

TENDER DOSSIER

(Content)

CONSULTING SERVICES

Italian Technical Assistance

Provision of Technical Assistance and Support to the Micro-finance Sub-Component of the Italian Agrarian Reform Community Development Support Program (ITA-IARCDSP)

**Italian Agrarian Reform Communities Development Support Project
Department of Agrarian Reform
January 26, 2018**

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Part I. Expression of Interest

Circulation restricted to the Contracting Authority and to the author of the document to protect the individual and to protect privacy, commercial and industrial secrecy

APPLICATION FOR SERVICE CONTRACT

Contract notice: < Publication reference >

Italian Technical Assistance - International Consultancy Provision of Technical Assistance and Support to the Micro-finance Sub-Component of the Italian Agrarian Reform Community Development Support Program (ITA-IARCDSP)

Please supply one signed application, together with three copies. For economic and ecological reasons, we strongly recommend that you submit your files on paper (no plastic folder or divider). We also suggest you use double-sided printing wherever possible. Your application must include a signed declaration using the annexed format from each legal entity making the application. **All data included in this application must concern only the legal entity or entities making the application.**

Any additional documentation (brochures, letters etc.) sent with your application will not be taken into consideration. Applications submitted by a **consortium** (i.e. either a permanent, legally-established grouping or a grouping set up informally for a specific tender procedure) must follow the instructions applicable to the consortium leader and its members.

An economic operator may, where appropriate and for a particular contract, rely on the capacities of other entities, regardless of the legal nature of the links which it has with them. If they do, they must prove to the contracting authority that they have the resources needed to perform the contract, for example by producing a commitment from those entities to place resources at their disposal. Such entities, for instance the parent company of the economic operator, must respect the same rules of eligibility and nationality as the economic operator, as well as the relevant selection criteria. With regard to technical and professional criteria, an economic operator may only rely on the capacities of other entities where the latter will perform the works or services for which these capacities are required. With regard to economic and financial criteria, the entities upon whose capacity the tenderer relies, become jointly and severally liable for the performance of the contract.

1 SUBMITTED by (i.e. the identity of the Candidate)

| | Name(s) of legal entity or entities making this application | Nationality¹ |
|---------------------------|--------------------------------------------------------------------|--------------------------------|
| Leader² | | |
| Member | | |
| Etc ... | | |

2 CONTACT PERSON (for this application)

| | |
|---------------------|--|
| Name | |
| Organisation | |
| Address | |
| Telephone | |
| Fax | |
| e-mail | |

3 ECONOMIC AND FINANCIAL CAPACITY³

Please complete the following table of financial data⁴ based on your annual accounts and your latest projections. If annual accounts are not yet available for the current year or past year, please provide your latest estimates in the columns marked with **. Figures in all columns must be calculated on the same basis to allow a direct, year-on-year comparison to be made (or, if the basis has changed, please provide an explanation of the change as a footnote to the table). When the current ratio is set as selection criterion, for non-for-profit organisations the ratio has to be calculated without taking into account within the current liabilities the pre-financing received from donors for ongoing projects. Any other clarification or explanation which is judged necessary may also be provided. If the Candidate is a public body, please provide equivalent information.

| Financial data | 2 years before last year ⁵ 2014 EUR | Year before last year ⁵ 2015 EUR | Last year ⁵ 2016 EUR | Average ⁶ EUR | [Past-year EUR]** | [Current year EUR]** |
|-----------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------|---------------------------------------|-----------------------------|----------------------|----------------------------|
| Annual turnover ⁷ , excluding this contract | | | | | | |
| Current Assets ⁸ | | | | | | |
| Current Liabilities ⁹ | | | | | | |
| Current ratio (current assets/current liabilities) | | | | | | |

4. STAFF

Please provide the following statistics on staff for the current year and the two previous years.^x

| Annual Manpower | Year before past year 2015 | | Past year 2016 | | Current year 2017 | | Period average | |
|----------------------------------------------------------|-------------------------------|----------------------------------|-------------------|----------------------------------|----------------------|----------------------------------|----------------|-------------------------------|
| | Overall | Relevant fields ¹¹ | Overall | Relevant fields ¹¹ | Overall | Relevant fields ¹¹ | Overall | Relevant fields ¹¹ |
| Permanent staff ¹² | | | | | | | | |
| Other staff ¹³ | | | | | | | | |
| Total | | | | | | | | |
| Permanent staff as a proportion of total staff (%) | % | % | % | % | % | % | % | % |

