

**TERMS OF REFERENCE (ToR) for SHURA's next STUDY on
"JUST ENERGY TRANSITION PATHWAY and SOCIOECONOMIC POLICIES for TURKEY"**

SHURA Enerji Dönüşümü Merkezi

06/09/2022

1. Background

In June 2021, SHURA published a study on the Socioeconomic Impact of the Energy Transition in Turkey based on renewable energy, energy efficiency and electrification targets in SHURA power system transition scenario for 2030. The transition scenario involved over 50% share of renewables in total power generation (including 30% share for wind + solar in total), 10% improvement in energy efficiency compared to the government baseline, 2.5 million electric vehicles in transit and smart homes with over 2 million heat pumps and other smart/efficient electrical devices. The study's results, based on macroeconomic modelling compared to a government baseline, indicate macroeconomic benefits to Turkey's trade balance, industrial production and net-employment while also reducing the carbon intensity of power generation. On a sectoral basis, the Transition scenario translates into larger growth for the internationally competitive and export-oriented automotive and machinery sectors compared to more traditional sectors such as agriculture, food processing and textiles & apparel. In addition, negative impacts are expected particularly in coal mining and energy generation from fossil fuels. While the study provides an overall indication for the potential impacts that may result from a transition scenario, policy interventions will be required both for realizing the potential positive impacts and for alleviating or compensating the negative impacts.

In addition, a study on financing the energy transition within the context of the Green New Deal, encompassing broad stakeholder participation including industrial stakeholders in addition to government, financial sector and energy sector stakeholders was published in July 2022. Another major study on 2053 net-zero roadmap for the Turkish Electricity sector, containing industrial composition and growth assumptions, is on-going and preliminary results will be available in October 2022.

SHURA completed a study on a just transition policy framework for the power system transition in July 2022 which will be available in September 2022. The document explores the concept of just transition and outlines principles and main action areas for Turkey aiming to provide guidelines for achieving a just transition on the way to a zero-carbon energy system.

The current terms of reference proposes a policy-focused study exploring particularly policies related to the impacts of the low-carbon energy transition on industrial sectors as well as national and regional social development. The just transition framework mentioned above and the net-zero carbon pathway study will form the background and principles for the broader policies to be formulated in this study. The main headings of the just transition policy framework are given below:

- 1) Transition message should be given powerfully, its path should be stated explicitly
- 2) Design should be conducted in an active dialogue with all stakeholders with priority given to players in local regions;

- 3) Regional plans should be prepared with the participation of all regional players and should be coordinated by central actors;
- 4) Just transition scope should be well defined, financial resources should be generated in compliance with this scope;
- 5) Components supporting just transition to be designed and incorporated into the education/training system should be differentiated and implemented in accordance with the specific needs of impacted regions;
- 6) Taking into account supply chains, mechanisms should be built up to facilitate just transition of SME's;
- 7) Companies should be encouraged for voluntary reporting regarding transition risks in the related sectors;
- 8) Taking into consideration that this design is not one-time and that it may change according to region and time, mechanisms that would position just transition mechanisms by redesigning through monitoring and evaluating the effectiveness of existing just transition mechanisms should be built

2. Objective and General Scope of Work

The aim of the study is to propose socioeconomic policies to maximise the benefits and minimise the negative impacts implied by the energy transition in Turkey with particular emphasis on sectors impacted by the decarbonisation of the energy sector and those that play a major role in such decarbonisation. The approach here is intended to be comprehensive and proactive in the sense that shifting the sectoral composition is an important way toward decarbonisation by reducing the energy intensity of the economy as a whole. In addition to sectoral issues, direct emphasis on social and regional development policies will also be crucial.

While the interactions between different policy areas are manifold, this study will concentrate on the following two areas, both of which require immediate attention and form the basis of implementation both for the energy transition and for green growth and development.

a) Sectoral and Economic Policies

1. Energy and carbon intensive industrial sectors, including those identified by the initial stage of the EU carbon border adjustment mechanism (CBAM): iron & steel, aluminium, cement, fertilizers, petroleum refining and chemicals/petrochemicals.
2. Industrial sectors with a significant share in Turkish production, exports and employment, which will be impacted by the green transition: automotive, machinery, white goods, construction and insulation materials, textiles & clothing.

b) Social and Regional Development Policies

1. National level social policies (e.g., employment and compensation policies)
2. Sub-national (including municipal) development policies with particular attention to coal regions

The final aim is to provide a basis for discussion and input into Turkey's national development plans and strategies contributing to both the de-carbonization of industry and power generation and to a just transition and development path

3. Technical Scope

The two themes identified in the study, "sectoral and economic policies (Theme a)" and "social and regional development policies (Theme b)" will be handled separately, but are intended to be united by adopting the principles put forward in the "just transition policy framework" to be published by SHURA in August 2022. The output to be produced through this consultancy will be two separate "draft" documents which will later be used by SHURA as input into other documents or combined into a single report if needed.

