

Terms of Reference

REVIEW / FORMULATION OF METHODOLOGY FOR THE QUANTIFICATION OF ECONOMIC BENEFITS OF SOCIAL INFRASTRUCTURE PROJECTS

1. BACKGROUND/RATIONALE

- 1.1. Social Infrastructure Subsector typically includes physical assets/facilities for social services.¹ These types of assets/facilities are often at the heart of local communities that contribute to creating a sense of belonging and turn residential areas into sustainable neighborhoods and communities.² Examples of Social Infrastructure assets include, among others, schools, universities, hospitals and clinics, prisons, community housing and recreational facilities. These, however, do not typically extend to the provision of social services, such as the provision of teachers at a school or custodial services at a prison.³
- 1.2. To attain the country's inclusive growth targets, it is seen that investments in Social Infrastructure will increase significantly. In preparation for the expected influx of development and redevelopment programs/activities/projects (PAPs) to be proposed for NEDA Board – Investment Coordination Committee (ICC)⁴ approval, the ICC Secretariat, particularly the Sector Staff/s concerned, must be equipped with standards/guidelines for the improvement of its appraisal process. Among others, benchmarks and criteria for economic evaluation of Social Infrastructure projects should be determined to provide quantifiable bases for assessment that will aid in sound decision-making of the ICC.
- 1.3. In this regard, the NEDA-Infrastructure Staff (IS) intends to undertake the *Study on the Review/Formulation of Methodology for Quantification of Economic Benefits of Social Infrastructure Projects*, the results of which, (i) will be utilized by the Staff as a guide to enhance its capability in the economic evaluation/appraisal of Social Infrastructure projects submitted for ICC processing and approval; and, (ii) could be used by proponents / concerned implementing agencies (IAs) for reference in the computation of the economic viabilities⁵ of proposed Social Infrastructure projects.

2. OBJECTIVE, PURPOSE & EXPECTED RESULTS

2.1. Objective of the Study

The objective of the Study is to improve the ICC Secretariat's, in particular the NEDA-IS', capacity in evaluating Social Infrastructure project proposals for ICC

¹ <http://www.nzsif.co.nz/Social-Infrastructure/What-is-Social-Infrastructure/>. Accessed on 09 March 2016.

² http://www.richmond.gov.uk/social_infrastructure_issues_paper.pdf. Accessed on 09 March 2016.

³ Ibid.

⁴ The ICC is primary tasked to, among others, evaluate the fiscal, monetary and balance of payments implications of major national projects, and recommends to the President of the Philippines the timetable of their implementation on a regular basis.

⁵ A project is considered economically viable if its calculated internal rate of return (IRR) meets or surpasses the hurdle/social discount rate of 10 percent per the recent ICC guidelines.

appraisal by formulating/developing a methodology for identifying and quantifying economic benefits/indicators of Social Infrastructure projects focusing on those related to the promotion of tourism, research and development, urban renewal, and culture and heritage.

2.2. Expected Result/s

2.2.1. It is expected that a report containing the assessment of existing methodology and the recommended methodology, which discusses the identification of and rationale for the economic benefits pertinent to the different types of Social Infrastructure projects, shall be prepared. This shall be complemented with an instruction manual (complete with sample computations) on how to quantify (in Peso terms) the identified economic benefits.

2.2.2. Furthermore, after the formulation of a draft instruction manual, the ICC Secretariat shall be trained/capacitated on the various quantification methodologies included in the report.

3. SCOPE OF WORKS

3.1. Identification and Review/Quantification/Formulation of Economic Benefits

The Consultant shall undertake the following:

3.1.1. Assess and identify all direct and indirect economic benefits (including disbenefits, if any) within the Philippine context in undertaking Social Infrastructure projects for the promotion of tourism, research and development, urban renewal, and culture and heritage. Examples of such projects to be considered in the undertaking are, but not limited to, the following⁶:

- (a) New Nayong Pilipino at Entertainment City Project [by Nayong Pilipino Foundation (NPF)];
- (b) Eco-tourism park in Clark Green City [by Bases Conversion Development Authority (BCDA)];
- (c) Green space development similar to Singapore Gardens by the Bay;
- (d) Wildlife parks and aquariums;
- (e) Research facilities, i.e., Research Reactor [Philippine Nuclear Research Institute (PNRI)]; and,
- (f) Cultural/landmark building restoration.

3.1.2. Determine all possible quantifiable benefits (including disbenefits, if any) and consider thoroughly the various relevant risks and assumptions associated thereto; and,

⁶ The Consultant may suggest the inclusion of other projects falling within the cited categories based on his/her assessment of the sector.

