

## TERMS OF REFERENCE

### ESTIMATION OF THE MEDIUM TO LONG-TERM DEMAND FOR SOCIAL INVESTMENTS

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#### I. Background and Rationale:

A healthy, well-nourished and skilled population is a critical foundation for growth and development. For this reason, social investment is important. Social investment is essentially investing in people. This means providing a policy environment as well as programs and services that will enable them to participate fully in employment and social life (European Commission). Key policy and program areas include health and nutrition, social protection, housing, and education and training, among others.

The Philippine economy is expected to reach its growth targets. Notably, the government's budget for the social sector in recent years increased substantially. In 2006 NEDA and World Bank-ASEM funded the study undertaken by Dr. Renato E. Reside on *Intersectoral Budget Allocation Model*— an econometric model design determines a budget allocation that supports government's economic growth and poverty objectives. Further, in 2007 NEDA and UNDP funded *Financing the Millennium Development Goals (MDGs)* which was undertaken by Dr. Rosario Manasan. These reports and studies provided the basis for key social agencies to push for higher budgets.

The increase in budgets of social agencies provided mixed results. Some improvements were observed in the education and health sub-sectors. However, the country continues to face the following challenges: poverty, underemployment, high maternal mortality, the persistence of both communicable and non-communicable diseases, geographical differences in education and health outcomes, inadequate social protection, increasing demand for decent housing, among others.

Efficiencies in implementing social programs remain wanting. Further, geographical considerations must be taken into account to ensure greater impact. The proposed research study is expected to assist NEDA in providing sound policy advice related to social sector development. This will also help facilitate and strengthen the linkage between the planning and budgeting process. Specifically, the research undertaking will:

1. Provide a model that will show the level of social investments (as reflected by government budget allocation in key social programs or services) required to attain a certain level of human development outcomes (reduced poverty; reduced mortality; increased cohort survival rates in education; among others);
2. Provide scenarios for medium (six years) to long term (10 to 30 years).
3. Consult key agencies in the social sector; and produce a report based on the model.

#### II. Scope of Services and Deliverables

The Consultant to be engaged for the study shall undertake the following:

1. Undertake a comprehensive desk review (synthesis and data analysis) of major policies and programs and projects of selected agencies in the social sector (Department of Health, Department of Social Welfare and Development, Department of Education, National Housing Authority, Technical Education and Skills Development Authority, etc.);
2. Conduct interviews and consultation meetings with implementing agencies, including the Department of Budget and Management, civil society organizations, academes, and other key stakeholders;
3. Examine major government (national) expenditures that have the most impact in improving human development or social sector outcomes. Expenditures on basic social services will be looked into such as: public health programs, health facility enhancement program, construction of school building and training of teachers, provision of scholarship, social protection services, housing program, among others;
4. Develop a framework and a model preferably using a licensed statistical software that will show the amount of investments including investments in social infrastructure (or program budgets) needed to reach certain levels of human development outcomes (e.g. MDG indicators) per sub-sector (e.g. health, education, housing, social welfare);
5. Recommend additional programs, activities and projects (PAPs) that should be prioritized in the event that fiscal space will be available;
6. Provide medium and long term scenarios; and to the extent possible, provide scenarios for geographic focus/distribution to address inequities in social investments at regional/provincial level;
7. Prepare a comprehensive report, reflecting the results of the model/framework and the medium and long-term simulations;
8. Present the draft report in the Social Development Committee (SDC) of the NEDA; and in other public forum to be organized by the NEDA technical staff/s in charge of this activity;
9. Conduct a training-workshop for potential users of the econometric/statistical model (selected staffs from NEDA/government agencies) preferably using a licensed statistical software for better understanding of the framework and the model.

### **III. Qualification Requirements**

The Consultant for the study shall have the following qualifications:

1. Preferably with postgraduate degree (with PhD) in Social Science such as development studies, economics, political science, public administration, public policy and/or relevant field of social sciences. A Master's degree minimum but at least with Bachelor's degree in Social Sciences;
2. Preferably with seven (7) years of progressively responsible and relevant experience in the field of development, policy analysis and research, and working with development planning processes at the national and sub-national levels;
3. Demonstrate extensive experience in policy development in the social sector, public financing, statistical analysis/econometric-modelling, particularly in government institutions or multilateral organizations;
4. Sound knowledge of social sector issues;
5. Proficiency in the usage of computers and office softwares including statistical software (i.e. MS Word, Excel, PowerPoint, STATA, among others)

6. Proven command in the use of written and spoken English;
7. Excellent communication and interviewing skills;
8. Good presentation and training facilitation skills;
9. Consultant with tax clearance (or VAT-registered) (based on GPPB policy).

