

NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

Terms of Reference for Consultancy Services for the Development of a Model to Determine the Industry-Specific Impact of the ASEAN Economic Community on the Philippines

A. BACKGROUND AND RATIONALE

The establishment of the ASEAN Economic Community or AEC in 2015 has given rise to questions about the readiness of the Philippines for the entry of goods and services as well as investments from other ASEAN member states. Questions have also been raised on the impact of actions taken to achieve the objectives of the AEC and how the lessons learned from the movement towards an AEC could be used to develop a post-2015 ASEAN agenda.

The primary objective of the project is to improve the NEDA's capacity for development planning and socioeconomic policy coordination. In particular, the project will enhance the capacity of the NEDA Secretariat to do evidence-based policy evaluation or analysis. It will also provide the NEDA Secretariat with a valuable tool for its role as technical secretariat to the NEDA Board Committee on Tariff and Related Matters (CTRM). The CTRM recommends to the NEDA Board and the President actions on requests for tariff modifications, and proposals to negotiate free trade arrangements, among other matters, brought to the Committee for review and recommendation. The CTRM has indicated a need to determine if the expected outcomes of the tariff modifications adopted in the past to prepare for Philippine participation in bilateral, regional and multilateral free trade arrangements have been realized.

B. OBJECTIVES

The main objective of the study is to develop an estimation tool/model to assess if the expected benefits from tariff modifications adopted to prepare for Philippine participation in the AEC have been realized. The impact of these tariff changes on downstream and upstream industries will also be determined. It should also be possible to use the model or tool to assess if the country should participate in proposed free trade arrangements.

C. SCOPE OF WORK

The scope of work for the project shall include, but not limited to, the following activities:

1. Development of a model/tool that would estimate the impact of tariff changes in the agricultural and industrial sectors that were subjected to such changes.
2. Identification of data and other information needed for the development of the model/tool. If a model/tool that could be used already exists, training on the use of the model/tool shall be provided.
3. Identification and/or estimation of the impact of tariff changes on downstream and upstream industries.
4. Application of the model/tool to estimate the possible impact of proposed free trade arrangements on selected agriculture and industrial subsectors, including downstream and upstream industries.
5. Conduct at least two (2) industry studies using the model.
6. Capacitate the Trade, Services and Industry Staff (TSIS) personnel assigned as counterpart staff for the study in developing, testing, and maintaining the model/tool.
7. Preparation of a manual on development, use and maintenance of the model/tool.
8. Conduct of workshops/briefings on the use of the model/ tool.

9. Presentation of the model/tool and its results to NEDA officials and relevant stakeholders.

D. DELIVERABLES/TIMELINES/PAYMENT SCHEDULE

Implementation Period. The project shall be completed within thirty two (32) weeks, commencing from the date of acceptance by the winning individual consultant or consulting firm of the Notice to Proceed (NTP).

The main output will be a model that would estimate the impact of tariff changes, at least two (2) industry studies, conduct of trainings and workshops and submission of a manual on development, use and maintenance of the model/tool. Billing for the consultant's remuneration shall be in accordance with the delivery schedule below and subject to the usual government accounting and auditing requirements

Deliverables	Timeline*	Payment Schedule of Consultant's Remuneration
Inception Report which includes, among others, the work plan that identifies the approach and possible methodologies and estimation tools/models	Within three (3) weeks from date of acceptance of NTP	10% upon acceptance of report by TSIS
Consultative Meetings and Trainings , which includes discussion with TSIS and capacity building trainings	Meetings at least once (1) a month or as agreed with the consultant or firm. Training schedule and venue shall be as agreed with TSIS	
Interim Report which includes the draft estimation tool/model, presentation of initial results, preliminary draft of at least one (1) industry study as well as activities undertaken to train TSIS personnel in the development and testing of the model	Within 12 weeks from date of acceptance of NTP	30% upon acceptance of report and preliminary draft on industry study by TSIS
Draft Revised Model/Tool and Industry Studies which takes into consideration comments from TSIS	Within 22 weeks from date of acceptance of NTP	20% upon acceptance of model by TSIS
Briefing/Workshop including preparation of draft program, venue, and conduct of presentation for relevant NEDA officials and relevant stakeholders on the use of the estimation tool/model and application/program, presentation of results as well as presentation of at least two (2) industry studies	Within 28 weeks from date of acceptance of NTP	20% upon accomplishment
Final Model with Report and Manual. The final report on results of estimates and the industry studies shall take into consideration the inputs, comments and recommendations from the NEDA and relevant stakeholders. Required manuals shall be submitted with the report which shall include detailed procedures for the use of the application/program as well as model specifics.	Within 32 weeks from date of acceptance of NTP	20% upon acceptance of model, report and manual by TSIS

