

Terms of reference for hiring a Specialist to prepare a study

PROJECT: ***“DEVELOPMENT OF ECO STRATEGY FOR ENERGY
COOPERATION”***

EME, ECO SECRETARIAT, 2021

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Shared interest of ECO Member States as a strategic target will be to formulate sustainability for the downstream industry. Because it could trigger to opening many new and innovative business models – from the knowns of investing in sustainability and reducing the usage of fossil fuels, to making fossil fuels an important input for renewables growth, and to even efforts to combine fossil fuels and renewables. The strategic vision of downstream agenda will be to ensure sustainability both for producer and consumer countries. Final policy concept for consideration in the context of the role of oil and gas companies in the low carbon transition is to be selected the circular economy based on national agenda. The consolidation of regional cooperation will have a pillar to boost sub-regional trade in downstream products amongst ECO Member States. 5

With a view to stimulate policy-makers to invest in the environment, this transition should address the energy-environment-growth nexus and “green economy” envisaging significant economic returns, notably strong value-added to GDP, generated employment and mitigated poverty, increased output, emerged new market niches, growing trade and investment patterns, etc... 6

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Glossary

ToR – Terms of Reference

ECO – Economic Cooperation Organization

EME – Energy, Minerals and Environment

POA – Plan of Action

SE for ALL - UN Sustainable Energy for All

GRF – General Reserve Fund of ECO

EGM – Expert Group Meeting

CECECO – ECO Clean Energy Center

GHG – Green House Gas

SDGs – Sustainable Development Goals

IAE – International Atomic Agency

EE – Energy Efficiency

PET – polyethylene terephthalate

HDPE – high density polyethylene

LDPE – low density polyethylene

PVC – polyvinyl chloride

PP – polypropylene

PS – polystyrene

Executive Summary

The present Terms of reference (ToR) are for a Specialist to prepare ECO's strategy with its implementable plan of action for energy cooperation based on the comprehensive document that has been elaborated by the ECO Secretariat, Directorate of Energy, Minerals and Environment. The study is expected to be completed in three months, to produce the deliverables as detailed in the present ToR. The latter document has been structured to comply with a typical framework of a small sized bankable project of ECO.

Aim and objectives

The aim of the project titled "Development of ECO Strategy for energy cooperation" is to elaborate precise, rich and suitable document addressing strategy for regional energy cooperation. This strategy must comply with national and regional interests of ECO Member States that also corresponds to global energy landscape. Ultimate goal of "Strategy Document" is to be adopted by the energy ministers of ECO, followed by a relevant action plan/roadmap for its implementation.

The project objectives include: (i) Enriching and appending necessary parts of comprehensive basis document previously prepared by EME, by referring statistical analysis, adjusting the document suitable to shared interests of Member States, in particular with their regional and global cooperation objectives; (ii) reformat it in a compact document based on best international practices thus far to elaborate "Strategy" document; (iii) Based on the objectives of Strategy Document to develop implementable action plan covering upcoming decade.

Background

History in ECO

The adoption of "ECO Vision 2025" laid down the long- and mid-term regional objectives and expected outcomes in the energy sector. Meanwhile, ECO Plans of Action (PoA) for Energy and Petroleum Cooperation have long served as the mid-term policy framework documents and umbrellas for energy cooperation within the Organization.

The last ECO PoA for Energy and Petroleum Cooperation (2011-2015) was adopted at the 2nd ECO Ministerial Meeting on Energy/Petroleum (1 October 2010, Dushanbe). The 27th Meeting of the Regional Planning Council (5-8 December 2016, Tehran) extended this PoA until the next - 4th ECO Ministerial Meeting on Energy/Petroleum. The subject PoA envisaged priority cooperation areas of common interest in: ECO power grid; ECO oil and gas pipelines; energy security and trade; coal; energy efficiency and conservation; renewable energy; and regional energy/petroleum policy and planning.

Nevertheless during this period new dynamics on the global energy landscape, particularly environmental, economic, geopolitical, and financial dimensions are getting national and regional levels thus creating challenges and opportunities to be addressed in line with new momentum.

Henceforth, ECO had to undergo the process of development of its fundamentally new Strategy on Energy Cooperation for the period of 2020-2030 in lieu of the revised PoA.

Concept Paper

The project concept paper was timely submitted to the 24th Council of Ministers Meeting (COM) of ECO on 8-9 November 2019 (Ankara, Turkey) where it was considered as an integral part of formal document set by the 24th COM.

The key concept of the strategy was laid down by “ECO Vision 2025”, which envisaged “*the enhancement of energy security and sustainability through wider energy access and trade*”.

