

TERMS OF REFERENCE

CONSULTING SERVICES FOR NEDA'S DYNAMIC SIMULATION MODEL FOR SOCIAL PENSION

I. Background and Rationale

The Universal Declaration of Human Rights (UDHR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR) embodies among others, the rights of older persons to social security and adequate standard of living to support their wellbeing. The provision of reliable sources of income security in old age therefore, is of utmost importance. For some, these sources include private savings, assets, and intra-family transfers but for most, this comes from public pension systems. Without a secure access to these, older persons and even their families might fall into poverty.

For these reasons, the country has been implementing two types of old-age pensions namely, the contributory scheme (i.e., Social Security System for the private sector and Government Service Insurance System for the government employees) and non-contributory scheme (Social Pension for the Indigent Senior Citizens).

Mandated by the Expanded Senior Citizens Act of 2010, the Social Pension for the Indigent Senior Citizens (refers to any 60 year old who is frail, sickly or with disability, and without pension or permanent source of income, compensation or financial assistance from his/her relatives to support his/her basic needs, as determined by the Department of Social Welfare and Development (DSWD) in consultation with the National Coordinating and Monitoring Board) grants the indigent senior citizens a monthly pension of Php500 to augment their daily subsistence and medical needs. Since it is non-contributory, the funding is derived solely from taxes. For 2015, the government has allocated Php5.962 billion to benefit some 939,609 indigent senior citizens aged 65 and above nationwide including the Autonomous Region in Muslim Mindanao (ARMM).

Just like any other non-contributory pension schemes, the twin issues of adequacy and impact of benefits; and long-term financial and fiscal sustainability has been continuously raised in annual budget hearings and social protection discussions. Hence, the assistance of an expert to respond to these issues is needed.

II. Objectives

The main objective of the project is to simulate the adequacy, impact, and financial and fiscal sustainability of the Social Pension Program of the country. Specifically, the proposed NEDA undertaking will:

1. Provide an estimate of the cost of basic needs of older persons;
2. Provide a dynamic simulation model that will estimate the:

- 2.1 Impact of the monthly pension on the poverty level of older persons;
- 2.2 Cost of living adjustments or indexation of the value of pensions; and
- 2.3 Financial and fiscal costs over time taking into consideration population aging and different social pension levels.
3. Provide different alternatives with the goal of finding the most effective and efficient scheme in terms of the welfare improvement and poverty reduction of older persons.
4. Produce a report based on the simulations.

III. Scope of Consultancy Services

The Consultancy services shall include the following:

1. Estimate the cost of basic needs of older persons;
2. Develop a dynamic simulation model preferably using R or STATA that will estimate the impact of the monthly pension on the older persons poverty level; cost of living adjustments or indexation of the value of pensions; and financial and fiscal costs over time taking into consideration population aging and different social pension levels;
3. Recommend different alternatives with the goal of finding the most effective and efficient scheme in terms of older persons welfare improvement and poverty reduction; and
4. Conduct a training-workshop for selected staffs from NEDA who will be the potential users of the simulation model preferably using R or STATA.

IV. Duration of services

The Consultancy Services will be implemented for a period of one (1) year reckoned from the issuance of the Notice to Proceed (NTP) or commencement of the undertaking as indicated in the NTP. Refer to Annex B for the detailed implementation timelines.

V. Cost of Consultancy Services

The ABC for the procurement under this TOR is Php3,200,000.00, of which Php3 million is non-reimbursable/remuneration and Php200,000.00 is reimbursable (detailed breakdown is shown in Annex A), 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.

VI. Reporting/Deliverables and Payment Schedule

The deliverables for the subject Consultancy Services as enumerated below shall be submitted by the Consultant in electronic copy (report/analysis in MS-Word format; simulation model; and projections generated through R or STATA) and five (5) hard copies to NEDA for review (see detailed timeline in Annex B).