5 AREAS OF SPECIALISATION

Please fill in the table below to indicate any areas of specialist knowledge related to this contract for each legal entity making this application. State the type of area of specialisation as the row heading and use the name of the legal entity as the column headings. Indicate the areas of specialist knowledge each legal entity has by placing a tick (✓) in the box corresponding to the specialisation in which it has significant experience. **Maximum 10 specialisations.**

| | Leader | Member 2 | Member 3 | Etc. ... |
|---------------------------|--------|----------|----------|----------|
| Relevant specialisation 1 | | | | |
| Relevant specialisation 2 | | | | |
| Etc ... ^{xi} | | | | |

6 EXPERIENCE

Please fill in the table below to summarise the main projects related to this contract carried out over the past **3** years^{xii} by the legal entity or entities making this application. The number of references to be provided must not exceed 15 for the entire application. Candidates are allowed to refer either to projects completed within the reference period (although started earlier) or to projects not yet completed. In the first case the project will be considered in its whole if proper evidence of performance is provided (statement or certificate from the entity which awarded the contract, proof of final payment). In case of projects still on-going only the portion satisfactorily completed during the reference period (although started earlier) will be taken into consideration. This portion will have to be supported by documentary evidence (similarly to projects completed) also detailing its value (e.g. Certificate of Completion of Work as provided and signed by the Contracting Authority).

| Ref no (maximum 15) | | Project title | | | | | | |
|---------------------------------|---------|----------------------------------------------|----------------------------------------------------------|----------------------|----------------|---------------------------------------------------|----------------------------------|------------------------------------|
| Name of legal entity | Country | Overall contract value (EUR) ^{xiii} | Proportion carried out by legal entity (%) ¹⁹ | No of staff provided | Name of client | Origin of funding | Dates (start/end) ^{xiv} | Name of consortium members, if any |
| ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Detailed description of project | | | | | | Type and scope of services provided ^{xv} | | |
| ... | | | | | | ... | | |

7 DECLARATIONS

As part of their application, each legal entity identified under point 1 of this application, including every consortium member, must submit a signed declaration using the attached format. The declaration may be in original or in copy. If copies are submitted, the originals must be sent to the Contracting Authority upon request.

- Moreover, each legal entity identified under point 1 of this application, including every consortium member, and capacity-providing entities (if any) must submit a signed declaration of honour on exclusion and selection criteria (form A14 available at the following link: <http://ec.europa.eu/europeaid/prag/annexes.do?chapterTitleCode=A>).
- Candidates must submit a self-declaration in compliance with Presidential Decree n. 445/2000 concerning the Antimafia certificate as per legislative decree n. 159/2011

- Candidates must submit a declaration that they have not been declared to be in serious breach of contract for failure to comply with obligations in connection with another contract with the MAECI/DGCS or MAECI/AICS and/or another contract financed with Italian funds.

8 STATEMENT

I, the undersigned, the authorised signatory of the above Candidate (for a consortium, this includes all consortium members), hereby declare that we have examined the contract notice for the restricted tender procedure referred to above. If our application is short-listed, we fully intend to submit a tender to provide the services requested in the tender dossier.

We understand that our tender may be excluded if we propose key experts who have been involved in preparing this project or employ them as advisers in the preparation of our tender. We also understand that this may mean exclusion from other tender procedures and contracts funded by the EU/EDF.

We are fully aware that, for a consortium, the composition of the consortium cannot be changed in the course of the tender procedure, unless the Contracting Authority has given its prior approval in writing. We are also aware that the consortium members have joint and several liability towards the Contracting Authority concerning participation in the above tender procedure and any contract awarded to us as a result of it.

We understand that entities upon whose capacity we rely with regard to economic and financial criteria, become jointly and severally liable for the performance of the contract.

Signed on behalf of the Candidate

| | |
|------------------|--|
| Name | |
| Signature | |
| Date | |

FORMAT FOR THE DECLARATION REFERRED TO IN POINT 7 OF THE APPLICATION FORM

To be submitted on the headed notepaper of the legal entity concerned

<Date>

<Name and address of the Contracting Authority — see points 5 & 25 of the contract notice >

Your ref: < Publication reference >

Dear Sir/Madam

In response to your contract notice < Publication reference >, we, < Name(s) of legal entity or entities >, confirm that we intend to submit a tender for the contract for [Lot number <number> of]* the above if we are invited to do so.

