

TERMS OF REFERENCE

Consulting Services for NEDA Central and Regional Offices' Capacity Building on Public-Private Partnership (PPP) Projects

I. Rationale

The government aims to accelerate its public infrastructure spending to 5%-7% of the annual Gross Domestic Product (GDP) in the next six (6) years. One of the strategies of the government to achieve this goal is to tap the innovation and efficiency of the private sector through its Public-Private Partnership (PPP) Program.

After more than two (2) decades since the enactment of Republic Act (RA) No. 6957, as amended by RA 7718, otherwise known as the Build-Operate-Transfer (BOT) Law, private sector participation in infrastructure development has yet to be fully maximized. So far, only twelve (12) PPP projects have been awarded since 2010. While many projects were rolled out, most projects have encountered implementation delays due to poor project preparation. Further, while the intent of the BOT Law is to mobilize private resources for the purpose of financing the construction, operation and maintenance of public infrastructure projects, most PPP projects required government's financial assistance (e.g., viability gap funding, subsidies) to be viable. Likewise, the size of the contingent liability of these projects, if or when they materialize, is a source of concern. Currently, many more PPP projects are in the pipeline.

In view of the thrust of the Duterte administration to facilitate the development and implementation of infrastructure projects outside of Metro Manila, there is a need to capacitate the NEDA Regional Offices (NROs) in appraising projects, including PPPs, due to the anticipated influx of region-specific investments. Similarly, the capacity of the NEDA-Central Office (NEDA-CO) staffs in the review of PPP projects undertaken in the National Capital Region (NCR) should continuously be enhanced given the increasing complexity in the packaging and review of such PPP projects as distinguished from those implemented in the specific regions.

The government is also contemplating the implementation of "hybrid" PPP projects where the government will build the facility since it can secure concessional financing through Official Development Assistance (ODA) and tap the private sector later for the operation and maintenance of the facility.

At the project identification/preparation level, given that the quality of project proposals remain to be a bottleneck to the truly successful PPP, it is deemed that project appraisal needs to be further strengthened particularly in identifying which projects can be really considered as good investments, regardless of the procurement approach. There is then a need to assess which among those projects identified in the Public Investment Program (PIP) are eligible or qualified for PPP undertaking.

II. Objectives

The services of a Consultant shall be contracted to design and conduct a series of training workshops with the end view of strengthening the capacity of NEDA Central and Regional personnel to:

- a. Clearly enunciate the difference between a PPP from the traditional public sector undertaking;
- b. Determine whether a particular project should be delivered through PPP or standard public procurement on the prior assumption that the project is indeed a good investment using Value for Money (VfM) analysis; and
- c. Review and evaluate projects proposed under PPP.

III. Description/Scope of Consultant's Services

The Consultant shall conduct an assessment for selected NEDA Central and Regional participants to identify their level of understanding on PPPs and the appraisal thereof and determine the appropriate content/design of each training module. The Consultant shall then conduct capacity-building through formal training sessions as well as hands-on exercises for a period of five (5) days for 35 participants who will be comprised of technical personnel from the NEDA Central Office and Regional Offices. The training modules shall cover, but not limited to, the following topics:

- i. **Financial Analysis**
- ii. **Value for Money (VfM) Analysis**
- iii. **Risk Analysis**

The Consultant shall prepare illustrative examples and problem-solving exercises for each of the above to orient the participants on its actual application and use.

IV. Commencement Date and Period of Implementation

The Capacity Building Services shall be completed within a period of three and a half (3.5) months, inclusive of period for preparatory works and review/acceptance by NEDA of the deliverables, reckoned from the receipt of the Notice to Proceed (NTP), or until contract amount has been fully disbursed/expended in accordance with the contract terms and conditions. Please refer to Annex A for an illustration of the indicative timelines for the study.

