in the national fiscus and reinvest in those moneys into the green transition (role of National Treasury of South Africa to ring-fence tax revenues)?
- Understand the direct and indirect exposure of exports to the EU (see UNCTAD research) and develop a balanced perspective of actual vis-à-vis perceived impact of CBAM on lesser resourced and developing countries. Model where gaps exist based on existing information; potential loss of demand side impact as it spills over into other markets/ trade partners.
- CBAM needs to be in lock step with risk and opportunities of climate policy and overall development and growth imperatives of a low-carbon pursuit. Shifting the carbon burden from developed to developing countries may deepen current fault lines in global trading system.
- What are the meantime opportunities? Develop company level MRV that is well aligned with reporting requirements. CBAM is here and we need to report and support actual data points. Use diplomatic interventions – formal and informal UNFCCC; G20, WTO – in our ongoing strategy for green industrial development.

3. Scope of Work

Within (but not limited to) this context, this RFP seeks the appointment of a service provider who will work closely with the PCC Secretariat, to develop an integrated socio-technical and geo-political perspective and strategy that critically informs South Africa's position on carbon trade measures, specifically the EU Green Deal's and UK's Carbon Border Adjustment Mechanisms (CBAMs). This perspective and strategy will ensure that South Africa undertakes the journey to decarbonising – deeply informed by implications of CBAMs and related measures – to maintain competitiveness and ensure that our industrial sectors are assisted to undertake their own journeys to decarbonise.

The work is envisioned as follows:

- 3.1 Desktop Literature Review (*including but not limited to*): Conduct a detailed, deeply triangulated analysis of the baseline/ point of departure for developing a country response to the proposed definitive CBAM. Point out the clear geo-political levers of South Africa's unique Just Transition pursuit, climate, social, economic, development, spatial and technical dynamics of an integrated perspective on, and response to, the CBAM. Make suggestions on how to track and set up "in the meantime" preparation, carbon pricing and policies, strategic and market interventions, assess which net-zero and industrial pathway development metrics are suitable to start fleshing out a strategic CBAM response over the short, medium and long term as guided by international multilateral frameworks that South Africa is already party to. This review will include a radar screen of current and planned global, regional and national CBAM initiatives and projects.

- 3.1.1 Steering Committee: Provide detailed inputs to establish a very high-level Steering Committee for the project duration, and in view of taking the work forward post this appointment.
- 3.2 Country Response Strategy: Building on the literature review, co-create the CBAM country response strategy that will guide and integrate South Africa's low-carbon and climate resilient Just Transition with current UNFCCC, PA and NDC processes. Develop scenarios/ pathways backstopped with qualitative and quantitative decision-support information on *inter alia* allocating resources to CBAM affected market interventions, investments and processes, proposed partnerships and a programme of very targeted stakeholder engagements. The Climate Finance and Innovation Team places a high premium on innovation in content, as well how the work generated through this appointment is presented and visualised. The PCC is looking for curated, i.e. sleek punchy outcomes with innovative visuals and support annexures of decision-support models, information and other details.
- 3.3 Support PCC Processes:
 - 3.3.1 Support the PCC, Nedlac and DTIC Working Group to advance a country position for South Africa on CBAM.
 - 3.3.2 Prepare presentations and present at 1 PCC Climate Finance & Innovation Working Group and 2 Steering Committee meetings (in March 2025).
- 3.4 Webinar: Plan and provide executive support for a webinar to socialise the work with key PCC and industry stakeholders

It is estimated that the time required for this work is **seven (7) months, starting mid-October 2024 and concluding April 2025 (make provision for South Africa's holiday season in December in the work plan).**

The engagements with the PCC will be facilitated by the PCC Secretariat. Within the context described above, the scope of work includes the following deliverables:

- a) The service provider will engage with key members of the PCC Secretariat and invited experts to confirm the parameters of the proposed work, the envisaged work plan, methodology and outcomes.
- b) The service provider will present a detailed work plan that includes recommendations for the establishment of the Steering Committee to the Project Management team in the PCC Secretariat within three weeks of signing the agreement.
- c) The service provider will submit a draft Literature Review to the PCC Project Management team. The PCC will provide detailed comments and edits on the report within three weeks of submission.
- d) The service provider will submit the draft Country Response Strategy to the PCC Project Management team. The PCC will provide detailed comments and edits on the report within three weeks of submission.

- e) The PCC views the development of this strategic piece of work as an iterative engagement between the service provider and the PCC Secretariat and selected, invited stakeholders/ experts.
- f) The service provider will submit all plans and recommendations for the Webinar to the PCC Project Management team. The PCC will provide detailed comments and edits on the report within three weeks of submission.
- g) The service provider will collate minutes and summary notes of every stakeholder interview/ interaction, as well as the Steering Committee meetings, and submit this to the PCC Team after each occurrence.
- h) All draft reports will be finalised with comments and edits by members of the PCC Secretariat. The PCC will provide feedback within three weeks from receiving the drafts.
- i) The comprehensive, final collated Literature Review and Country Response Strategy will be presented to the PCC Climate Finance and Innovation Team Working Group or specially arranged session. The service provider will prepare progress presentations for one CF&I Team Working Group meeting and two Steering Committee meetings.
- j) Plan the webinar and provide ongoing support to the proposed CABM Working Group. The service provider will collate all inputs received through the webinar in a draft report to be completed by the PCC Secretariat in accordance with PCC regulations.