We hereby declare that we:

- are making this application [on an individual basis]* [as member of the consortium led by [< name of the leader>] [ourselves]]* for this contract. We confirm that we are not involved in any other application for the same contract, in any form (as a member, leader, in a consortium or as an individual candidate);
- agree to abide by the ethics clauses in Section 2.4.14. of the Practical Guide, have not been involved in the preparation of the project which is the subject of this tender procedure unless it is proved that the involvement in previous stages of the project does not constitute unfair competition, and have no professional conflicting interests and/or any relation with other candidates or other parties in the tender procedure or behaviour which may distort competition at the time of submission of this application according to Section 2.3.6. of the Practical Guide;
- [have attached a current list of the enterprises in the same group or network as ourselves] [are not part of a group or network]* and have only included data in the application form concerning the resources and experience of [our legal entity] [our legal entity and the entities for which we attach a written undertaking]*;
- will inform the Contracting Authority immediately if there is any change in the above circumstances at any stage during the implementation of the tasks;
- fully recognise and accept that if the above-mentioned persons participate in spite of being in any of the situations listed in Section 2.3.3.1. of the Practical Guide or if the declarations or information provided prove to be false they may be subject to rejection from this procedure and to administrative sanctions in the form of exclusion and financial penalties representing 2 % to 10 % of the total estimated value of the contract being awarded and that this information may be published on the Commission website in accordance with the conditions set in Section 2.3.4. of the Practical Guide;

We also undertake, if required, to provide evidence of our financial and economic standing and our technical and professional capacity according to the selection criteria for this call for tender specified in the contract notice, point 21. The list of documents required is given in Section 2.4.11. of the Practical Guide

If this declaration is completed by a consortium member:

The following table contains our financial data as included in the consortium's application form. These data are based on our annual audited accounts and our latest projections. Estimated figures (i.e., those not included in annual audited accounts) are given in the columns marked with **. Figures in all columns are calculated on the same basis to allow a direct, year-on-year comparison to be made (or, if the basis has changed, an explanation of the change must be provided as a footnote to the table). When the current ratio is set as selection criterion, for non-for-profit organisations the ratio has to be calculated without taking into account within the current liabilities the pre-financing received from donors for ongoing projects. Any clarification or explanation which is judged necessary may also be provided.

| Financial data | 2 years before last ⁵ 2014 EUR | Year before last year ⁵ 2015 EUR | Last year ⁵ 2016 EUR | Average ⁶ EUR | [Past year EUR]** | [Current year EUR]** |
|---------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------|---------------------------------------|-----------------------------|----------------------|-------------------------|
| Annual turnover ⁷ , excluding this contract | | | | | | |
| Current Assets ⁸ | | | | | | |
| Current Liabilities ⁹ | | | | | | |
| [Current ratio (current assets/current liabilities)] | | | | | | |

The following table contains statistics on our staff, as included in the consortium's application form:

| Average manpower | Year before past year (2015) | | Past year (2016) | | Current year (2017) | | Period average | |
|-------------------------------|------------------------------|-------------------------------|------------------|-------------------------------|---------------------|-------------------------------|----------------|-------------------------------|
| | Overall | Relevant fields ¹¹ | Overall | Relevant fields ¹¹ | Overall | Relevant fields ¹¹ | Overall | Relevant fields ¹¹ |
| Permanent staff ¹² | | | | | | | | |
| Other staff ¹³ | | | | | | | | |

Yours faithfully,

<Signature of authorised representative>

<Name and position of authorised representative>

Please refer to website link: **Annexes (B) (All annexes) - European Commission - DG International Cooperation and Development**

The footnotes:

- Country in which the legal entity is registered.
- ² Add / delete additional lines for consortium members as appropriate. **Note** that a subcontractor is not considered to be a consortium member for the purposes of this application form. Subsequently, data on subcontractors must not appear in the data related to the economic, financial and professional capacity. If this application is submitted by an individual legal entity, the name of that legal entity should be entered as 'Leader' (and all other lines should be deleted). Any change in the identity of the Leader and/or any consortium members between the deadline for receipt of applications indicated in the Contract notice and the award of the contract is not permitted without the prior written consent of the Contracting Authority.
 - ³ Natural persons must prove their capacity in accordance with the selection criteria and by the appropriate means.
 - ⁴ If this application is submitted by a consortium, the data in the table must be the sum of the data in the corresponding tables in the declarations provided by the consortium members — see point 7 of this application form. Consolidated data are not requested for financial ratios.
 - ⁵ Last year = last accounting year for which the entity's accounts have been closed.
 - ⁶ Amounts entered in the 'Average' column must be the mathematical average of the amounts entered in the three preceding columns of the same row.
 - ⁷ The gross inflow of economic benefits (cash, receivables, other assets) generated from the ordinary operating activities of the enterprise (such as sales of goods, sales of services, interest, royalties, and dividends) during the year.
 - ⁸ A balance sheet account that represents the value of all assets that are reasonably expected to be converted into cash within one year in the normal course of business. Current assets include cash, accounts receivable, inventory, marketable securities, prepaid expenses and other liquid assets that can be readily converted to cash.
 - ⁹ A company's debts or obligations that are due within one year. Current liabilities appear on the company's balance sheet and include short term debt, accounts payable, accrued liabilities and other debts.
 - ¹⁰ If this application is submitted by a consortium, the data in the table above must be the sum of the data in the corresponding tables in the declarations provided by the consortium members — see point 7 of this application form.
 - ¹¹ Manpower in fields related to this contract, corresponding to the specialisations identified in point 5.
 - ¹² Staff directly employed by the candidate on a permanent basis (i.e. under indefinite contracts).
 - ¹³ Other staff not directly employed by the candidate on a permanent basis (i.e. under fixed-term contracts).
 - ¹⁴ Add / delete additional lines and/or rows as appropriate. If this application is submitted by an individual legal entity, the name of the legal entity should be entered as 'Leader' (and all other columns should be deleted).
 - ¹⁵ For framework contracts, only specific contracts corresponding to assignments implemented under such framework contracts shall be considered.
 - ¹⁶ The effect of inflation will not be taken into account.
 - ¹⁷ If the reference contract is only partially completed, please quote the percentage and value which has been completed.
 - ¹⁸ When supporting documents are to be issued by contracting authorities after the date of publication of PRAG 2014, please also indicate the function of key experts provided, whether belonging or not to permanent staff, and the number of months each of them worked on the project.
 - ¹⁹ Only the proportion carried out by the legal entity may be used as reference.



Part II. Tender Dossier Content

A. Instructions to Bidders

B. Draft Contract

C. Other Information

D. Tender Submission Form

Tender Dossier Content

Republic of the Philippines

Italian Technical Assistance

International Consultancy

Provision of Technical Assistance and Support
to the Micro-finance Sub-Component of the
Italian Agrarian Reform Community
Development Support Program
(ITA-IARCDSP)

DAR Central Office
Phone No. (02) 456-5033
Address: Elliptical Road, Diliman
Quezon City, Philippines 1101
Website: www.dar.gov.ph



Republic of the Philippines
DEPARTMENT OF AGRARIAN REFORM
Defend and Assert the Rights of Farmers

PRAG FORM B7

< Date >

< Name & address of shortlisted candidate >

Our ref: < Publication reference > / < Candidate number >:

Dear < Contact name >,

Invitation to tender for Italian Technical Assistance - International Consultancy Provision of Technical Assistance and Support to the Micro-finance Sub-Component of the Italian Agrarian Reform Community Development Support Program (ITA-IARCDSP)

I am pleased to inform you that [your firm] [the consortium led by you] is invited to take part in the restricted tender procedure for the above contract. The complete tender dossier is attached to this letter. It includes:

A. Instructions to bidders

B. Draft Contract Agreement and Special Conditions with annexes:

- I. General Conditions for service contracts
- II. Terms of Reference
- III. Organisation and Methodology (to be submitted by the tenderer using the template provided)
- IV. Key experts (including templates for the summary list of key experts and their CVs)
- V. Budget (to be submitted by the tenderer as the Financial offer using the template provided)
- VI. Forms and other supporting documents

C. Other information:

- I. Shortlist notice
- II. Administrative compliance grid
- III. Evaluation grid

D. Tender submission form

For your information, your application to participate in this tender procedure fulfilled the technical selection criteria for the following references specified in your application form:

< specify the numbers of the references in the application form – point 6 Experience – which fulfilled the selection criteria and on the bases the candidate was shortlisted, please introduce the information from column “Shortlisted on Experience Ref No” on the longlist; >

Under point 4.1 (6) of the Instructions to Tenderers you will be requested to submit documentary evidence for these references.