The Consultant/Consulting Firm is expected to provide orientation/briefing on each of the output reports mentioned above to the concerned personnel of the NEDA-TSIS, as needed.

Billing for reimbursable items, which include expenses incurred for the production costs of materials for meetings and consultations as well as trainings and capacity building of NEDA personnel on the model, among others, may be requested based on the activities indicated in the TOR as well as actual expenses incurred and supported by official receipt/documents. 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 the oath.

A hardcopy of the reports shall be submitted to the NEDA Financial Planning and Management Staff (FPMS) of NEDA for payment purposes.

E. MODE OF PROCUREMENT AND APPROVED BUDGET FOR THE CONTRACT (ABC)

1. The mode of procurement for the consulting services shall be undertaken through public bidding in accordance with RA 9184 and its revised IRR.
2. The ABC for the proposed undertaking is **SIX MILLION TWO HUNDRED THOUSAND PESOS (P6,200,000.00)**, of which P4,000,000.00 is for remuneration and P2,200,000.00 is reimbursable (breakdown is shown below). The ABC is also inclusive of all applicable government taxes and charges, professional fees, and other incidental and administrative costs which shall be paid on reimbursement basis (e.g., meetings, trainings, workshops, acquisition of supplies and equipment and other expenses deemed necessary for the study) based on the deliverables as stated in Section D, of this TOR. The breakdown of the ABC is as follows:

Item	Total ABC Amount (P)
Remuneration for Consultant	4,000,000.00
Reimbursable Expenses	2,200,000.00
a. Consultations/meetings	
b. Software/database development ¹	
c. Workshops/briefings	
d. ICT and office equipment	
e. Training supplies and materials	
Total	6,200,000.00

3. This consulting contract shall be a fixed price contract. Any extension of contract time shall not involve any additional cost to the government.
4. All manuals, reports, materials, references, ICT and office equipment, software, among others acquired for the study shall be turned over to NEDA at the conclusion of the research project.

¹ If software and database is already available or needs to be updated, the cost may be for its licensing, access or updating, etc. Cost may also include access to tariff or trade database or other database required for the development of the model.

F. IMPLEMENTATION ARRANGEMENT

F.1 Consultancy Services and Responsibilities of the Individual Consultant or Consulting Firm

The individual consultant or firm shall be responsible for the following:

1. Render services equivalent to 32 calendar weeks.
2. Be physically available for meetings/consultation/training at the NEDA Central Office as agreed with the TSIS, during the duration of the research study.
3. Be responsible for the completion of deliverables.
4. Provide technical guidance, advice and support to TSIS in developing and testing the model/tool.
5. Assist in the identification and, if necessary, gathering of data and other information.
6. Develop the model and purchase required software and/or license needed for the development of the model/tool.
7. Provide on-the-job training to the TSIS in developing, testing, and maintaining the model/tool. Such training shall be supplemented by lectures, briefings or workshops.
8. Develop “user-friendly” application/program for the model/tool, if necessary.
9. Conduct at least two (2) industry studies using the model.
10. Present the model, simulation results and industry studies to NEDA management/officials for review, comments and approval.
11. Prepare manual on development, use and maintenance of the model/tool.
12. Prepare and conduct at least 2 briefings/workshops for at least 3 days for at most 25 participants in at least a 3 star hotel in Makati or Pasig City or a venue outside Manila, subject to approval by TSIS. Preparation shall include, but are not limited to, arranging for or securing venue (inclusive of food), preparation of program and workshop materials/kits, acquisition of supplies,
13. Provide NEDA all intellectual property rights for the model/tool developed.
14. Provide for a one-year warranty and defects liability period, wherein any problem encountered with the model/tool, including revisions/amendments as may be agreed upon by both parties, shall be corrected/remedied/revised free of charge.
15. Purchase of computer and software (specifications of which will be agreed on by the consultant/firm and the end-user) for the duration of the project;
16. Turn over to NEDA all equipment and supplies procured for the project (e.g., desktop, laptop, hard drive, mouse) at the conclusion of the project.