The technical scope of the two parts is defined as follows:

a) Sectoral and Economic Policies

- The study will review the existing policy framework and the new development path implied by the green transition. This will be achieved with desktop research involving current national development plans and industrial policies and draw upon existing and ongoing scenario analyses by SHURA for 2030 and 2053.
- Concentrating on the sectors identified above, policy choices for achieving the defined decarbonisation while moving toward an increasingly less carbon intensive and higher value added industrial production will be explored.
- Just transition policies related to SMEs, focusing on the supply or distribution chains of large scale producers in the sectors studied will be formulated.
- A final set of policies and broad action areas for each of the involved sectors will be formulated and presented as a discussion document and input for Turkey's national industrial plans and strategies.
- The policies formulated in these sectors will need to take into account both the just transition framework formulated in the previous study and the broader interactions with related policy areas and sectors, such as transport, buildings and related services.

b) Social and Regional Development Policies

- Expanding upon the social policy issues laid out in the "just transition framework", the study will summarize relevant policies, legal structure and practices related to labour, employment, compensation, education, training, retraining and other related areas at the national level.
- Regarding the policy areas to be identified above, the particular actions that will be needed to bring these in line with the "just transition policy framework" will be detailed.
- At the subnational level, the policy tools needed will be identified through desk research and gap analysis. A particular focus at this level will be the interaction between national/local authorities and municipal administration as well as local NGOs and labour and business organizations.
- Against the foregoing background, particularly impacted regions will be identified and policies/actions directed toward these regions will be specified. In identifying impacted regions,

particular emphasis will be placed on coal regions, which would be directly impacted by the transition.

4. Scope of Work

The consultants are expected to perform the following tasks:

Theme A: Sectoral and Economic Policies

Task 1: Define the existing industrial policy framework and the new development path implied by the green transition

- Review current national policy documents and other relevant analyses regarding Turkey's industrial development.
- Review existing and ongoing studies by SHURA regarding the green transition and the net zero carbon pathway, including trajectories for 2030 and 2053.
- Assess current situation and evolving trends in the industrial sectors identified above.

Task 2: Formulate a set of policies and broad action areas for each of the sectors involved

- Explore policy options for achieving the defined decarbonisation while moving toward an increasingly less carbon intensive and higher value added industrial production.
- Based on the above concept, formulate policies on a sectoral basis taking into account both the interactions between sectors and the "just transition policy framework" proposed by SHURA.
- Propose just transition policies related to SMEs, focusing on the supply or distribution chains of large scale producers

Task 3: Propose a final set of policies and broad action areas presented as a discussion document and input for Turkey's national industrial plans and strategies

- Prepare a policy-friendly discussion document and executive summary in Turkish covering the areas mentioned above.
- Provide input into the work performed in Theme B (Social and Regional Development Policies) to ensure consistency between the two parts.

Theme B: Social and Regional Development Policies

Task 1: Define the existing social policy framework and the new development path implied by the green transition

- Review existing national policy documents, other relevant policy analyses related to Turkey's social development with particular emphasis on employment and compensation policies expanding upon the issues laid out in the SHURA "just transition policy framework."
- Summarize relevant policies, legal structure and practices related to labour, employment, compensation, education, training, retraining and other related areas at the national level.
- Identify gaps and develop recommendations for policy and action areas from a just transition perspective, focusing particularly on the interactions between national/local authorities, as well as NGOs and labour and business organizations.

Task 2: Identify policy tools for a just transition at the subnational level and specify region-specific issues and policies

- Identify impacted regions with particular emphasis on coal regions;
- Review existing studies and activities in the identified regions and identify gaps from a just transition perspective,
- Develop recommendations for policy and action for the identified regions, focusing particularly on alternative regional development

Task 3: Propose a final set of national policies and regional development actions to be presented as a discussion document and input for Turkey’s national social development plans and strategies

- Review the input from the work in Theme A (Sectoral and Economic Policies) to ensure consistency between the two parts.
- Prepare a policy-friendly discussion document and executive summary in Turkish covering the areas mentioned above.

5. Deliverables and timeline

The project is due to start in mid-October 2022 and the work and final report completed end-February 2023. As this terms of reference builds upon previous work by SHURA on the energy transition, the consultant is expected to be familiar with SHURA’s work and present a detailed proposal on how to make the present study relevant for policy makers within the context of the energy transition in Turkey.