In addition, the “*Tehran Declaration on Energy Cooperation among ECO Member States*”, which was adopted by the 3rd ECO Ministerial Meeting on Energy/Petroleum (6 March 2013), announced the period covering 2013 till 2022 as the “ECO Decade for enhanced Energy Cooperation”.

Currently, ECO is in the stage of enhancing its energy cooperation while, at the same time, it offers a suitable platform and a regional node for the enhancement of energy security and sustainability through wider energy access and trade.

Having the aforementioned rationale in focus, a mapping of a new regional energy strategy should support and complement the effectiveness of national policies. In this, “ECO Vision 2025” is a supportive framework as it sets end targets for regional energy.

Informative Report

Inter alia, basis comprehensive document prepared by the Directorate for Energy, Minerals and Environment reflects key areas and issues to be indicated further on the project result document – Strategy for Energy Cooperation, EME will be in close contact with consultant to provide any new development where as appropriate and necessary.

Project Rationale and Motivation

General observations

The rationale behind undertaking a study to formulate a new strategy (vs. old) stems from the core interests that have been pointed out Member States to:

- (1) Transformation of energy mix to reliable, sustainable, resilient and reformed energy market amid new dynamics on the global energy scene covering mid and long term perspectives;
- (2) To create energy future more flourishing and striving for cleaner sources, to provide reliable and affordable energy through enhanced cooperation in and out, institutional framework reforms and deploying best experiences by advanced international partnerships.

Developing regional goals and translating them into tangible steps relevant for all ECO Member States necessitate formulation of regional energy policies in an integrated manner by finding synergies and

complementarities between global, regional and national dimensions. It will enable ECO to design a new regional energy cooperation strategy, inclusive and responsive to the needs of all involved.

Economic justification

This regional mainstream predominantly targets on unlocking ECO Region's tremendous cooperation opportunities in renewables and energy efficiency, and create an enabling environment for robust sustainable energy markets and investments. Scaling up regional sustainable energy investments within this strategy is to improve financial condition in the energy sector of the region.

Greater stability, security and reliability of energy supply and demand in the Region; energy trade and transit to increase economic value and energy security within and beyond the Region are among the policies ECO is pursuing under the arrangements of this Strategy. Maximizing connectivity, mobility and accessibility by making major ECO transport corridors commercially viable and operational, and transformation of the selected transport corridors into a sort of economic corridors that would integrate transport, energy, telecommunication and other links in the long-term perspective are expected outcome of the strategic direction.

One of the key points to achieve desired results in ECO Energy Strategy depends significantly on capability of expansion of private sector in order to ease expenditure of public budgets, amid tackling of governments with the impact of COVID-19. The framework of actions should comprise of assisting methods designed for public-private partnerships and the possible creation of business association of ECO Member States to improve conditions for entrepreneurship and support mutual trust amongst business circles.

Launching proactive regional business models to enhance energy value chains and manage supply cut-offs; Gradual liberalisation of energy markets, opening up some parts of value chain to competition as well as capacity building and knowledge sharing will greatly contribute saving the costs, fostering the technological development and ensuring efficiency in favour of consumers.

The project on establishment of ECO Regional Electricity Market (ECO-REM) will transform electricity trade among the interested Member States into the multilateral character via integrating the fragmented projects and initiatives in the ECO Region; enhance the long-term regional power exchange; boost gas-to-power; and potentially expand towards markets beyond ECO.

The reuse or recycling of natural resource inputs; enhancing production and consumption of renewable sources of energy; preservation of critical (or non-substitutable) natural capital; and minimizing pollution and other environmental impacts – including GHG emissions – will be key vision to guide by ECO.

Shared interest of ECO Member States as a strategic target will be to formulate sustainability for the downstream industry. Because it could trigger to opening many new and innovative business models—from the knowns of investing in sustainability and reducing the usage of fossil fuels, to making fossil fuels an important input for renewables growth, and to even efforts to combine fossil fuels and renewables. The strategic vision of downstream agenda will be to ensure sustainability both for producer and consumer countries. Final policy concept for consideration in the context of the role of oil and gas companies in the low carbon transition is to be selected the circular economy based on

national agenda. The consolidation of regional cooperation will have a pillar to boost sub-regional trade in downstream products amongst ECO Member States.

With a view to stimulate policy-makers to invest in the environment, this transition should address the energy-environment-growth nexus and “green economy” envisaging significant economic returns, notably strong value-added to GDP, generated employment and mitigated poverty, increased output, emerged new market niches, growing trade and investment patterns, etc.

Social justification

An uptake of climate change and environment-friendly policies in ECO’s decision making on energy will pursue the social impact.

The underlying assumption behind sustainable energy development is also evidently the fact that poverty reduction is a key to accomplish social development goals but indispensable for preserving environment, whereas the poor might make adverse impacts on environment by overusing natural resources.