4. DELIVERABLES AND TIMELINES

4.1 In fulfilling the project scope and objectives, the appointed service provider should successfully deliver the following:

Deliverable	Timelines
1. Inception meeting	First week of signing the consulting agreement with the PCC
2. Work plan that includes recommendations on establishing the Steering Committee for this project, proposed partnerships, as well as a programme of very targeted stakeholder engagements	Within three weeks of signing the agreement
3. Draft literature review that sets the baseline for the integrated, multi-level strategic perspective on South Africa's response to the CBAM.	Mid-November 2024
4. Final literature review	Updated throughout; and final included in Country Response Strategy
5. Submit Draft Country Response Strategy	Mid-December 2024

6. Submit plans, recommendations and support documents for Webinar	Mid-January 2025
7. Webinar	Early-March 2025
8. Submit all final documents and supporting information including meeting notes, minutes, webinar report and final invoices	April 2025

4.2 Technical Proposal:

Proposals submitted in response to this RFP must contain the following, with a table of contents, referenced by number below.

- 4.2.1. Brief cover letter: Name and address of vendor, name and address of person submitting the proposal.
- 4.2.2. Company profile: Brief description and history of the bidder/ bidder's firm, and of any and all proposed subcontractor(s). Include length of time in business, number of employees, and core competencies.
- 4.2.3. Three client references including contact information and work performed.
- 4.2.4. Qualifications of Core Project Team, description of relevant experience
- 4.2.5. Understanding of brief
- 4.2.6. Staff who will be involved in this project, titles, and their respective qualifications.
- 4.2.7. Proposal methodology and approach for conducting the work.
- 4.2.8. General description of each deliverable and chronology for completing the work, including timeline, cost and price outline (**provide a single, all-inclusive fee to conduct the work**).
- 4.2.9. Costing must include travel cost for physical interviews with designated PCC staff and stakeholders, webinar planning and depicting the work in presentation format.

5. EVALUATION CRITERIA

The minimum functionality points of seventy **(80%)** are required to qualify to be evaluated for pricing. The Functional/Technical criteria are:

5= Excellent, 4 = Good, 3 = Satisfactory, 2 = Fair, 1=Poor

EVALUATION CRITERIA	GUIDELINE FOR CRITERIA APPLICATION	WEIGHTING
METHODOLOGY	Approach and Methodology indicating a clear understanding of the project brief and a realistic implementation plan. A clear outline of how due diligence, research and stakeholder engagement will be conducted. Innovative and up-to-date interpretation of the Scope of Work.	25%

EVALUATION CRITERIA	GUIDELINE FOR CRITERIA APPLICATION	WEIGHTING
TRACK RECORD	<p><i>Experience:</i> Detailed outline of the bidders' experience working on CBAM and carbon trade measures (provide global, regional (Africa) and national (South African) experience, economics and trade advisory and technical assistance, just transition and climate change work, carbon markets and related technical interventions, geo-political trade assessments and related decision-support, carbon price, ETS and industrial policy development for low-carbon development and climate resilience. Attach at least two different reports/ case studies relevant to the different sets of experience (Demonstrate high-quality experience in at least 2 related projects undertaken in the last 6 years).</p> <ul style="list-style-type: none"> • Attach a minimum of three (3) recent reference letters. 	35%
CAPABILITY	<p><i>Team capability:</i> Sound understanding of the Climate Change domain in general and Climate Adaptation in particular, especially related to climate science and early warning information systems, including institutional arrangements and funding models for such systems.</p>	40%
TOTAL		100%

6. CONTRACTING & CONTRACTUAL ARRANGEMENTS

The African Climate Foundation (ACF) is the fiscal host of the PCC for some of its donor funds and will serve as the contracting party for this work. Service level agreement contracts, cost estimates and invoices shall be directed to ACF.

6.1 TO NOTE

- 6.1.1 The PCC reserves the right in its sole discretion to reject any or all proposals in whole or in part, without incurring any cost or liability whatsoever.
- 6.1.2 All proposals will be reviewed for completeness of the submission requirements. If a proposal fails to meet a requirement of this RFP, or if it is incomplete or contains irregularities, the proposal may be rejected.
- 6.1.3 The PCC will review all written proposals and select vendors who will be invited for presentation and Q&A should it be required.
- 6.1.4 The final decision and successful appointment will be made by PCC and no correspondence will be entered into thereafter.
- 6.1.5 The PCC reserves the right to cancel this bid or ultimately decide not to appoint any bidder.

7. SUBMISSION OF BID DOCUMENTS

Service providers must submit a technical proposal (maximum 25 pages, including all attachments).

Submit clearly marked proposal "**PCC CBAM Proposal**" and support documentation "**CBAM RFP SupDoc**" in a **.zip file**

- 7.2. Company documents
- 7.3. Tax Clearance Certificates

8. SUBMISSION AND ENQUIRIES

The **deadline for submission of proposals is Friday, 27 September 2024, 16:00**. No extensions of the deadline will be considered.

- 8.1 Service providers should send their proposals and accompanying relevant documentation to procurement@climatecommission.org.za **ONLY!**
- 8.2 All technical queries relating to this RFP can be directed to Christelle at christelle@climatecommission.org.za
- 8.3 Procurement queries regarding this RFP should be emailed to Tumelo Langa at abdul@climatecommission.org.za

9. DISCLAIMER

This RFP is a request for proposals only and not an offer document. Answers to this RFP must not be construed as acceptance of an offer or imply the existence of a contract between the parties. By submission of its proposal, bidders shall be deemed to have satisfied themselves with and to have accepted all Terms & Conditions of this RFP.

The PCC makes no representation, warranty, assurance, guarantee, or endorsement to the tenderer concerning the RFP, whether about its accuracy, completeness, or otherwise and the PCC shall have no liability towards the tenderer or any other party in connection therewith.