

REQUEST FOR PROPOSAL (RfP)

Equitable phase-out of fossil fuel subsidies -
Challenges and opportunities for cities

C40 Cities Climate Leadership Group, Inc.
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United States of America

Deadline for proposals:
15 August, 2024

This project is part of the Inclusive Climate Action Programme. More info:
<https://www.c40.org/programmes/inclusive-climate-action>

1. C40 Cities Climate Leadership Group Inc. (“C40”)

C40 is a network of nearly 100 mayors of the world’s leading cities, who are working to deliver the urgent action needed right now to confront the climate crisis, and create a future where everyone, everywhere can thrive. Mayors of C40 cities are committed to using a science-based and people-focused approach to help the world limit global heating to 1.5°C and build healthy, equitable and resilient communities. Through a Global Green New Deal, mayors are working alongside a broad coalition of representatives from labour, business, the youth climate movement and civil society to go further and faster than ever before.

The strategic direction of the organisation is determined by an elected Steering Committee of C40 mayors which is co-chaired by Mayor Sadiq Khan of London, United Kingdom, and Mayor Yvonne Aki-Sawyers of Freetown, Sierra Leone. Three term Mayor of New York City Michael R. Bloomberg serves as President of the C40 Board of Directors, which is responsible for operational oversight. A nine-person management team, led by Executive Director, Mark Watts, leads the day-to-day management of C40. C40’s three core strategic funders are Bloomberg Philanthropies, the Children’s Investment Fund Foundation (CIFF) and Realdania.

To learn more about the work of C40 and our cities, please visit our [Website](#), or follow us on [Twitter](#), [Instagram](#), [Facebook](#) and [LinkedIn](#).

The Inclusive Climate Action (ICA) Programme focuses on supporting mayors and cities to ensure local climate policies and initiatives are designed in an inclusive way and have equitable impacts, as a way to make the case for bold climate action and maximise its benefits across urban populations. The programme aims at delivering leadership and advocacy support, technical and strategic assistance, training and peer-to-peer exchange on assessing and understanding the wider benefits of climate action; increasing capacity to engage inhabitants and stakeholders; designing inclusive and just climate strategies.

2. Summary, Purpose and Background of the Project

An equitable phase-out of fossil fuel subsidies

In 2022, fossil fuels [benefited](#) from a total of \$7 trillion in subsidies (including costs of the damage) - amounting to 7% of global GDP and almost double what the world spends on education. Fossil fuel subsidies (FFS) pose a significant obstacle to reducing carbon emissions at the scale and pace needed as they encourage more fossil fuel use than would otherwise occur. They also reduce governments’ ability to allocate adequate resources to combat the climate crisis and deliver a just transition that improves the livelihoods of all communities, supports them through the transition and builds their resilience to climate shocks and their capacity to address and mitigate losses and damages. That is why in 2023, prior to COP28, [C40 mayors called for action to phase out fossil fuel subsidies](#).

Public money channelled into fossil fuel subsidies is a poor financial decision and indirectly [results](#) in urban health burden to the tune of 7 million premature deaths every year due to air pollution, incentivised by vast subsidies. FFS have also been ineffective in alleviating inequity: since these subsidies typically do not vary by income, most of the benefits are accrued by wealthier households that already have high consumption levels. On average, the poorest 20% only [receive](#) about 7% of the benefits of fossil fuel consumption subsidies, while the top 20% over 40% of benefits. FFS reform can free up funds to be redirected to targeted financial support for the poorest households as well as to activities that actively promote a just transition, including social protection support for those impacted by the green transition and investments in active labour market policies that create accessible good, green jobs and skills programmes.

Nevertheless, a phase-out that doesn't put in place mechanisms to safeguard communities who don't have sufficient means to adapt to the impacts would only exacerbate existing inequalities and vulnerabilities and delay action. Negative impacts typically include increased energy prices reflected in higher costs of essential goods and services such as energy, food, transport, etc., small businesses closing down, and job losses in fossil fuel and energy-intensive industries and informal sectors that heavily rely on cheaper fossil fuels.

To avoid these consequences, reforms must form part of a comprehensive package of measures, such as targeted cash transfers and improved basic service provision and social protection. Implementing FFS removal in a just transition framework avoids exacerbated inequality and makes the transition more successful in the short and long term.

The urban dimensions of fossil fuel subsidy phase-out

During the energy crisis, the [majority of increased FF subsidies went to consumers](#) to mitigate the rise in the cost of living, the impacts of which are hyperlocal and felt most acutely in cities where inequalities are already high. A large share of the subsidies is thus regarded as 'temporary' and subject to planned removal if the right policies are in place. While the mandate to phase out fossil fuel subsidies typically lies with national governments, the impacts will be felt by all urban residents, particularly low-income, underserved communities.

