

## **REQUEST FOR EXPRESSIONS OF INTEREST** **CONSULTING SERVICES**

**Selection # as assigned by e-Tool:** RG-T4099-P001

**Selection Method:** Full Competitive Process Selection

**Country:** *Regional*

**Sector:** Competitiveness, Technology and innovation

**Funding – TC #:** ATN/OC-19612-RG

**Project #:** RG-T4099

**TC name:** Assessing SMEs decarbonization transition readiness in LAC

**Description of Services:** The objective of the consultancy is to gather regional comparable SME-level data on the decarbonization transition and climate resilience readiness in selected countries in Latin America and the Caribbean. Analysis of the data collected ought to be capable of addressing linkages between climate action and business competitiveness, digital technology adoption, economic performance, and the reactivation of the productive sector.

**Link to TC document:** <https://www.iadb.org/en/project/RG-T4099>

The Inter-American Development Bank (IDB) is executing the above-mentioned operation. For this operation, the IDB intends to contract consulting services described in this Request for Expressions of Interest. Expressions of interest must be delivered using the IDB Portal for Bank Executed Operations ( <http://beo-procurement.iadb.org/home>) by: Monday, March 13<sup>th</sup> at 5:00 P.M. (Washington D.C. Time).

To access the IDB Portal, the firms must generate a registration account, including **all** the data requested by the Portal. In the event that any of the information requested is not included, the firm will not be able to participate in this or any other Bank-executed selection process for operational work. If the firm has been previously registered, please validate that you have **all** the firm's information updated and complete before submitting an expression of interest.

The consulting services ("the Services") include designing and implementing a survey aimed at assessing LAC SMEs' decarbonization transition readiness, addressing linkages between climate action and business competitiveness, digital technology adoption, economic performance, and the reactivation of the productive sector. The anticipated start date of the consultancy is in the second quarter of 2023 and the total expected duration is 18 months.

Eligible consulting firms will be selected in accordance with the procedures set out in the Inter-American Development Bank: [Policy for the Selection and Contracting of Consulting firms for Bank-executed Operational Work](#) - GN-2765-4. All eligible consulting firms, as defined in the Policy may express an interest. If the Consulting Firm is presented in a Consortium, it will designate one of them as a representative, and the latter will be responsible for the communications, the registration in the portal and for submitting the corresponding documents.

The IDB now invites eligible consulting firms to indicate their interest in providing the services described above in the draft summary of the intended Terms of Reference for the assignment. Interested consulting firms must provide information establishing that they are qualified to perform the Services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). Eligible consulting firms may associate in a form of a Joint Venture or a sub-consultancy agreement to enhance their qualifications. Such association or Joint Venture shall appoint one of the firms as the representative.

Interested eligible consulting firms may obtain further information during office hours, 09:00 AM to 05:00 PM, (Washington D.C. Time) by sending an email to: *Matteo Grazzi*, [matteog@iadb.org](mailto:matteog@iadb.org)

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### **Draft Summary of Terms of Reference**

*\*Subject to change at the level of RFP's (request for proposals)*

#### **1. Background and Justification**

- 1.1. Established in 1959, the Inter-American Development Bank ("IDB" or "Bank") is the main source of financing for economic, social, and institutional development in Latin America and the Caribbean. It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries. The Competitiveness Technology and Innovation Division (IFD/CTI) provides funding, technical assistance and knowledge products to support governments in key action areas such as firm-level innovation, entrepreneurship ecosystems, green innovation, digital transformation, creative economy, social innovation, and productive development. IDB programs in these areas incorporate common themes, such as training in science, technology and innovation for advanced human capital; strengthening scientific and technological infrastructure; designing public policies to promote innovation; strengthening the institutional capacity of the agencies and ministries that are responsible for implementing these policies.*
- 1.2. LAC is one of the most vulnerable regions to climate change which impacts not only affects region's productivity, but also infrastructure, ecosystems, livelihoods, and human lives losses. Facing the urgent response needed for the devastating impacts of climate change, the Paris Agreement (PA), signed by 196 countries in 2015, aims to limit the global average temperature increase between 1.5°C and 2°C above pre-industrial levels by the end of this century. Scientific evidence has warned that to stabilize the temperature increase to 1.5°C, it is required reaching net zero CO<sub>2</sub> emissions by 2050 and halve emissions by 2030<sup>1</sup>. Therefore, PA signatory countries, regions, cities, companies, investors, and academia have joined in making commitments to achieve net zero emissions in their activities by 2050 at the latest<sup>2</sup>. Furthermore, the intergovernmental body of United Nations, responsible of providing scientific evidence on climate change<sup>3</sup>,*

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<sup>1</sup> IPCC, 2018. [Global Warming of 1.5°C](#). An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways. Intergovernmental Panel on Climate Change.

<sup>2</sup> Signatory countries pledge commitments through Nationally Determined Contributions and Long-Term Strategies under the United Framework Convention on Climate Change. And non-state actors have pledged net zero emission through the [Race to Zero](#) campaign launched in 2019. These actors represent around 25% of global CO<sub>2</sub> emissions and 50% of GDP globally.

<sup>3</sup> The Intergovernmental Panel on Climate Change (IPCC).

have provided a series of recommendations for reaching net zero emissions. For example, it urges strategies and actions to: (i) reduce energy demand, including instruments and standards for processes and technologies with high energy consumption, and energy-intensive materials; (ii) accelerate adoption of energy efficiency measures; (iii) increase recycling and inter-industry material synergies; (iv) extending product lifetimes<sup>4</sup>. To reach net zero emissions, supply chain greenhouse gases (GHG) must be addressed by businesses globally.