- 3.1.3. Develop methodologies to quantify⁷ (in Peso terms) the economic benefits/indicators (including disbenefits, if any) identified and provide sample calculations;

3.2. Preparation of a Report

The Consultant shall prepare a report that discusses the identification of and rationale for the economic benefits pertinent to the different types of Social Infrastructure projects. This should be complemented with an instruction manual (complete with sample computations) on how to quantify (in Peso terms) the identified economic benefits.

3.3. Reporting

The Consultant shall present the results of the Study to NEDA-IS and other concerned NEDA staffs and offices.

3.4. Training/Workshop

The Consultant shall conduct a training/workshop after the formulation of the Draft Instruction Manual in order to train/capacitate the ICC Secretariat (at least 30 personnel) on the various quantification methodologies included in the report.

4. TIMELINES AND DELIVERABLES

4.1. Commencement Date and Period of Implementation

The engagement of the Consultant shall be for **four and a half (4.5) man-months** over a period of **six (6) months**, commencing from the date of receipt of the Notice to Proceed (NTP) or seven (7) days after the issuance of the NTP, whichever is earlier. Refer to Figure 1 for the indicative timeline of the Study.

4.2. Table of Deliverables

The deliverables for the Study are as enumerated below:

Deliverables	Timeline
Draft Inception Report indicating the work plan and methodology/approach to be adopted in the conduct of the Study [<i>Three (3) hard copies and in electronic form</i>]	Within two (2) weeks from the date of receipt of the NTP or from the seventh day after the issuance of the NTP, whichever is earlier.
Draft Interim Report including preliminary output/s [<i>Three (3) hard copies and in electronic form</i>]	Within five (5) weeks from acceptance of the Inception Report.
Draft Final Report and Instruction Manual [<i>Three (3) hard copies and in electronic form</i>]	Within six (6) weeks from acceptance of the Interim Report.
Conduct of Training/Workshop [<i>For at least 30 personnel</i>]	Within four (4) weeks from the submission of the Draft Final Report and Manual.

⁷ Consistent with NEDA's Reference Manual on Project Development and Evaluation (PDEM)

Final Report and Instruction Manual [<i>Five (5) hard copies and in electronic form</i>]	Within three (3) weeks from completion of Training/Workshop.
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All document deliverables shall be submitted to the NEDA-IS for review and acceptance.

Further, the Consultant is expected to present the Draft Final Report and Instruction Manual to NEDA-IS and other concerned NEDA staffs and offices within three (3) weeks after its submission to NEDA-IS for discussion and further refinement.

Figure 1: Indicative Timeline

Activity	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Leveling Off Meeting	■					
Draft Inception Report	■					
Review of Draft Inception Report		■				
Finalization of Inception Report		■				
Draft Interim Report		■	■	■		
Review of Draft Interim Report			■			
Finalization of Interim Report			■			
Draft Final Report and Manual			■	■	■	
Review of Draft Final Report and Manual				■	■	
Presentation of the Report and Manual					■	
Training/Workshop						■
Revision of Final Report and Manual						■
Submission of Final Report and Manual						■

5. QUALIFICATION REQUIREMENTS AND SELECTION CRITERIA

5.1. Prospective Consultants are required to submit the following:

FOR INDIVIDUALS

- 5.1.1. Valid Tax Clearance Certificate (TCC) or equivalent;
- 5.1.2. Philippine Government Electronic Procurement System (PhilGEPS) Online Registration Number;
- 5.1.3. Curriculum Vitae (CV) providing details on the Consultant's educational background, training attended/conducted, and various work experiences (highlighting all completed and ongoing contracts regardless of relevance/similarity to the subject undertaking), including the pertinent information enumerated in Clause 5.1.5.(d) below; and,
- 5.1.4. At least one (1) Certificate of Completion and Acceptance / Satisfactory Service / final payment, or equivalent/similar document, issued by the client (with the date of issuance of such certificate indicated).