For full details of the tendering procedures, please see the **Practical Guide and its annexes**, which may be downloaded from the following website: <http://ec.europa.eu/europeaid/prag/document.do> .

We look forward to receiving your tender before the deadline set in point 8 of the Instructions to Tenderers. Please send it to the address and with the requirements given in point 8. By submitting a tender you accept to receive notification of the outcome of the procedure by electronic means. If you decide not to submit a tender, we would be grateful if you could inform us in writing, indicating the reasons for your decision.

Yours sincerely,

ATTY. LUIS MEINRADO C. PANGULAYAN

Undersecretary and Head of Procuring Entity
Department of Agrarian Reform

A. *Instructions to Bidders*

PUBLICATION REFERENCE: <insert reference>

When submitting their tenders, tenderers must follow all instructions, forms, terms of reference, contract provisions and specifications contained in this tender dossier. Failure to submit a tender containing all the required information and documentation within the deadline specified may lead to the rejection of the tender.

These instructions set out the rules for submitting, selecting and implementing contracts financed under this call for tenders, in conformity with the Practical Guide, (available on the internet at this address: <http://ec.europa.eu/europeaid/prag/document.do>).

1. Services to be provided

The services required by the Contracting Authority are described in the Terms of Reference. They are set out in Annex II to the draft contract, which forms Part B of this tender dossier.

2. Timetable

| | DATE | TIME* |
|----------------------------------------------------------------------|--------------------------------------------------|----------------|
| Site visit (if any) | Not Applicable | Not Applicable |
| Information meeting (if any) | Not Applicable | Not Applicable |
| Deadline for requesting clarification from the Contracting Authority | Date 21 days before deadline for tenders | < TBD > |
| Last date for the Contracting Authority to issue clarification | Date 11 days before deadline for tenders | - |
| Deadline for submitting tenders | <TBD > | < Time > |
| Interviews (if any) | Not Applicable | - |
| Completion date for evaluating technical offers | < TBD > □ | - |
| Notification of award | Date at most 90 days after deadline for tenders | - |
| Contract signature | Date at most 150 days after deadline for tenders | - |
| Start date | < TBD> □ | - |

*** All times are in the time zone of the country of the Contracting Authority**

**** TBD –To be discussed and adjusted with reference to date of issuance of the No Objection Declaration (NOD)**

3. Participation, experts and subcontracting.

- a) Participation in this tender procedure is open only to the invited tenderers.
- b) Natural or legal persons are not entitled to participate in this tender procedure or be awarded a contract if they are in any of the situations mentioned in Sections 2.3.3.1 or 2.3.3.2 of the **Practical Guide**. Should they do so, their tender will be considered unsuitable or irregular respectively.
- c) In the cases listed in Section 2.3.3.1 of the **Practical Guide** tenderers may be excluded from EU financed procedures and be subject to financial penalties representing 2% to 10% of the total value of the contract in accordance with the conditions set in Section 2.3.4 of the **Practical Guide**. This information may be published on the Commission website in accordance with the conditions set in Section 2.3.4 of the Practical Guide.
- d) Tenders should be submitted by the same service provider or consortium that submitted the application form on the basis of which it was short-listed and to which the letter of invitation to tender is addressed. No change whatsoever in the identity or composition of the tenderer is permitted unless the Contracting Authority has given its prior approval in writing.
- e) Short-listed service providers or consortia are not allowed to form alliances with any other firms or to subcontract to each other for the purposes of this contract.
- f) The contract between the tenderer/contractor and its experts shall contain a provision that it is subject to the approval of the partner country. It is furthermore recommended that this contract contains a dispute resolution clause.
- g) Subcontracting is the only permitted form of collaboration with firms that have not been short-listed and only on condition that the tenderer explicitly states that it is the sole party that will be contractually liable. If the tenderer intends to subcontract one or more parts of the contracted services, this must be clearly stated in the Organisation and Methodology and the Tender submission form.
- h) Even if subcontracting is allowed, the short-listed candidate must intend to provide the majority of the services itself except for the tasks entrusted to experts either as natural persons or single-member companies. The Contracting Authority requires that the following critical tasks be performed directly by the tenderer itself, or where the tender is submitted by a joint venture/consortium, by one of its participating members: Component 1 - Analysis and appraisal, Component 2 Business plan assessment, Component 6 Impact assessment tool. All subcontractors must be eligible for the contract. If the identity of the intended subcontractor is already known at the time of submitting the tender, the tenderer must furnish a statement guaranteeing the eligibility of the subcontractor. If any subcontractor identified in this way does not meet the eligibility criteria, the tender shall be rejected. If the identity of the subcontractor is not known at the time of submitting the tender, any subcontract must be awarded according to Article 4 of the General Conditions of the contract.
- i) Subcontractors cannot be in any of the exclusion situations listed in Section 2.3.3 of the Practical Guide. Whenever requested by the Contracting Authority, the successful tenderer/contractor shall submit a declaration from the intended subcontractor that it is not in one of the exclusion situations. In the event of doubt, the Contracting Authority shall request documentary evidence that the subcontractor is not in a situation of exclusion.
- j) If the offer includes subcontracting, it is recommended that the contractual arrangements between the tenderer and its subcontractors include mediation, according to national and international practices, as a method of dispute resolution.