Efforts to develop adequate social protection system for energy consumption could continue by improving the targeting of the compensation mechanism to the needy and eliminating non-payments and discounts to a wide range of privileged consumers. Realistically designed and efficiently implemented lifeline tariff could be one of possible options.

Regional integration rationale

Enhancement of institutional capacities in Member States will serve to amplify the integration impact of the new strategy. The expected blueprint of ECO’s new energy Framework will be to provide a stronger ‘greening’ sense of regional ownership with which comes greater accountability in energy efficiency and climate change. In addition, effective functioning of ECO’s main decision making platforms on energy is essential for obtaining long lasting results and value added for the regional energy community of ECO.

Close interaction and participatory approach toward multiple stakeholders is an aspect not to be missed out in the new strategy. The ECO region is attempting to foster next generation of professionals in energy sector, who will be skilled and equipped with interactive knowledge to address: green energy, energy efficiency and petrochemistry in line with UN SDG 9 and 13. In this regard, a new strategy (roadmap) may envisage region-wide capacity building programs and foresee a center of excellence for ECO countries to share specific expertise and proven practices on petrochemistry. Such mechanism may facilitate agile exchange of practical solutions on intra-regional trade of degradable polymer products. It can also offer to regional customers much needed data/information on employment generation opportunities, particularly, in petrochemistry. Results of employment generation and practical experiences in petrochemistry production are essential for rational planning of energy utilization scale.

Terms of Reference for specialist to provide Consultancy Service

Consultancy Service contents have been described in the present ToR as follows:

Table 1: Brief project profile

1. Basic data		Project Code: EME/Energy/	
Project title	Project: “Development of ECO Strategy for Energy Cooperation”	Department	Energy, Minerals, Environment (EME)
Short title	Energy Strategy		
Project Activity	Elaboration of Strategy Document and implementable action plan	Executing Agency	ECO Secretariat
Modality	“Functional Methodology of ECO” “Guidelines for ECO Projects”.		
Focus Countries	All ECO Member States	Project Participants	ECO Member States
2. Sector		ECO Financing	
Energy, Minerals, Environment	Subsector Energy	General Reserve Fund (GRF) of ECO	
3. Operational Targets:			
1) To use previous draft titled “ECO Energy Strategy” for preparation of internationally accepted Strategy Document enabling endorsement by ECO Member States.			
2) To develop action plan in order to implement the Strategy.			
3) To align ECO’s strategic model of energy cooperation with UN SDGs 9 and 13.			
Alignment with the UN Sustainable Development Goals (SDGs)		In close consultation with EME Directorate	
SDG-9: “Industry, Innovation and Infrastructure” and SDG-13: “Climate Action”.			
4. Risk Categorization	Low	ECO does not have project risk-related policy.	
5. Safeguard Policies	ECO Contingency Policy in the form of selected provisions does not apply.		
6. Financing			
Sources			
ECO Secretariat	GRF to support Consultancy Service (10,000US\$)		
Member States	All ECO Member States		
Co-financing (amount)	To be explored by Specialist.		
Counterpart	To be explored by Specialist.		
Total amount for preparing the study:	10,000US\$		

Consultancy Service Outcomes

Specialist is expected to review, improve and submit the final document for approval of ECO Secretariat and Member States. Consultancy Service will deliver the following **outcomes**:

- | |
|-----------------------------------------------------------------------------------------------------|
| 1) The ECO region has its priority impact areas in energy sector justified and strategy- validated. |
| 2) The ECO region is guided by a new strategy, ready for implementation in impact areas. |

Methodology and activities

Consultancy service will use the ECO-adopted approaches in designing a new strategy. In so doing, it will:

- a) use the bottom up approach to be based on local and national realities;
- b) use the approach, which is focused on the improvement of the financial condition in the energy sector of ECO through energy efficiency;
- c) wherever necessary, utilize the approach that steers suitable energy partnership frameworks tailored to the needs & aspirations of voluntary energy stakeholders in the Member States from grass-root levels evolving into voluntary national stakeholder participation;
- d) wherever appropriate, avail of the use of international approaches, proven through practices of leveraging trade and investments in infrastructure, services, businesses and industries;
- e) use the approach that advocates for spillover effects in most promising impact areas and national borders to a maximum extent possible;
- f) use the integration-centered approach to improve the new strategy.
- g) use effective mapping techniques while building on recent trends in national, regional and global energy;
- h) use synergic & complementary approaches to bring different components and dimensions of the strategy into harmony.