Deliverable		Timeline	Payment (Upon acceptance by NEDA)
1	Draft Inception Report	Within 1 week from receipt of NTP	
2	Revised/Final Inception Report	Within 1 month after receiving comments from NEDA	15% of the total remuneration amount upon acceptance of the final inception report by the NEDA-Social Development Staff (SDS)
3	Interim Report	Within 5 months from receipt of NTP	30% of the total remuneration amount upon acceptance of the report by NEDA-SDS and NEDA Technical Review Committee ¹ (NTRC)
4	Draft Final Report	Within 8 months from receipt of NTP	20% of the remuneration amount upon acceptance by NEDA-SDS of the report, following presentation to the Social Development Committee (SDC)-Technical Board (TB)
5	Training-Workshop	Within 11 months from receipt of NTP	20% of the total remuneration upon reservation of the Training-Workshop venue
6	Final Report (including simulation model and electronic files)	Within 12 months from receipt of NTP	15% of the remuneration amount following NEDA-SDS acceptance of the report as revised based on SDC-TB, SDC Cabinet Level (SDC-CL) and NEDA comments, and NEDA issuance of Certificate of Satisfactory Service; including turnover of simulation model.

(Remuneration is Php3 million)

1. Draft Inception Report shall include the work plan and methodology/approach to be adopted in the conduct of the Project;

¹ Composed of the National Development Office (NDO) 1 Deputy Director General, Assistant Director General, Social Development Staff and National Policy and Planning Staff

2. Revised/Final Inception Report shall include the comments of the NEDA Technical Review Committee² (NTRC) on the work plan and methodology/approach to be adopted in the conduct of the Project;
3. Interim Report shall include the preliminary output (proposed simulation model), initial costing of basic needs and results of consultations with stakeholders and desk review;
4. Draft Final Report shall include the costing of basic needs, simulation model, results of the simulations and initial recommendations (taking into account comments from the NTRC);
5. Training-Workshop on the simulation model shall be conducted to the potential users of the model; and
6. Final Report (including simulation model developed through R or STATA) taking into account the comments generated from the NEDA SDC-TB presentation and the SDC-CL.

Note that in the process of completing the abovementioned deliverables, the Consultant is:

1. Expected to provide orientation/briefing on each of the output reports mentioned above to the concerned personnel of the NEDA Social Development Staff, as needed;
2. Expected to do the presentations to the NTRC, SDC-TB and SDC-CL for comments and approval/subsequent adoption;
3. Expected to turn over to NEDA at the conclusion of the Project all manuals, materials, references, software, data sets, etc., acquired for the study;
4. Allowed to request billing for *reimbursable items* 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. Billing for non-reimbursable items (professional fees), however, shall be in accordance with the above schedule of deliverables and subject to Government accounting and auditing requirements; and
5. Expected to be familiar with the Government Accounting and Auditing Manual (GAAM) since all the above payments shall be subject to the usual government accounting and auditing requirements.

VII. Implementation Arrangements

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 (TOR). 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

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Management Office (lodged at the Office of the Assistant Director General for Policy and Planning of NEDA) for administrative concerns.

Responsibilities of NEDA

NEDA is the Executing Agency for the consultancy service. The NEDA-SDS shall be responsible for the following:

1. Overall coordination during the conduct of the Project;
2. Technical and secretariat support in (a) coordinating with concerned government agencies, which shall be consulted or requested to provide comments and recommendations in all deliverables submitted/presented by the Consultant through the SDC, and (b) organizing the presentation to the NTRC, NEDA SDC-TB and SDC-CL, and in holding meetings, as necessary; and
3. Facilitation of payment for the consultant in accordance with the schedule provided in this TOR.

Responsibilities of Consultant

The consultant shall be responsible for the following:

1. Comprehensive desk review (data gathering and analysis) of the Social Pension for the Indigent Senior Citizens Program;
2. Interviews and consultation meetings with the Program beneficiaries, Department of Social Welfare and Development, the Department of Budget and Management, and other stakeholders;
3. Project outputs namely, costs of basic needs of older persons, dynamic simulation model preferably using R or STATA that will estimate the impact of the monthly pension on the older persons poverty level; cost of living adjustments or indexation of the value of pensions; financial and fiscal costs over time taking into consideration population aging and different social pension levels; and different alternatives with the goal of finding the most effective and efficient scheme in terms of older persons welfare improvement and poverty reduction;
4. Reports as outlined in the deliverables (Part VI);
5. Presentations to the NTRC, NEDA SDC-TB, SDC-CL and other meetings as necessary;
6. Training-Workshop on the simulation model for the potential users; and
7. Billing statements as stated in the deliverables (Part VI).