4. Content of tenders

- B. Offers, all correspondence and documents related to the tender exchanged by the tenderer and the Contracting Authority must be written in English.
- C. Supporting documents and printed literature furnished by the tenderer may be in another language, provided they are accompanied by a translation into the language of the procedure. For the purposes of interpreting the tender, the language of the procedure has precedence.

The tender must comprise of a Technical offer and a Financial offer, which must be submitted in separate envelopes (see clause 8). Each Technical offer and Financial offer must contain one original, clearly marked '**Original**', and four copies, each marked '**Copy**'. Failure to fulfil the requirements in clauses 4.1, 4.2 and 8 will constitute an irregularity and may result in rejection of the tender.

4.1. Technical offer

The Technical offer must include the following documents:

- (1) **Tender submission form** (see Part D of this tender dossier) including:

- a) Signed statements of exclusivity and availability (using the template included with the tender submission form), one for each key expert, the purpose of which are as follows:
 - ❑ The key experts proposed in this tender must not be part of any other tender submitted for this tender procedure. They must therefore commit themselves exclusively to the tenderer.
 - ❑ Each key expert must also undertake to be available, able and willing to work for the whole period scheduled for his/her input to implement the tasks set out in the Terms of Reference and/or in the Organisation and methodology.

Note that non-key experts must not be asked to sign statements of exclusivity and availability.

Any expert working on an MAECI/AICS-financed project, where the input from his/her position to that contract could be required on the same dates as his/her activities under this contract, must not be proposed as a key expert for this contract under any circumstances. Consequently, the dates included by a key expert in his/her statement of exclusivity and availability in your tender must not overlap with dates on which he/she is committed to work as a key expert on any other contract.

The expert may participate in parallel tender procedures but must inform the Contracting Authority of these in the Statement of Exclusivity and Availability. Furthermore, the expert is expected to notify the tenderer immediately if he/she is successful in another tender procedure and he/she is expected to accept the first engagement offered to him/her chronologically.

If a key expert is proposed as a key expert by more than one tenderer with the agreement of the key expert, the corresponding tenders will be rejected. The same applies if the key expert proposed has been involved in the preparation of the project. The expert concerned will be excluded from this tender procedure and may also be excluded from other MAECI/AICS-financed contracts.

Having selected a firm partly on the basis of an evaluation of the key experts presented in the tender, the Contracting Authority expects the contract to be executed by these specific experts. However, after the award letter, the selected tenderer may propose replacements for the key experts under certain conditions (for further information see point 14).]

- b) A signed **declaration** from each legal entity identified in the tender submission form, using the format attached to the tender submission form.

- c) A completed **Financial Identification form** (see Annex VI to the draft contract) to indicate the bank account into which payments should be made if the tender is successful.
 - d) The **legal entity file** and supporting documents.
 - e) Duly authorised signature: an official document (statutes, power of attorney, notary statement, etc.) proving that the person who signs on behalf of the company/joint venture/consortium is duly authorised to do so.
- (2) **Organisation and methodology** (will become Annex III to the contract), to be drawn up by the tenderer using the format in Annex III to the draft contract.
- (3) **Key experts** (to become Annex IV to the contract). The key experts are those whose involvement is considered to be instrumental to achieve the contract objectives.]
- (4) Annex IV to the draft contract contains the templates that tenderers must use, including:
- a) a list of the names of the key experts;
 - b) the CVs of each of the key experts. Each CV should be no longer than 3 pages and only one CV must be provided for each position identified in the Terms of Reference. In case of CVs longer than 3 pages, only the first 3 pages will be taken into account. Non-key experts CVs are not necessary.