#### **IV. Selection Criteria**

The Consultant shall preferably have seven (7) years of experience in the field of development, analysis and research and working with development planning processes at the national and sub-national levels and will be rated based on the criteria for short-listing shown in Annex A. Prospective bidders are required to submit the following:

- a) At least three Copies of Certificate of Project Completion and Acceptance or equivalent Certification from their previous related studies/projects within the past 5 years;
- b) Curriculum Vitae (CV) highlighting relevant work experience in the last seven years; and
- c) Sample/s of published studies/papers related to the project.

The Consultant shall be selected using the Quality-Cost Based Evaluation Procedure under the Implementing Rules and Regulations (IRR) of the Republic Act No. 9184 or the Government Procurement Reform Act (GPRA) based on the following criteria:

- a) Technical Proposal : 80%
- b) Financial Proposal : 20%

The hurdle rate is set at 70%. The mode of procurement for this study shall be through Public Bidding in accordance with RA 9184 and its IRR.

#### **V. Duration of Services and Implementation Arrangements**

The consultancy/study is expected to be completed in one year (12 months) inclusive of presentations to the concerned NEDA Officials and Social Development Committee (SDC) Technical Board as shown in the Indicative Timeline in Annex B.

There shall be joint consultation between the consultant and the NEDA on any major issues arising from, or in connection with this Terms of Reference. Further revision and/or changes to the TOR may be made if necessary, by joint agreement between the parties hereto.

Although the consultancy is home-based, the consultant is expected to report to the concerned NEDA Officials and Director of the Social Development Staff; and coordinate with the Project Management Office (lodged at the Office of Assistant Director General for Policy and Planning of NEDA) for administrative concerns.

## **VI. Reports**

The Consultant shall submit the following reports in electronic copy (report/analysis in MS-Word format; econometric model/framework, and projections and scenarios generated through statistical software) and five (5) hard copies to NEDA:

- a) Inception Report indicating the work plan and methodology/approach to be adopted in the conduct of the Study;
- b) Interim Report to include preliminary output (proposed framework and model);
- c) Draft Final Report indicating draft final output of the study: framework, model, scenarios, analysis, policy implications; (taking into account comments from NEDA officials) and
- d) Final Report (including model developed through statistical software; supporting tables and projections) taking into account the comments generated from the SDC-TB presentation and the Human Development and Poverty Reduction Cluster (HDPRC).

The Consultant is expected to provide orientation/briefing on each of the output reports mentioned above to the concerned personnel of the NEDA Social Development Staff and to the abovementioned Committees, as needed.

The Draft Final Report and Final Report shall be presented by the Consultant to the SDC-TB for comments and approval/subsequent adoption.

## **VII. Responsibilities of NEDA**

NEDA is the Executing Agency for the consultancy service. The NEDA-SDS shall be responsible for the overall coordination during the conduct of the study.

During the conduct of the study, NEDA – SDS shall coordinate with concerned social agencies, which shall be consulted or requested to provide comments and recommendations in all deliverables submitted/presented by the Consultant through the SDC.

NEDA-SDS shall also facilitate the presentation to the SDC-TB, and in holding a public forum, as necessary.

## **VIII. Approved Budget of Contract (ABC)**

The ABC for the procurement under this TOR is Php 6,000,000.00, of which Php 4 million is non-reimbursable/remuneration and Php 2 million is reimbursable (detailed breakdown is shown in Annex C), inclusive of all applicable government taxes and charges, professional fees, and other incidental and administrative costs (i.e., transportation/travel expenses, printing, reproduction and packaging of hard and soft copies of reports, expenses for meetings, etc.).

This consulting contract is a fixed price contract. Any approved extension of contract time shall not involve any additional cost to the Government.

***All manuals, materials, references, software, data sets, etc., acquired for the study shall be turned over to NEDA at the conclusion of the study.***

## IX. Milestone/Deliverables and Schedule of Payment

Billing for *reimbursable items* may be requested not more than once a month based on the actual expenses incurred and supported by *official receipts/documents*, including monthly progress reports.

In the absence of official receipts/documents when claiming for reimbursable costs, the Consultant may also be allowed to submit a *certification of actual disbursements* made under oath.

Since all the above payments shall be subject to the usual government accounting and auditing requirements, the Consultant is expected to be familiar with the Government Accounting and Auditing Manual (GAAM).

Billing for non-reimbursable items, including professional fees, shall be in accordance with the following delivery schedule and subject to Government accounting and auditing requirements.

Milestone		Target Date of Completion	Payment Schedule
1	Draft Inception Report	0 month or from date of Notice to Proceed (NTP)	15% of the total remuneration amount upon acceptance of the report by NEDA-SDS
2	Revised/Final Inception Report	1 month after receiving comments from NEDA	
3	Interim Report	3months from date of NTP	40% of the total remuneration amount upon acceptance of the report by NEDA-SDS
4	Draft Final Report	9 months from date of NTP	30% of the remuneration amount upon acceptance by NEDA-SDS of the report, following presentation to the SDC-TB
5	Final Report (including supporting tables, projections, software and electronic files)	12 months from date of NTP	15% of the remuneration amount following NEDA-SDS acceptance of the report as revised based on SDC-TB and NEDA comments, and NEDA issuance of Certificate of Satisfactory Service; including turnover of software.