VIII. Mode of Procurement

The mode of procurement for the consulting services shall be public bidding in accordance with Republic Act (RA) No. 9184 or the Government Procurement Reform Act (GPRA) and its Revised Implementing Rules and Regulations IRR.

IX. Qualification of the Consultant and Criteria for Selection

- a. The Consultant for the Project shall have the following qualifications:

	Qualifications	Minimum Requirements
Education	Educational attainment in any of the following: actuarial mathematics, social protection financing, mathematics, economics, statistics, demography, public health	At least MA/MS degree holder in any of the following: actuarial mathematics, social protection financing, mathematics, economics, statistics, demography, public health
Experience	<p>Demonstrate extensive social insurance experience in any of the following:</p> <ul style="list-style-type: none"> • Stochastic simulations and deterministic projections • policy development in pensions • social protection financing • public financing • valuation and economic analysis 	<ul style="list-style-type: none"> • At least ten (10) years of relevant experience in actuarial work. • Has at least two (2) trainings facilitated with certification/contract.
Skills and Competencies		<ul style="list-style-type: none"> • An associate of the Actuarial Society of the Philippines (AASP) (see Annex E) • Has done at least three (3) written reports with certification. • Must have a minimum of 40 hours of training on any of the following software: <ul style="list-style-type: none"> a) R b) STATA c) Programming in Excel (e.g. Macro)

Shortlisting and selection of qualified candidates is rated based on attached Criteria for Shortlisting in Annex C. Prospective bidders are required to submit the list/items in Annex D.

- b. The Consultant shall be selected using the Quality-Cost Based Selection procedure under RA 9184 and its IRR based on the following criteria:

- i. Technical Proposal : 80%; and
- ii. Financial Proposal : 20%.

The hurdle rate is set at 70%, provided that there is no score lower than 50% in any major criterion.

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. Should the amount of liquidated damages reach fifteen percent (15%) of the contract amount, 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 Contractor.

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: BREAKDOWN OF ABC

Item/activity	Cost Breakdown (in PhP)	Total Cost (in PhP)
Non-reimbursable expenses		2,976,000.00
Consultant	PhP300,000/month x 8 months	2,400,000.00
1 Economist/Statistician (with econometric modelling background)	PhP32,000/month x 12 months	384,000.00
1 Administrative Assistant	PhP16,000 /month x 12 months	192,000.00
Reimbursable expenses		224,000.00
Training-Workshop (live-out)	10pax x 5 days x PhP1,200/pax	60,000.00
Meetings/Consultations	Luzon 5,555 per pax x 3 pax Visayas 5,555 per pax, 3 pax Mindanao 5,555 per pax x 3 pax	50,000.00
Transportation/Travel expenses		50,000.00
Supplies		30,000.00
Other expenses		34,000.00
Total		Php3,200,000.00

Annex B: Timeline

GANTT Chart

Activities	Timeframe	Months from Issuance of NTP											
		1	2	3	4	5	6	7	8	9	10	11	12
Preparatory Phase													
TOR finalized; Issuance of Notice to proceed/commence													
Drafting of Inception Report/Workplan													
Presentation of the Inception Report/Workplan to NEDA Officials (Secretary, Deputy Director General, Assistant Director General, and SDS Director)	1 Month												
Revised/Final Inception Report													
Conduct of Study Phase													
Conduct consultation meetings/forum among key stakeholders (Program beneficiaries, government agencies including oversight agencies)	6 Months												
Develop simulation model													
Interim Report													
Presentation of Interim Report to NEDA Officials (Secretary, Deputy Director General, Assistant Director General, and SDS Director)													
Recalibration of simulation model based on comments													

Activities	Timeframe	Months from Issuance of NTP											
		1	2	3	4	5	6	7	8	9	10	11	12
Final Report	5 months												
Writing of draft report including comments													
NEDA review of complete draft report													
Presentation to SDC-TB for comments													
Revision of draft report based on the comments from the SDC-TB													
Presentation to SDC-CL for comments													
Revision of draft report based on the comments from the SDC-CL (finalization)													
Training-Workshop on the Simulation Model (for NEDA-SDS)													
Submission of Final Report													