FOR FIRMS

- 5.1.5. Class "A" Documents –

Legal Documents

- (a) Registration certificate 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;
- (b) Valid Mayor's permit issued by the city or municipality where the principal place of business of the prospective Consulting Firm is located;
- (c) Valid TCC per Executive Order (EO) No. 398, Series of 2005, reviewed and approved by the Bureau of Internal Revenue (BIR);

Technical Documents

- (d) Statement of the prospective Consulting Firm of all its 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. The statement shall, for each contract, include, but not limited to, the following:
 - (d.1) Complete name/title and location of the contract;
 - (d.2) Date of award of contract (in day-month-year);
 - (d.3) Brief description of the project including the type/nature of the scope of works;
 - (d.4) Consulting Firm's role (whether main consultant, subcontractor, or partner in a JV), including a detailed discussion/description of such role;
 - (d.5) Total project/contract cost;
 - (d.6) Approximate amount of the consulting services rendered;
 - (d.7) Contract duration for the services rendered (in month and year); and,
 - (d.8) At least one (1) Certificate of Completion and Acceptance / Satisfactory Service / final payment, or equivalent/similar document, issued by the client (with the date of issuance of such certificate indicated);
- (e) Statement of the Consulting Firm specifying the nationality and confirming that the Consultant who will actually perform the service is a registered professional authorized by the appropriate regulatory body to practice his/her profession and allied profession, including his/her updated CV that show, at the very least, the 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); and,

Financial Document

- (f) The Consulting Firm's audited financial statements, showing, among others, its total and current assets and liabilities, stamped "received" by the BIR, or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of proposal submission.

5.1.6. Class "B" Document –

Valid Joint Venture Agreement (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 proposal is successful, shall be included in the proposal. Failure to enter into a JV in the event of a contract award shall be ground for the forfeiture of the Proposal Security. Each JV partner shall submit the legal Eligibility Documents. The submission of Technical and Financial Documents by any of the JV partners constitutes compliance.

5.2. The Consultant should meet the following minimum qualifications:

- 5.2.1. At least five (5) years of similar and/or relevant experience⁸ in project development;
- 5.2.2. At least a Bachelor's Degree in Economics, or other related fields (i.e., Engineering, Statistics, Mathematics); and,
- 5.2.3. Have performed economic analyses of at least three (3) social infrastructure projects.

Note:

- (i) All minimum qualifications of the Consultant shall obtain a score of 50 out of 100 points; and,
- (ii) The Consultant should certify that the information provided in his/her CV is true and correct. For a Nominated Consultant, he/she should submit a signed written commitment stating that he/she shall work for the Study once awarded the contract.

5.3. The Consultant may employ research assistant/s at his/her own expense.

5.4. The Consultant shall be shortlisted based on the following criteria:

Criteria/Particulars	Firm	Individual
I. Experience and Capability of the Consultant	60	-
a. Similar Experience		
b. Relevant Experience		
II. Qualification of Consultant⁹	30	90
a. Education		
b. Relevant Training		

⁸ **Similar experience** refers to previous engagements/contracts with scope of works covering the conduct of pre-feasibility study (F/S), full-blown F/S, economic and social analyses components of an F/S, and/or other related studies/services pertaining to the social infrastructure sector. **Relevant experience**, on the other hand, refers to previous engagements/contracts with scope of works covering the conduct of pre-F/S, full-blown F/S, economic and social analyses components of an F/S, and/or other related studies/services pertaining to the infrastructure sector in general.

⁹ For Firms, the qualifications of organic personnel or personnel who may be assigned to the Study shall be evaluated.

<i>c. Related Experience</i> <ul style="list-style-type: none"> • <i>Similar Experience</i> <ol style="list-style-type: none"> 1. <i>No. of Years</i> 2. <i>No. of Economic Analyses Performed¹⁰</i> • <i>Relevant Experience</i> 		
III. Financial/Job Capacity¹¹	10	10
Grand Total	100	100

Eligible Consultants should pass the hurdle rate of 70 out of 100 points to be considered shortlisted to participate in this procurement activity.

5.5. Participating Consultants will be evaluated using the Quality-Cost Based Evaluation/Selection (QCBE/QCBS) procedure under Republic Act (RA) No. 9184, or the Government Procurement Reform Act (GPRA), and its Revised Implementing Rules and Regulations (IRR) at *80% for the Technical Proposal and 20% for the Financial Proposal.*

6. RESPONSIBILITIES

6.1. Responsibilities of NEDA

- 6.1.1. Shall evaluate all requests for payments/billings and determine the acceptability/correctness of the same;
- 6.1.2. Shall provide, upon the request of the Consultant, available information/data and also, if available, copies of previous related studies subject to the execution of a Confidentiality and Non-Disclosure Agreement (CNDA), if necessary;
- 6.1.3. Shall supervise and provide over-all guidance to the Consultant on the general direction of the Study based on the objectives as well as on relevant country policies and development plans, and will direct the engaged Consultant on the succeeding or next steps to be undertaken during the course of the Study;
- 6.1.4. Shall facilitate and coordinate with other government agencies and private sector for necessary interviews/meetings; and,
- 6.1.5. Shall extend assistance in the coordination, preparation and arrangement of venue, equipment, materials and other logistics for the various meetings.