- 1.3. LAC Micro, Small, and Medium-sized Enterprises (MSMEs) represent 99.5% of the region's enterprises, generating 61.1% of jobs, but only 24.6% of total productivity<sup>5</sup>. Although MSMEs individually generate a marginal amount of GHG emissions, taken together they are responsible for a very significant amount. They consume more than 13% of the global energy production<sup>6</sup>. The OECD estimates that SMEs account for 60% to 70% of the GHG emissions of the industrial sector<sup>7</sup>. Also, recent studies in the UK find that SMEs contribute between 43% to 53% to GHG emissions of the country's industrial sector. While 60% of SMEs report some awareness of key net-zero concepts, 53% are not ready to prioritize decarbonization in their activities and processes yet, and 56% report no actions. Finally, only 3% of the surveyed SMEs had measured their carbon footprint and prepared emissions reductions strategies<sup>8</sup>.
- 1.4. The transition of SMEs to a net zero emissions and climate resilient economy is not only necessary to reduce emissions, but also to improve their resource efficiency and adaptive capacity with a view to both reducing production costs and increasing productivity gains, as well as gaining the possibility to access sophisticated markets and engaging in greener, higher value chains in a competitive matter.
- 1.5. Given this context and considering the contribution of SMEs to LAC's economy and the lack of information on this matter in the region, this consultancy will provide valuable inputs to the objectives of the Regional Technical Cooperation "Assessing SMEs decarbonization transition readiness in LAC". The TC seeks to improve the knowledge of LAC policymakers to design, implement and monitor strategies aimed at reducing greenhouse gas emissions produced by and strengthening climate resilience of SMEs in the region. This will be pursued through the design, application, analysis, and dissemination of the results of a survey on SMEs decarbonization transition and climate resilience readiness.

## 2. Objectives

- 2.1. The objective of the consultancy is to gather regional comparable SME-level data on decarbonization transition and climate resilience readiness in at least 3 LAC countries, addressing linkages between climate action and business competitiveness, economic performance, and reactivation of the productive sector. The SME decarbonization and climate resilience readiness survey aims to achieve the following specific objectives:
  - a. To pilot test an innovative survey instrument based on relevant international best practices.
  - b. To define an appropriate sample frame that is representative of the major economic sectors in each country based on its GHG emissions and climate vulnerability profiles, and climate commitments.
  - c. To collect data on SMEs demography, business characteristics and performance, management practices, innovative activities, and technology adoption, including digital technology.
  - d. To collect data on SMEs awareness of net zero emissions / decarbonization concepts and strategies, including knowledge, engagement, and capabilities.
  - e. To collect data on SMEs development of decarbonization and/or climate resilience strategies/action plans, implementation of actions and measures to reduce GHG emissions or increase adaptive capacity to climate change.
  - f. To collect data on SMEs barriers, drivers, and enablers for climate action, including support needed, entrepreneurship and innovation enhancement, digitalization and faster adoption of new technologies for climate action.

The resulting dataset will facilitate increased awareness of policymakers about the needs of SMEs to embark on climate resilient pathways to reach a global net-zero, while at the same time improving their economic performance and competitiveness.

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<sup>4</sup> IPCC, 2018. Global Warming of 1.5°C, [Chapter 2](#). Mitigation Pathways Compatible with 1.5°C in the Context of Sustainable Development.

<sup>5</sup> Saget, Catherine, Vogt-Schilb, Adrien y Luu, Trang (2020). [Jobs in a Net-Zero Emissions Future in Latin America and the Caribbean](#). Inter-American Development Bank Group and International Labour Organization.

<sup>6</sup> IEA, 2015. [World Energy Outlook 2015](#). International Energy Agency.

<sup>7</sup> OECD, 2021. [No net zero without SMEs: Exploring the key issues for greening SMEs and green entrepreneurship](#). Organization for Economic Cooperation and Development.

<sup>8</sup> British Business Bank, 2021. [Smaller businesses and the transition to net zero](#).

The expected budget for this consultancy is USD 250,000 for an expected duration of 18-months

### **3. Scope of Services**

**3.1 Experience of the Consulting Firm.** *The firm must be able to show at least 10 years of relevant experience in: designing and implementing sample frame methodology and successfully carrying out surveys with similar scope and objectives. Previous knowledge and experience in similar activities in the LAC region will be considered an asset.*

**3.2 Project Team.** *The project team should include a multidisciplinary group, including a Project Director, a Statistician, a Data Scientist, a Survey Research Specialist, a Private Sector Specialist, a Climate Change Specialist, as well as project supervisors and enumerators for each country covered by the survey.*

### **4. Key Activities**

- 4.1.** *Propose the methodology for sampling and the parameters for the sample frames, and criteria for defining a representative sample of the economy for each selected country. The proposed methodology should include strategies and plans for engaging relevant stakeholders in each country in consultations, especially with the National Statistical Offices (NSOs) in order to assess availability of administrative records and business registries and other potential sources of relevant information. Include in the proposed methodology a section on how the survey will be implemented (i.e., online, CAPI, PAPI or a combination) provide a justification for the proposed implementation method. Include a description of how collected data will be recorded and indicate the type of software that will be used for the database.*
- 4.2.** *Draw samples consistent with the sample methodology proposed. The samples must be approved by the IDB Team before being issued.*
- 4.3.** *The first draft of the questionnaire will be provided to the Firm by the IDB. The Firm shall review the questionnaire, provide feedback, and adapt it to local contexts if necessary.*
- 4.4.** *Train its enumerators on the survey protocols and the final survey instrument.*
- 4.5.** *Pilot the questionnaire with at least 5 companies in each country prior to launching the Survey in that country.*