The consultant is expected to submit a detailed proposal as part of the application outlining their approach and suggestions on conducting the study and shaping the deliverables. While qualitative analysis will be a necessary part of the study, it will be crucial to present the material clearly and concisely to make it relevant and accessible to key stakeholders.

Deliverables	Timeline
Contract starts	Mid-October 2022
THEME A	
Task 1: Define existing industrial policy framework and the development path implied by the green transition	Mid-November 2022
Review by SHURA	Third Week-November 2022
THEME B	
Task 1: Define the existing social policy framework and the new development path implied by the green transition	End-November 2022
Deliverable: Draft national level social policy recommendations	First Week December 2022
Review by SHURA	Second Week-December 2022
THEME A	
Task 2: Formulate a set of policies and broad action areas for each of the sectors involved	Third Week--December 2022
Deliverable: Draft industrial and sectoral policies and action areas	Third Week December 2022
Review by SHURA	End-December 2022
THEME A and THEME B	
Consistency check: social policies and sectoral/economic policies	Mid-January 2023
THEME B	

Task 2: Identify policy tools for a just transition at the subnational level and specify region-specific issues and policies	End-January 2023
Deliverable: Draft regional level social policy recommendations	End-January 2023
Review by SHURA	First Week February
THEME A	
Task 3: Prepare a policy-friendly discussion document and executive summary covering sectoral policies and action areas	End-January 2023
Deliverable: Draft Final Report for THEME A	End-January 2023
THEME B	
Task 3: Prepare a policy-friendly discussion document and executive summary covering sectoral policies and action areas	End-February 2023
Deliverable: Draft Final Report for THEME B	End-February 2023

6. Consultant and Team Qualifications

The consultant qualifications for the two themes are provided below:

Theme A:

- Minimum 10 years of experience in industrial analysis in the Turkish context incorporating a wide variety of sectors, including the sectors identified in this TOR;
- Demonstrated ability to analyse sectors within the context of the economy at large and through their interactions with other sectors;
- Demonstrated ability to assess historical development, current trends and possible future developments under given scenarios on a sectoral basis;
- Experience related to public policy research and writing;
- Demonstrated knowledge of the energy sector, low carbon energy transition and the green transition;
- Advanced skills in policy analysis combining different qualitative and quantitative research approaches, including stakeholder input;
- Completion of previous consultancy work in the areas listed above.

Theme B:

- Minimum 10 years of experience in policy analysis with particular emphasis in climate policies, energy transition and just transition;
- Demonstrated qualitative and quantitative analysis skills;
- Experience related to public policy research and writing;
- Advanced skills in policy analysis integrating desk research with interactive stakeholder input;
- Experience in engaging and eliciting responses from diverse stakeholders and developing policy recommendations;
- Completion of previous consultancy work in the areas listed above.

The consultant should include in the proposal the c.v.'s of the team members who will be working as lead consultants for Theme A and Theme B. If additional team members besides lead consultants are proposed, additional team members are required to have at least two of the above qualifications. The financial bid should include separate breakdown of person-hour prices for Theme A and Theme B.

The consultants' qualifications should be demonstrated by solid experience, previous work and the proposal that will be submitted as part of the tender offer for the consultancy. The proposal to be submitted as part of the tender offer should clearly state and elaborate the methodology and types of background data to be used in the study and include information regarding the qualifications stated above.

7. Criteria for Evaluation of Proposals

If the submitted proposal contains all the documents specified in the Sabancı University's tender offer and the requirements in this TOR, it will be evaluated according to the following criteria:

Criteria for Evaluation for SHURA's Study "JUST ENERGY TRANSITION PATHWAY AND SOCIOECONOMIC POLICIES FOR TURKEY"		
Technical Bid-70 points		
Criteria	Minimum Requirement	Scoring
Understanding of the TOR	Proposal displays a good understanding of the TOR	10
Scope of Work	Scope of work fulfills all requirements of the TOR	10
Methodology and Its Strength	Methodology for each task is presented in detail. The methodology proposed is sound and well-suited to the tasks identified.	10
Final Deliverables	Final deliverables are in line with the TOR.	10
Time Line	Time line is in line with the TOR	10
Team Composition	Proposed team is in line with the qualifications stated in the ToR.	10
Previous Work References	The proposal includes references displaying the consultant's experience in line with the qualifications stated in the ToR	10
Financial Bid-30 points		
Criteria	Minimum Requirement	Scoring
Financial Bid	The offered price meets the entire service requested in TOR	30
Final Weighted Score (70% Technical/30 % Financial)		to be calculated
Qualification Threshold		70