The qualifications and experience of each key expert must clearly match the profiles indicated in the Terms of Reference. If an expert does not meet the minimum requirements for each evaluation criterion (i.e. qualification and skills, general professional experience and specific professional experience), he/she must be rejected. In such case the entire tender shall be rejected.

Tenderers must provide the following documents for any key experts proposed:

- a copy of the diplomas mentioned in their CVs,
- a copy of employer certificates or references proving the professional experience indicated in their CVs.

Only diplomas and documented experience will be taken into account. Previous experience which caused breach of contract and termination shall not be used as reference.]

- (4) Non key experts may also be instrumental to achieve the contract objectives. However, they are not subject to evaluation by the evaluation Committee. Their positions and responsibilities may be defined in Section 6.1.1 of the Terms of Reference in Annex II to the draft contract.
- (5) Documentary proof or statements required under the law of the country in which the company (or each of the companies for consortia) is effectively established, to show that it is not in any of the exclusion situations listed in section 2.3.3 of the Practical Guide. This evidence, documents or statements must be dated, no more than one year before the date of submission of the tender. In addition, a statement must be furnished stating that the situations described in these documents have not changed since then.

If the nature of your entity is such that it cannot fall into the exclusion situations and/or cannot provide the documents indicated above (for instance, national public administrations and international organisations), please provide a declaration explaining this situation.

The Contracting Authority may waive the obligation of any candidate or tenderer to submit the documentary evidence referred to above if such evidence has already been submitted for the purposes of another procurement procedure, provided that the issue date of the documents does

not exceed one year and that they are still valid. In this case, the candidate or tenderer must declare on his/her honour that the documentary evidence has already been provided in a previous procurement procedure and confirm that his/her situation has not changed.

- (6) Documentary evidence of the financial and economic capacity as well as the technical and professional capacity according to the selection criteria specified in the contract notice (see further point 2.4.11 of the Practical Guide). For the technical selection criteria you will find information in the invitation letter which references qualified you to be shortlisted and you are only requested to submit documentary evidence for these references.

If the documentary evidence submitted is written in the country language of the tenderer, a translation into the language of the procedure, in this case, English, must be attached. Documentary proof or statements may be in original or copy. If copies are submitted, the originals must be available to send to the Contracting Authority upon request.

Tenderers are reminded that the provision of false information in this tender procedure may lead to the rejection of their tender and to their exclusion from further procedures and contracts of the Contracting Authority.

The electronic version of the technical offer must be included with the printed version in the separate envelope in which the technical offer is submitted. If there are any discrepancies between the electronic version and the original, printed version, the latter has precedence.

4.2. Financial offer

The Financial offer must be presented as an amount in Philippine Peso (Currency of the Contracting Authority)¹ and must be submitted using the template for the global-price version of Annex V to part B of this tender dossier. The electronic version of this document ‘B8 — Budget for a global-price contract’ can be found on the website:

<http://ec.europa.eu/europeaid/prag/document.do>.

The global price may be broken down by outputs if required from the Terms of Reference. Tenderers are reminded that the maximum budget available for this contract, as stated in the contract notice, is in PhP. Payments under this contract will be made in the currency of the Contracting Authority.

The applicable tax and customs arrangements are as follows.

Exemption of taxes

Taxes: Applicable withholding tax rates will apply. Details will be thoroughly discussed during the contract negotiation.

5. Variant solutions

Tenderers are not authorized to tender for a variant in addition to this tender.

¹ *The currency of the tender is the currency of the contract and the currency of payment.*

6. Period during which tenders are binding

Tenderers are bound by their tenders for 90 days after the deadline for submitting tenders or until they have been notified of non-award. In exceptional cases, before the period of validity expires, the Contracting Authority may ask tenderers to extend the period for a specific number of days, which may not exceed 40.

The selected tenderer must maintain its tender for a further 60 days. This 60-day period is added to the validity period irrespective of the date of notification. This period can be further extended when the contracting authority is required to obtain the recommendation of the panel referred to in section 2.3.3.1. of the Practical Guide, up to the adoption of that recommendation.