F.2. Responsibilities of NEDA

The NEDA shall be responsible for the following:

1. Provide workspace for the individual consultant or consultant assigned by firm.
2. Review and approve the output of the individual consultant or firm including, among others, inception report, model to be used, draft preliminary results, revised results.
3. Approve the program and venue for training/briefings/workshop and identify the participants to the briefing/workshop.
4. Pay the consultant/ firm for services rendered based on the schedule provided in this TOR.
5. Impose sanctions/penalties consistent with RA 9184 and its revised IRR.

NEDA shall be the executing agency for the consultancy service. It shall define the acceptability of the deliverables and shall be the approving authority for all operations-related activities, including payment of individual consultant or consulting firm.

G. QUALIFICATION REQUIREMENTS AND SHORTLISTING CRITERIA

1. Qualification Requirements. The project shall be undertaken either by an individual or consulting firm whose minimum requirement are stated herein:

Criteria	Qualifications
Education	<p>University/college degree in economics, statistics and/or related development fields such as international economics, globalization, economic development.</p> <p>For individual consultant or the lead consultant who may be assigned by the firm: at least MA. With PhD an advantage</p>
Experience	<ul style="list-style-type: none"> ▪ Experience in development of economic models, impact evaluation and tariff, trade and industry analysis, among others. ▪ Knowledgeable in econometric modelling and statistical analysis ▪ Analytical skills and proficiency in statistical data and tariff and trade analysis ▪ Involvement in similar and/or related consulting or professional services of complexity and technical specialty comparable to the job under consideration**. <p>For individual consultant: Only similar or relevant contracts for the last five (5) years shall be considered.</p> <p>For consulting firm: Only similar or relevant contacts for the last five (5) years by the lead consultant identified by the firm for the project shall be considered.</p>
Trainings	<ul style="list-style-type: none"> ▪ Has conducted training related to development of econometric models, statistical analysis, impact of free trade agreements, development economics, among others ▪ With experience in presentation and training facilitation skills with proven command in the use of written and spoken English and excellent communication skills; <p>Individual consultant and the lead consultant identified by the firm should have conducted at least ten (10) hours similar or relevant training as defined.</p>
Overall work commitment	<ul style="list-style-type: none"> ▪ For the individual consultant, preferably not more than four (4) current/ongoing projects. For the firm, preferably not more than seven (7) current/ongoing projects

**** Similar contracts** shall be defined as those contracts that involve the conduct of economic valuation, modelling or quantitative analysis of changes in tariffs and tariff structure to the economy or impact of free trade agreements. **Relevant** contracts shall be defined as those contracts that involve economic valuation, modelling, or quantitative analysis of industry studies, regional cooperation.

2. Selection of candidates for shortlisting shall be based on criteria in ANNEX A.
3. Prospective individual consultants are required to submit the following eligibility requirements:
 - a. Valid Tax Clearance Certificate or equivalent;
 - b. PhilGEPS Online Registration Number; and
 - c. Curriculum Vitae (CV) highlighting all completed and ongoing contracts regardless of relevance/similarity to the subject undertaking within the last five (5) years; and
 - d. At least one (1) Certificate of Project Completion and Acceptance or equivalent Certification from previous related studies/projects within the past five (5) years;
4. Prospective Consulting Firms are required to submit the following eligibility requirements:
 - a. Class “A” Documents

Legal Documents

- i. Registration certification from the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) for sole proprietorship, or Cooperative Development Authority (CDA) for cooperatives, or any proof of such registration;
- ii. Valid Mayor’s permit issued by the city or municipality where the principal place of business of the prospective bidder is located; and
- iii. Valid Tax Clearance Certificate per Executive Order (EO) No. 398, Series of 2005, reviewed and approved by the Bureau of Internal Revenue (BIR).