6.2. Responsibilities of the Consultant

- 6.2.1. Shall be responsible for the conduct of the Study and the timely delivery of results/outputs as indicated above;

¹⁰ For Social Infrastructure Projects only

¹¹ The Financial Capacity of the Firm may be supplemented by a Letter of Credit (LC) from any commercial bank in the Philippines equivalent to at least two (2) months cost of the ABC.

- 6.2.2. Shall shoulder all expenses required in the conduct of the Study, including costs related to the conduct of the Training/Workshop;
- 6.2.3. Shall: (a) keep accurate and systematic records and accounts in respect of the Services in such form and detail as is customary and sufficient to establish accurately that the costs and expenditures under this TOR have been duly incurred; and, (b) permit the duly authorized representative/s of the Government from time to time to inspect its records and accounts as well as to audit the same;
- 6.2.4. Shall not assign nor sub-contract any part of the Services under this TOR to any person of Firm, except with prior written consent of NEDA. The approval by the Government to the assignment of any part of said Services or to the engagement by the Consultant of sub-contractors to perform any part of the same shall not relieve the Consultant of any obligations under this TOR;
- 6.2.5. Shall not, at any time, communicate to any person or entity any information disclosed to them for the purpose of this Services, nor shall the Consultant make public any information as to the recommendations formulated on the course of or as a result of the Services, except with prior consent of NEDA;
- 6.2.6. Shall agree that nothing contained herein shall be construed as establishing or creating between the Government and the Consultant, the relationship of employer and employee or principal and agent, it being understood that the position of the Consultant is that of an independent contractor; and,
- 6.2.7. Shall hold the Government free from any and all liabilities, suits, actions, demands or damages arising from the death or injuries to persons or properties, or any loss resulting from or caused solely by the Consultant's personnel incident to or in connection with the Services under this TOR. The Consultant shall agree to indemnify, protect and defend at its own expense the Government and its agents from and against all actions, claims and liabilities arising out of acts done solely by the Consultant in the performance of the Services, including the use of, violation of any copyrighted materials, patented invention, article or appliance.

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

- 7.1. The procurement of the Consulting Services required under this TOR shall be undertaken through competitive public bidding.
- 7.2. The ABC for the proposed Study is **TWO MILLION, TWO HUNDRED NINETY-ONE THOUSAND TWO HUNDRED FIFTY AND 00/100 PESOS (PhP2,291,250.00)**, 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.).

- 7.3. Note that this Consulting Services contract shall be a *fixed price contract*. Any extension of contract time shall not involve any additional cost to the Government.
- 7.4. All equipment, materials, etc., acquired for the Study shall be turned over to NEDA prior to the issuance of the Certificate of Completion and Acceptance.

8. PAYMENT SCHEME/SCHEDULE

- 8.1. Billing shall be in accordance with the following delivery schedule:

Milestone	% of Contract Price
Upon acceptance of the Inception Report	10%
Upon acceptance of the Interim Report	30%
Upon acceptance of the Draft Final Report and Manual	30%
Upon completion of the Training/Workshop	10%
Upon acceptance of the Final Report and Manual	20%
Grand Total	100%

- 8.2. An advance payment shall be made to cover mobilization costs, but shall not exceed 15 percent of the contract amount, subject to the posting of an irrevocable standby letter of credit issued by an entity acceptable to NEDA and of an equal amount to the advance payment. The advance payment shall be repaid by the Consultant by deducting from his/her subsequent billings/payments such sum as agreed upon during contract negotiations until fully liquidated within the duration of the contract.

9. RETENTION PAYMENT

- 9.1. A retention payment of 10 percent shall be withheld. 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 50 percent of the value of Study, as determined by NEDA, is completed. If, after 50 percent completion, the Study is satisfactorily done and on schedule, no additional retention shall be made; otherwise, the 10 percent retention shall be imposed.
- 9.2. 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 10 percent 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.

10. LIQUIDATED DAMAGES

- 10.1. Where the Consultant 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 Consultant 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 reaches 10 percent 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 the non-performance of the Consultant.

- 10.2.** 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 Consultant under the contract and/or collect such liquidated damages from the retention money or other securities posted by the Consultant whichever is convenient to NEDA.