V. Implementation Arrangement/Responsibilities

A. Responsibilities of the Consultant

1. Prepare and submit an Inception Report which includes a training plan summary (Gantt chart), the training methodology, work and resource plan;
2. Prepare criteria, with minimum qualification requirements, for selecting participants;

3. Conduct diagnostic assessment of approved list of participants;
4. Design and prepare training modules based on results of the diagnostic assessment;
5. Identify two (2) projects, one appropriate for PPP undertaking and the other not appropriate for PPP undertaking, as agreed upon with NEDA, to be used as case studies;
6. Prepare and submit a training program, including training content, and schedule and venue in coordination with NEDA;
7. Reproduce training materials and package into a training kit;
8. Design and prepare pre- and post-training evaluation forms per module for review and approval by NEDA, to be administered to all participants in order to measure (1) the degree of improvement in the participants' understanding of the topics per module, and (2) the participants' assessment of the contents of the module (and recommend improvements or adjustments);
9. Conduct trainings on schedule and at venue agreed upon with NEDA;
10. Undertake procurement and preparation of the venues (preferably near Ortigas Center), including meals (preferably buffet set-up for lunch), accommodation (preferably twin-sharing arrangement) and transportation arrangements (including flights of regional participants and land transportation), coordination/ communication with participants, and other logistic requirements, as may be necessary, for the efficient conduct of the training-workshops, including all preparatory and on-site secretariat process, documentation of training modules, and coordination work involving all concerned parties;
11. Prepare and submit the Post-Training Assessment Report upon completion of the training and turn over to NEDA all documents (training design, diagnostic assessment questionnaire, training modules/materials, etc.) produced/ developed under the engagement; and
12. Prepare and coordinate with NEDA all logistical arrangements (e.g., transporting participants to and from the venue).

B. Responsibilities of NEDA

1. Identify a maximum of 35 participants;
2. Coordinate with the NEDA Regional Offices on the schedule of trainings;
3. Approval of criteria for participants' selection, modules and content (including case studies to be used), schedule and venue; and
4. Process payments.

VI. Cost of Consultancy Services

The procurement of the Consulting Services required under this TOR shall be undertaken through competitive public bidding. The ABC for the proposed services is **FOUR MILLION PESOS (Php4,000,000.00)**, inclusive of all applicable Government taxes and charges, professional fees, and other incidental and administrative costs which shall be paid on a reimbursement basis (i.e., transportation expenses, printing and reproduction of training materials, plane fare and accommodation of participants, cost of conduct of the trainings including food, venue, equipment rental and other expenses deemed necessary for the project).

Note that this consulting contract shall be a fixed price contract. Any extension of contract time shall not involve any additional cost to NEDA.

VII. Deliverables and Payment Schedule

- a. An Inception Report with detailed work and financial plan shall be submitted by the Consultant to NEDA for review within two (2) weeks from the date of receipt of the NTP.
- b. The following are the milestones in relation to the capacity-building service, including the target date for each activity and payment scheme.

Deliverable	Timeline	Payment¹
Inception Report with detailed work and financial plan	Within 2 weeks from receipt of NTP	15% of Remuneration upon acceptance of NEDA
Training modules and presentation materials (1 hard, 1 soft)	Within 2 months from receipt of NTP	30% of Remuneration upon acceptance by NEDA
Conduct of 5-day training	Date of training as scheduled/ agreed upon with NEDA	40% of Remuneration upon completion of the training
Post-training assessment report	Within a week after the conduct of the training	15% of Remuneration upon acceptance by NEDA

- a) The training modules should be provided in both hard and soft copies. The Consultant should prepare two (2) case studies/exercises for each of the identified topics under Sec. III above;
- b) The venue for the training shall be at least a three-star hotel near Ortigas Center, and shall be inclusive of breakfast, lunch and dinner as well as snacks for the morning and afternoon breaks.
- c) The plane fare and accommodation (twin-sharing) of the participants shall form part of the reimbursable expenses.

Billing for the reimbursable items may be requested not more than once a month based on the actual expenses incurred and supported by official receipts/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 oath.

¹ Payment shall be made upon NEDA's acceptance of the Deliverable.

An advance payment shall be made to cover mobilization costs, but shall not exceed **FIFTEEN (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 Consulting Firm by deducting from his subsequent billings/payments such sum as agreed upon during contract negotiations until fully liquidated within the duration of the contract.