Technical Documents

- iv. Statement of the prospective bidder of its nominated consultant’s ongoing and completed government and private contracts (properly labeled), including contracts awarded but not yet started, if any, whether similar, relevant or not similar/relevant in nature and complexity to the contract to be bid as defined in the EDS, within the relevant period.
- v. Statement of the bidder specifying the nationality of its nominated consultant and confirming that its nominated consultant is a registered professional authorized by the appropriate regulatory body to practice those professions and allied professions including his/her respective updated curricula vitae (CVs) that show, at the very least, the nominated consultant’s educational background, related training and relevant experience (in months and years with detailed description/discussion on the nature and scope of works/services rendered).
- vi. At least one (1) Certificate of Project Completion and Acceptance or equivalent Certification from the nominated consultant’s previous related studies/projects within the past five (5) years; and
- vii. Sample/s of published studies/papers related to the project.
- b. Class “B” Document

Valid JVA, in case a JV is already in existence. In the absence of a JVA, duly notarized statements from all the potential JV partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful, shall

be included in the bid. Failure to enter into a JV in the event of a contract award shall be ground for the forfeiture of the bid security. Each JV partner shall submit the legal eligibility documents. The submission of technical and financial documents by any of joint venture partners constitutes compliance.

5. Participating shortlisted Consultants shall be evaluated using the Quality-cost Based Selection procedure under Republic Act No. 9184, or the Government Procurement Reform Act (GPRA), and its Revised Implementing Rules and Regulations (IRR), with the following weights:
 - a. Technical Proposal (70%)
 - b. Financial Proposal (30%)

H. Retention Payment

1. A retention payment of ten percent (10%) shall be withheld. It shall be based on the total amount due to the Consulting Firm 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.
2. The total "retention money" shall be due for release upon approval of the Final Report. The Consulting Firm 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.

I. Liquidated Damages

2. 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 contract, the contractor shall pay NEDA for liquidated damages, and not by way of penalty, an amount, as provided in the conditions of the 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.
3. The maximum deduction shall be ten (10) percent of the amount of contract. Once the cumulative amount of liquidated damages reaches ten (10) percent of the amount of the contract, NEDA shall at its own discretion terminate the contract without prejudice to any further action it may take to recover whatever losses incurred due to non-performance of the Consultant
4. 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.

J. Extension of Contract

1. Extension of contract duration may be granted by NEDA in case of any necessary contract variation or additional work that would render the completion of the project as originally scheduled impossible, provided that the consultant is not at fault with respect to the circumstances causing the need for such contract extension. Any contract extension shall be at no cost to NEDA.
2. Any request for extension of contract duration shall be made by the Consultant in writing including the full details of the circumstances underpinning the request as well as the justification/s for such extension. NEDA, upon receipt of the Consultant's request, shall make a determination on the validity thereof, and shall agree with the Consultant on the appropriate amount of extension of contract duration should it find said request justifiable and meritorious.
3. No extension of contract time shall be granted the consultant due to inexcusable failure or negligence to provide the requirement.
4. No extension of contract time shall be granted when the reason given to support the request for extension was already considered in the determination of the contract time during the conduct of detailed preparation of the contract documents as agreed upon by the parties before contract perfection.

SHORTLISTING CRITERIA FOR PROSPECTIVE BIDDERS FOR CONSULTING SERVICES FOR THE DEVELOPMENT OF A MODEL TO DETERMINE THE INDUSTRY-SPECIFIC IMPACT OF THE ASEAN ECONOMIC COMMUNITY TO THE PHILIPPINES

I. Qualification of individual consultant or firm's nominated consultant:	80
a. Education	10
b. Experience	50
c. Training	20
II. Current workload relative to capacity	20
Grand Total	100
Hurdle Rate	70

NOTE: In case the prospective bidder is a consulting firm, the consultant or personnel of the consulting firm who may be assigned to the job under consideration will be evaluated based on the above shortlisting criteria.