Removing consumer-facing subsidies (or those where the subsidised cost of production is passed on to consumers) requires extra/particular attention to equity impacts and will directly affect urban populations. So cities, as the closest level of government to residents, must be equipped to understand their roles in mitigating the impacts by using a [range of formal and soft powers](#) and calling for appropriate measures from national government. Measures such as improved availability of and more equitable access to essential public services or direct cash

transfers to the poorest households can serve as crucial safeguards against the worst impacts of the phase-out, helping to avoid a deterioration/loss of livelihoods and resulting heightened vulnerability to climate shocks.

To manage the direct local impacts of fossil fuel phase-out, cities need to understand what actions are possible within their mandates but also outside of them. They also need evidence-based advocacy messaging to influence national governments and international actors as C40 and our mayors prepare for global milestones in 2024-25 to call for moving the substantial amount of money currently channeled towards fossil fuel subsidies to the green and just transition and meeting the needs of frontline communities.

Project scope

C40 is looking for an experienced consultant/researcher - or team of consultants/researchers - to support the delivery of a public-facing policy brief on the urban dimensions of an equitable phase-out of fossil fuel subsidies, identifying cities' challenges and opportunities in mitigating the negative impacts of a phase-out and safeguarding their residents.

Work delivered under this project will directly support mayoral leadership and engagement with national governments and international actors in the context of FFS phase-out, with a focus on global milestones such as the Urban 20 (associated with the G20) and COP processes.

The final product will have to elevate both globally-relevant findings and regional/national-specific trends and policy developments, acknowledging the highly contextual nature of national responsibility and resources, as well as urban challenges and city mandates.

Project objective

To ensure that the phase-out is implemented rapidly and equitably, cities need to better understand how FFS phase-out can benefit residents, the implications during FFS phase-out on residents and the urban economy, as well as what powers and tools they can use to ensure rapid, effective and equitable FFS phase-out in line with the [COP28 Global Stocktake](#) and to mitigate negative impacts, particularly related to a higher cost of living and potential job losses.

The research findings will be used to:

- Support advocacy and messaging by C40 and our mayors for G20/U20 (and any other relevant global milestones)
- Equip cities with a deeper understanding of the potential impacts of a fossil fuel subsidy phase-out and their roles in mitigating them and safeguarding residents to the extent possible

- Support cities to navigate the challenging debate on phasing out fossil fuel subsidies, particularly its impacts on the lowest-income and most vulnerable residents
- Engage with partners for powerful joint advocacy on banishing fossil fuels to the past and making the equitable phase-out of fossil fuel subsidies a key ask

Project activities

Over the project delivery timeline (September 2024 - December 2024) the successful consultant/researcher - or team of consultants/researchers - will be asked to carry out the following activities, in close coordination with C40.

- Based on a literature review/desk research and using data available from the [IME](#) and other relevant sources, conduct a comprehensive mapping of **a)** the different types of FF subsidies (typology, scale, geographical relevance, etc), **b)** the existing injustices caused by FF subsidies (e.g. environmental pollution disproportionately burdening frontline communities, most benefits accruing to high-consuming wealthier households, etc.), and **c)** connected potential positive and negative impacts of FFS phase-out at the city level, both on city residents, particularly marginalised communities, as well as on city domains/sectors, i.e. essential public service delivery (e.g. energy provision, transport, waste management), potential job losses.
 - **NOTE:** Particular attention to be given to impacts on informal / migrant / undocumented populations in Global South cities
 - Impacts may include commodity prices, cost of living, financial savings, emissions reduction, widening inequality, etc. The brief analysis should clearly explore the urban dimensions and scale of such impacts.
- For a select number of countries based on factors such as level of subsidies + political situation + relevance for C40 advocacy, prepare a brief analysis of: **a)** current subsidies at national level (and local if relevant) and to what extent they go to consumers and alter the cost of energy or cost of living/doing business, **b)** which segments of society in cities they support/which groups benefit from or rely on subsidies the most (where data is available), **c)** what existing plans and systems at national/local level can help ease the transition/protect residents and what are the likely key gaps (based on the analysis section of what tends to be crucial for an equitable transition at local/national level), and **d)** for internal use: some of the domestic political positions/considerations. The countries will be selected in coordination with the C40 team.
- Assess the **a)** challenges and barriers cities and subnational governments face in responding to the impacts of fossil fuel phase-out, including a nuanced analysis of Global North and South city contexts, and the **b)** key

ingredients for making the phase-out successful, equitable and socially accepted, leaving no one behind (e.g. social protection schemes, more affordable and accessible essential services such as public transport, etc.)