VIII. Qualification of the Consulting Firm

The Firm should have at least 10 years of similar and/or relevant experience. Similar experience refers to the conduct of investment appraisal, and project development/preparation on infrastructure projects for PPP. Relevant experience refers to conduct of investment appraisal and project development/preparation of non-PPP infrastructure projects and non-infrastructure PPP projects. Similar and relevant experience shall also include the conduct of capacity-building on the foregoing.

IX. Qualification of Personnel

i. Officials/Key Personnel of the Firm

For shortlisting purposes, the qualification of the Firm's officials/key personnel will also be evaluated in terms of their *applicable educational background, trainings, and experience* to ascertain their capability in conducting the training.

ii. Key Personnel proposed to be assigned to the Project

1. The Consultant is to put together a core team composed of one (1) Team Leader and at least 1 Infrastructure Specialist (PPP/Financial/Risk)

The *Team Leader* will be responsible for the project and will be NEDA's point of contact for the project. The *Infrastructure Specialist/s* will provide additional technical support in the areas of PPP, and financial/risk analyses.

- b. The core team should have at least five (5) years of experience undertaking project development/preparation and review/appraisal of public infrastructure projects, particularly PPP. At least a Bachelor's Degree in economics, statistics, engineering, mathematics, finance or development studies/management and at least 120 hours of similar and/or relevant training are required.
- c. Given the diverse field of expertise required, local consultants may associate or tie-up with foreign consultants. The consultant may engage local and/or international sector specialists on an *as needed* basis, depending on the nature of the infrastructure projects selected as case studies for the training.

X. Criteria for Shortlisting

1. Qualification of Firm – 50%

2. Quality of Officials/Key Personnel of the Firm² – 30%
3. Job/Financial Capacity – 20%

A firm should obtain a financial capacity (FC) of at least 100% to be shortlisted based on the following formula:

$$\text{Financial Capacity (FC)} = \frac{\text{Net Current Assets less Amount Pertaining to the 2-Month Costs of the Total Contract Fees for Ongoing Projects}}{\text{2-Month Costs equivalent of ABC}} \times 100$$

XI. Evaluation of Bids

The shortlisted Consultants shall be required to submit their technical and financial proposals. Particularly, the technical proposal should contain clear descriptions of the content, approaches, and methodologies to be used for the training workshops, in compliance with this TOR.

Bids shall be evaluated using the Quality-Cost Based Selection (QCBS) procedure under RA 9148 and its IRR. The weights are allocated as follows: Technical 80% and Financial 20%.

XII. Retention Payment

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 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 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.

² Key personnel who are not organic to the firm shall be required to submit a letter certifying their commitment to render services to the firm for the engagement if awarded the contract.

XIII. Liquidated Damages

Where the Consulting Firm 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 Consulting Firm 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 ten percent (10%) 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 Consulting Firm.

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 Consulting Firm under the contract and/or collect such liquidated damages from the retention money or other securities posted by the Consulting Firm whichever is convenient to NEDA.

Annex A
Timeline for the capacity building

Activity		Month 1				Month 2				Month 3				Month 4			
NTP Issuance																	
Orientation/Leveling Off																	
Inception Report, with WFP																	
Review by NEDA																	
Criteria, case studies selection																	
Review by NEDA																	
Diagnostic Assessment																	
Development of training modules																	
Review by NEDA																	
Training Preparation																	
Actual Training																	
Post-Training Assessment Report																	

Annex B

ABC for Consultancy of Capacity Building on PPP Projects

A. Remuneration	2,283,000.00
B. Reimbursables	1,459,500.00
1. Round trip airfare for 11 regional participants + land transportation for 9 participants	
2. Workshop - 20 regional participants + 15 central office + 5 team members/logistics = 40 pax per workshop	
3. Meetings, Office Supplies, Communications, Printing, Training Kits, etc. (lump-sum)	
4. Per diem expenses for participants Includes hotel accommodation, meals (bfast and dinner), incidentals, etc.	
C. Taxes	254,760.00
Grand Total	~ 4.0M