Outputs

On completing the study, Specialist will deliver the following key **outputs**:

1. Review and analysis of constraints that prevented full implementation of previous “*ECO Energy Strategy*”.
2. Feasibility analysis (economic/social) justifying the need for a new strategy.
3. Design of strategic model of energy cooperation in the ECO region, to be aligned with UN SDGs 9 and 13, and draft “*ECO Strategy for Energy Cooperation*”.

The consultancy service will be paid 10,000US\$ in the form of installment payments in compliance with ECO’s consultancy payment practices. Specialist shall use extensive sources to produce deliverables under the ToR, and may contact through responsible Directorate with relevant authorities of Member States to deploy remote fact viewing & assessment.

Payment schedule

Specialist is expected to commence the assignments specified under the present ToR, immediate to signing the contract, for the duration of three (3) months.

Breakdown of workloads, to be executed by Specialist within Consultancy Service, has been designed as in Table 2:

Table 2: Specialist’s workloads

Workload 1
<i>Review of the existing draft to reveal constraints/obstacles of implementing “ECO Energy Strategy”.</i>
<i>Data collection/sorting/comparing/consolidating and compiling. It will be in the form of Inception Report</i>
Workload 2
<i>Conducting analyses and preparing analytical reports. It will be as a feasibility report.</i>
<i>Submitting the draft to ECO Secretariat.</i>
Workload 3
<i>Quality certification of deliverables and validation of draft by ECO Secretariat.</i>
<i>Feedback by Member States.</i>
<i>Presenting short and full versions of draft Strategy to ECO Secretariat. Also making introduction of deliverables through power point presentation</i>

Payments will be made in accordance with deliverables under the present ToR during the three months’ time frame. The latter period is not subject for prolongation. Each installment per workload will be 3300US\$.

Implementation arrangements

Directorate of Energy, Minerals and Environment (EME) will administer the Consultancy Service. Specialist in preparing the study will interact with Director EME. The National Focal Points (NFPs) of ECO Member States assigned by their respective authorities on Energy in ECO may interact with Specialist on matters relating to data/information and national policies on energy. Specialist will create online interactive linkages using, among others, social media platforms (WhatsApp) as convenient for contacts in the framework of execution of the ToR and deactivate those within 3 months after the present ToR be fulfilled.

Monitoring Framework and Key Performance Indicators of Consultancy Service

Upon completion of the study for project titled “Review and Designing ECO Strategy for Energy Cooperation”, Specialist will deliver **3 outputs** as specified in Table 3.

During the Consultancy Service, the ECO Secretariat will monitor progress of implementation of the study based on the **5 key performance indicators** and **3 reporting items** as specified in Table 3 of the present ToR.

Table 3: Outputs and key performance indicators

Outputs	Key Performance Indicators (KPIs)	Data sources* and reporting
Output 1. Review and analysis of constraints of “ECO Energy Strategy”.	1) Review of constraints and missing parts in the previous version of ECO energy strategy. 2) Analyzing lessons learnt.	1) Analytical review of ECO Energy Strategy (1).
Output 2. Feasibility analysis (socio-economic) justifying the need for a new “ECO Strategy for	3) Preparing economic analysis justifying the draft of a viable/feasible strategy on ECO energy cooperation.	2) Feasibility analytical report with annexed statistical tables (1).

Typical Framework of ToR for a Small Sized Project

<i>Energy Cooperation”.</i>	4) Preparing analysis of social aspects of a new inclusive strategy on energy cooperation. (Both the above, to be based on comprehensive statistics analyses).	
Output 3. Design of strategic model of energy cooperation in the ECO region, within appendix of Action Plan.	5) Designing a strategic model (3-dimensional) of ECO’s energy cooperation in its alignment with UN SDGs 9 and 13.	3) Model/design of “ECO Strategy for Energy Cooperation” and based on that draft “ECO Strategy for Energy Cooperation”. (1).
*Strategy will be presented in two versions: short-term and long-term.		

Supervision Arrangements:

Specialist, in fulfilling the specifications of the present ToR, will be supervised by Director EME of ECO Secretariat.

Conclusion

A new “ECO Energy Strategy for Energy Cooperation” is expected to provide a holistic well-analyzed vision of ways of developing green energy, energy efficiency, as well as possible upstream, midstream and downstream energy relations in lieu with national, regional and global tendencies in the ECO region. Effective strategy document will be stipulated by building up implementable plan of action.

Based on the aforementioned, Consultancy Service under the present ToR will follow the ECO-adopted approaches toward advancing and elaborating the final document. The draft document is expected to be ready prior to adoption in the upcoming ECO Ministerial Meeting on Energy.

Signatures

The present document is done on .. **February 2021** and signed by:

<u>On the part of Specialist</u>	<u>On the part of the Economic Cooperation Organization:</u>
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