- Analyse cities' and subnational governments' role in **a)** responding to/addressing the potential impacts of the phase-out, and **b)** advocating for an equitable phase-out and sufficient support for city-level responses from national government.
 - Drawing on C40's Powering Inclusive Climate Action [report](#), build a comprehensive mapping of the various formal and soft powers cities typically have to mitigate negative impacts and shield low-income and frontline communities, such as
 - Service-powers to prepare residents for change, offer temporary relief and other immediate response powers
 - Sectoral powers to improve availability and affordability of and equitable access to public services e.g. transport, heating/cooling, food, etc.
 - Soft powers e.g. collaborating with/calling on key stakeholders and partners (utilities, employers, etc.)
 - Immediate/long term actions cities can take
 - **NOTE:** This will need to recognise and assess the different economic and fiscal contexts of Global North and South cities, with particular consideration of existing availability of social protection, essential service delivery and infrastructure, different levels of capacity and resources in many Global South cities when responding to the impacts.
- Identify examples of cities addressing and mitigating the negative impacts of a FFS phase-out on residents' livelihoods, e.g. the social and economic [intervention programmes](#) by the Lagos State Government (distribution of food items for vulnerable households, reduction in public transportation fees and improved service delivery).
- Present 2-4 brief national examples showcasing equitable vs inequitable phase-out processes, e.g. Ecuador, Nigeria or France (farming subsidies) as cautionary tales, while Indonesia and Zambia as "success stories".
- Present a short overview of upcoming global diplomatic debates and policy forums expected to inform the direction of travel for global and national FFS phase-out and the key policy questions they are expected to address. This should include brief background to the policy debates as well as (for internal purposes) a mapping of key actors calling for a FFS phase-out to identify potential partners for C40 advocacy.
- Identify key messages and recommendations to be included in the policy brief and elevated through C40 and mayoral advocacy in 2024-25 to support cities in: **a)** involving subnational governments in national and international policy dialogues on FFS phase-out, **b)** centring urban equity impacts and frontline communities in national phase-out plans, and **c)**

enabling cities to access funding unlocked by FFS phase-out at the national level and channel it to just transition programmes.

Project deliverables:

In addition to the deliverables outlined below, the successful bidder will be responsible for creating and maintaining project timelines.

D1: Summary of preliminary findings

Activities	<ul style="list-style-type: none"> Carry out desktop research and expert interviews on the above project scope and identify <i>preliminary</i> findings to inform C40's and mayors' messaging on FFS phase-out for 2024 relevant milestones notably Urban20 and COP29
Indicative timeline	<ul style="list-style-type: none"> By mid-October
Outputs	<ul style="list-style-type: none"> Draft document outlining policy context, urban dimensions, initial research findings and key advocacy angles to inform C40 and mayoral messaging

D2: Internal briefing

Activities	<ul style="list-style-type: none"> In collaboration with the C40 project team, prepare a briefing presentation for the Inclusion & Global Leadership team and relevant colleagues to inform the development of advocacy messaging on fossil fuel phase-out and a just transition
Indicative timeline	<ul style="list-style-type: none"> By end of October
Outputs	<ul style="list-style-type: none"> Slide deck and zoom presentation on initial advocacy-relevant findings to the Inclusion & Global Leadership team and relevant colleagues

D3: Public-facing policy paper

Activities	<ul style="list-style-type: none"> Carry out desktop research on the full scope of topics outlined above
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	<ul style="list-style-type: none"> Organise interviews with approx. 5 subject matter experts to inform the development of the policy brief (list of experts to be jointly identified with C40 team)
Indicative timeline	<ul style="list-style-type: none"> By 20 December
Outputs	<ul style="list-style-type: none"> Policy paper setting out the global context, some country-specific analyses, and the urban dimensions of ensuring an equitable phase-out of fossil fuel subsidies, including: <ul style="list-style-type: none"> Relevant case studies Key recommendations for cities on policy levers and advocacy messaging Final slide deck with key findings, messages and recommendations for C40 and cities (for internal use) Final paper to be adjusted/updated to reflect any development at COP29

3. Proposal Guidelines

This Request for Proposal represents the requirements for an open and competitive process. Proposals will be accepted until **15 August, 2024, 9pm BST, 2024**. Any proposals received after this date and time will not be accepted. All proposals should be in English and should include clear timetables, how you will work with C40, clear costs and detail on experience in this area.

The proposal should give C40 evaluators all the information they need to assess your bid. Please clearly indicate where applicable:

- How your proposal is responsive to the Evaluation Criteria;
- The assumptions you are making about the project;
- Risks you have identified and appropriate mitigation measures;
- Information about your fee;
- Proposed timeline of implementation;
- Any additional support that you need to make the project a success, including any inputs you will need from third parties or C40 staff;
- Proposed working partnership with C40, including (as applicable) project governance and management, key personnel, key roles and responsibilities, and escalation procedure for issues;
- Resumes of proposed key personnel in the standard C40 CV Template;
- Information about the organisation’s commitment to equity, diversity and inclusion and ethical alignment with C40.