**DETAILED CRITERIA FOR SHORTLISTING FOR PROSPECTIVE BIDDERS FOR
CONSULTING SERVICES FOR THE DEVELOPMENT OF A MODEL TO
DETERMINE THE INDUSTRY-SPECIFIC IMPACT OF THE ASEAN ECONOMIC
COMMUNITY TO THE PHILIP PINES**

A. Education (10 Points)

PhD in Economics, Statistics, International Economics, Economic Development, Globalization	10
Double MA/MS combination of Economics, Statistics International Economics, Economic Development, Globalization	8
MA/MS in Economics, Statistics, International Economics, Economic Development, Globalization	6
BA/BS in Economics, Statistics or related fields	0

B. Experience (50 points)

The Consultant's experience shall be based on undertakings that are similar or relevant contracts, as defined, for the last five (5) years.

Similar contracts shall be defined as those contracts that involve the conduct of economic valuation, modelling or quantitative analysis of changes in tariffs and tariff structure to the economy or impact of free trade agreements.

Relevant contracts shall be defined as those contracts that involve economic valuation, modelling, or quantitative analysis of industry studies and regional cooperation.

Php \geq 1.5ABC	50
Pro-rated	
Php = 0.20ABC	25
Php < 0.20 ABC	0
Php \geq 2ABC	25
Pro-rated	
Php = 0.30ABC	12.5
Php < 0.30 ABC	0

Notes:

1. Full points (i.e., 50 pts) shall be given for a single similar contract costing at least equal to ABC.
2. Up to full points (i.e., 50 pts) may be given based on the cumulative cost of similar contracts.
3. Up to 50 percent of full points (i.e., 25 pts) may be given based on the cumulative cost of relevant contracts.
4. Up to full points (i.e., 50 pts) may be given based on the combined score of similar and relevant contracts as determined above.

C. Training (20 Points)

- i. Similar trainings shall be trainings conducted by the consultant involving modelling, valuation of changes in tariffs and tariff structure to the economy or impact of free trade agreements.
- ii. Relevant trainings shall be trainings conducted by the consultant involving modelling and valuation of changes in industry structure and regional cooperation.
- iii. For similar trainings, full points (20) shall be given based on cumulative number of hours of training equivalent to 80 hours or more
- iv. For relevant trainings, a maximum score of 50 percent of the total score for similar trainings shall be given
- v. Up to full points (20) may be given based on combined similar and relevant trainings as determined above
- vi. Only similar and relevant trainings as defined above, shall be considered.

No. of Hours \geq 80	20
$70 \leq$ No. of Hours $<$ 80	18
$60 \leq$ No. of Hours $<$ 70	16
$50 \leq$ No. of Hours $<$ 60	14
$40 \leq$ No. of Hours $<$ 50	12
$30 \leq$ No. of Hours $<$ 40	10
$20 \leq$ No. of Hours $<$ 30	8
$10 \leq$ No. of Hours $<$ 20	6
No. of Hours $<$ 10	4

No. of Hours \geq 80	10
$70 \leq$ No. of Hours $<$ 80	9
$60 \leq$ No. of Hours $<$ 70	8
$50 \leq$ No. of Hours $<$ 60	7
$40 \leq$ No. of Hours $<$ 50	6
$30 \leq$ No. of Hours $<$ 40	5
$20 \leq$ No. of Hours $<$ 30	4
$10 \leq$ No. of Hours $<$ 20	3
No. of Hours $<$ 10	2

D. Overall Work Commitment (20 Points)

Over all work commitment will be determined by the number of ongoing projects the individual consultant or the nominated consultant of the firm is currently engaged with.

0-1	20
2	15
3-4	10
≥5	0

Annex B. Detailed Breakdown of Approved Budget Cost (For NBAC use only)

Item	Total Contract Price Amount (₱)
Remuneration for Consultant	4,000,000.00
Reimbursable Expenses	-
a. Consultations/meetings	220,000.00
b. Software/database development ²	600,000.00
c. Workshops/briefings	880,000.00
d. ICT and office equipment	280,000.00
e. Training supplies and materials	220,000.00
Total	6,200,000.00

² If software and database is already available or needs to be updated, the cost may be for its licensing, access or updating, etc. Cost may also include access to tariff or trade database or other database required for the development of the model.