## **X. Retention Payment**

A retention payment of ten percent (10%) shall be made by the Consultant. It shall be based on the total amount due to the Consultant prior to any deduction and shall be retained from every progress payment until fifty percent (50%) of the value of study, as determined by NEDA, are completed. If, after fifty percent (50%) completion, the study is satisfactorily done and on schedule, no additional retention shall be made; otherwise, the ten percent (10%) retention shall be imposed.

The total "retention money" shall be due for release upon approval of the Final Report. The Consultant may, however, request the substitution of the retention money for each progress billing with irrevocable standby letters of credit from a commercial bank, bank guarantees or surety bonds callable on demand, of amounts equivalent to the retention money substituted for and acceptable to NEDA, provided that the project is on schedule and is satisfactorily undertaken. Otherwise, the ten percent (10%) retention shall be made. Said irrevocable standby letters of credit, bank guarantees and/or surety bonds, to be posted in favor of NEDA shall be valid for the duration of the contract.

## **XI. Liquidated Damages**

Where the contractor refuses or fails to satisfactorily complete the work within the specified contract time, plus any time extension duly granted and is hereby in default under the contract, the contractor shall pay NEDA for liquidated damages, and not by way of penalty, an amount, as provided in the conditions of contract, equal to at least one tenth (1/10) of one (1) percent of the cost of the unperformed portion of the works for every day of delay.

To be entitled to such liquidated damages, NEDA does not have to prove that it has incurred actual damages. Such amount shall be deducted from any money due or which may become due the contractor under the contract and/or collect such liquidated damages from the retention money or other securities posted by the contractor whichever is convenient to NEDA.

## Annex A

### CRITERIA FOR SHORTLISTING

Criteria for shortlisting	score
<b>Education</b> degree/s obtained; level of specialization	<b>20</b>
<b>Experience</b> prior involvement in reports or studies related to financing social sector investments; budget allocation; social sector modelling (based on no. of relevant years working in the social sector)	<b>35</b>
<b>Skills and competencies*</b> excellent written and oral communication skills; good training and workshop facilitation skills; ability to present in public forum based on relevant studies or papers completed	<b>30</b>
<b>Job capacity</b> absorptive capacity to do additional work other than those currently being undertaken	<b>15</b>
<b>TOTAL</b>	<b>100</b>
<b>Hurdle rate</b>	<b>70</b>

\*can be based on feedback from candidate's previous engagement;  
at least 3 copies of Certificate of Acceptance or Project Completion  
from previous engagements will be requested from applicant/candidate;  
Samples of completed studies and reports will also be requested.

## Annex B: Timeline

### GANTT Chart

Activities	Timeframe	Months from Issuance of NTP											
		1	2	3	4	5	6	7	8	9	10	11	12
<b>Preparatory Phase</b>	1 Month												
TOR finalized; Issuance of Notice to proceed/commence													
Purchase of Software System													
Drafting of Inception Report/Workplan including the following:													
a.) Proposed framework and model that illustrates the estimated social investment requirements to attain key human development outcome indicators													
b.) Provide scenarios for medium-term and long-term requirements for social investments (with geographical dimension)													
Presentation of the Inception Report/Workplan to NEDA Officials (Secretary, Deputy Director General, Assistant Director General, and SDS Director)													
Revised/Final Inception Report													
<b>Conduct of Study Phase</b>	3 Months												
Preparation of Study Tools													
Conduct consultation meetings/forum among key stakeholders (social sector agencies including oversight agencies)													
Post-activity meetings/data processing													
Interim Report													



Activities	Timeframe	Months from Issuance of NTP											
		1	2	3	4	5	6	7	8	9	10	11	12
Presentation of Interim Report to NEDA Officials (Secretary, Deputy Director General, Assistant Director General, and SDS Director)													
<b>Final Report</b>	8 months												
Writing of complete draft report including comments													
NEDA review of complete draft report													
Presentation to SDC-TB for comments													
Revision of draft report including comments from SDC (finalization)													
Public Forum on Estimation of the Medium to Long-Term Demand for Social Investments (final report)													
Training-Workshop on Estimation of the Medium to Long-Term Demand for Social Investments (for NEDA-SDS)													
Submission of Final Report													

**Annex C****BREAKDOWN OF APPROVED BUDGET FOR THE CONTRACT (ABC)****Breakdown of Estimated Cost**

<b>Item/activity</b>	<b>Cost Breakdown (in PhP)</b>	<b>Total Cost (in PhP)</b>
<b>Non-reimbursable expenses</b>		<b>4,000,000.00</b>
<b>Reimbursable expenses</b>		<b>2,000,000.00</b>
Model development (statistical software)		1,000,000.00
Meetings, Consultations, Workshop, etc.		1,000,000.00
<b>Total</b>		<b>Php 6,000,000.00</b>