You must include adequate information about how your costs were calculated to enable evaluation of cost reasonableness.

Supplier Diversity

C40 is committed to supplier diversity and inclusive procurement through promoting equity, diversity and inclusivity in our supplier base. We believe that by procuring a diverse range of suppliers, we get a wider range of experiences and thoughts from suppliers and thus are best able to deliver to the whole range of our diverse cities and the contexts that they operate within.

We strongly encourage suppliers (individuals and corporations) that are diverse in terms of size, age, nationality, gender identity, sexual orientation, majority owned and controlled by a minority group, physical or mental ability, ethnicity and perspective to put forward a proposal to work with us.

Feel welcome to refer to [C40's Equity, Diversity and Inclusion Statement](#) as supplier diversity and inclusive procurement is one element of applying equity, diversity and inclusion to help the world limit global heating to 1.5°C and build healthy, equitable and resilient communities.

Contract

Please note this is a contract for professional services and not a grant opportunity. Organisations unable to accept contracts for professional services should not submit bids. The work will be completed on the [C40 Standard Service Provider Agreement](#).

These terms and conditions are accepted as drafted by the majority of our suppliers and we reserve the right to penalise your bid on the basis of non-acceptance of terms. If you do wish to include any requested amendments with your proposal, please do not mark up the document in tracked changes but provide a separate document for review setting out clearly your rationale for the change.

If C40 are unable to execute a contract with the winner of this competitive process, we reserve the right to award the contract to the second highest Potential Supplier.

Subcontracting

If the organisation submitting a proposal needs to subcontract any work to meet the requirements of the proposal, this must be clearly stated. All costs included in proposals must be all-inclusive of any outsourced or contracted work. Any proposals which call for outsourcing or contracting work must include a name and description of the organisations being contracted.

4. RfP and Project Timeline

RfP Timeline:

RFP Timeline	Due Date
Request for Proposals sent out	July 25th, 2024
Deadline for receiving Offers	August 15th, 2024
Clarification of Offers	August 20th, 2024
Evaluation of Proposal	August 22nd, 2024
Selection decision made	August 23rd, 2024
All Potential Suppliers notified of outcome	August 27th, 2024

Project Timeline	Due Date
The project initiation phase must be completed by	September 3rd, 2024
Deliverable 1 is expected to be completed by	Mid-October, 2024
Deliverable 2 is expected to be completed by	October 31st, 2024
Deliverable 3 is expected to be completed by	December 20th, 2024
The project is due to run until	December 31st, 2024

5. Proposal Evaluation Criteria

Proposals will be evaluated against the following criteria

Evaluation Criteria	Weighting
Demonstrated expertise in a just transition and fossil fuel subsidies, including equity considerations and policies, represented across the delivery team	40%
Robustness of the project delivery proposal and ability to meet objectives	30%
Project management, work approach and timeline	15%

Cost effectiveness of the proposal	10%
Alignment with C40 Diversity and Inclusion values*	5%

6. Project Budget

All proposals must include proposed costs to complete the tasks described in the project scope, including all VAT and taxes. Costs should be stated as one-time or non-recurring costs or monthly recurring costs. Pricing should be listed for each of the following items in accordance with the format below. All costs incurred in connection with the submission of this RfP are non-refundable by C40.

Total proposed project costs (incl. VAT and other ‘hidden’ costs, if applicable) should not exceed **20,000 USD**.

Payment will be made according to meeting project milestones as approved by the C40 point of contact.

7. C40 Policies

C40 expects third parties to be able to abide by these C40 policies

- Non-Staff Code of Conduct Policy [here](#)
- Equity , Diversity and Inclusion Policy [here](#)

8. Submissions

Each Potential Supplier must submit 1 copy of their proposal to the email addresses below by **August 15, 2024 at 9pm BST**:

- Krisztina Campbell - Knowledge and Thought Leadership Senior Manager, Inclusive Climate Action: kcampbell@c40.org
- Madeleine Forster - Policy Lead, Inclusive Climate Action: mforster@c40.org

Anonymised responses to questions will be provided [here](#) when the Q&A period closes.

Disclaimer

C40 will not accept any liability or be responsible for any costs incurred by Potential Suppliers in preparing a response for this RFP.

Neither the issue of the RFP, nor any of the information presented in it, should be regarded as a commitment or representation on the part of C40 (or any of its partners) to enter into a contractual arrangement. Nothing in this RFP should be interpreted as a commitment by C40 to award a contract to a Potential Supplier

as a result of this procurement, nor to accept the lowest price or any tender.