7. Additional information before the deadline for submitting tenders

The tender dossier should be clear enough to avoid candidates having to request additional information during the procedure. If the Contracting Authority, either on its own initiative or in response to a request from a short-listed candidate, provides additional information on the tender dossier, it must send such information in writing to all other short-listed candidates at the same time.

Tenderers may submit questions in writing to the following address up to 21 days before the deadline for submission of tenders, specifying the publication reference and the contract title:

The addresses are:

DAR-BAC Secretariat

c/o Procurement Division
Ground Floor, DAR Central Office
Elliptical Road, Diliman, Quezon City

Contact Person:

Mr. Dennis Joseph A. Cruz

OIC-Procurement Division
Head, BAC Secretariat
Contact Nos. (063) (02) 453-8300 / 455-5849
e-mail:carpo.procurement.adserv@dar.gov.ph

The Contracting Authority has no obligation to provide clarification after this date.

Any tenderer seeking to arrange individual meetings with the Contracting Authority and/or the MAECI/AICS concerning this contract during the tender period may be excluded from the tender procedure.

Any clarification of the tender dossier will be communicated simultaneously in writing to all tenderers at the latest 11 calendar days before the deadline for submitting tenders.

No information meeting is planned.

No site visit is planned.

Visits by individual prospective tenderers during the tender period are not organised.

8. Submission of tenders

Tenders must be delivered to the Contracting Authority for **receipt** before < date & time of deadline, at least 50 days after the date of the invitation letter and at the close of business of a working day >. They must include the requested documents in clause 4 above and be sent:

- **EITHER** by recorded delivery (official postal service) to:

Procuring Entity: **Department of Agrarian Reform**
 DAR Compound, Elliptical Road
 Diliman, Quezon City
 Attention: **MR. DENNIS JOSEPH A. CRUZ**
OIC Procurement Head, BAC Secretariat
 Address: DAR Compound, Elliptical Road
 Diliman, Quezon City
 Philippines

In this case, the delivery record makes proof of compliance with the time-limit for receipt.

- **OR** hand delivered (including courier services) directly to the Contracting Authority against a signed and dated receipt to:

Procuring Entity: **Department of Agrarian Reform**
 DAR Compound, Elliptical Road
 Diliman, Quezon City
 Attention: **MR. DENNIS JOSEPH A. CRUZ**
OIC Procurement Head, BAC Secretariat
 Address: DAR Compound, Elliptical Road
 Diliman, Quezon City
 Philippines

Official office hours is 8:00AM – 5:00P.M.

Tenders submitted by any other means will not be considered. Tenders must be submitted using the double envelope system, i.e., in an outer parcel or envelope containing two separate, sealed envelopes, one bearing the words ‘**Envelope A — Technical offer**’ and the other ‘**Envelope B — Financial offer**’. All parts of the tender other than the financial offer must be submitted in Envelope A (i.e., including the tender submission form, statements of exclusivity and availability of the key experts and declarations).

Any infringement of these rules (e.g., unsealed envelopes or references to price in the technical offer) constitutes an irregularity which will lead to rejection of the tender.

The outer envelope should provide the following information:

- a) the address for submitting tenders indicated above;
- b) the reference code of the tender procedure (i.e. <publication reference>);
- c) the words ‘Not to be opened before the tender-opening session’ and;
- d) the name of the tenderer.

Each envelope must include an index of its contents. The pages of the Technical and Financial offers must be numbered.

9. Amending or withdrawing tenders

Tenderers may amend or withdraw their tenders by written notification prior to the deadline for submitting tenders. Tenders may not be amended after this deadline.

Any such notification of amendment or withdrawal must be prepared and submitted in accordance with Clause 8.. The outer envelope (and the relevant inner envelope) must be marked 'Amendment' or 'Withdrawal' as appropriate.

10. Costs for preparing tenders

No costs incurred by the tenderer in preparing and submitting the tender are reimbursable. All such costs must be borne by the tenderer, including the cost of interviewing proposed experts.

11. Ownership of tenders

The Contracting Authority retains ownership of all tenders received under this tendering procedure. Consequently, tenderers do not have the right to have their tenders returned to them.

12. Evaluation of tenders

12.1. Evaluation of technical offers

The quality of each technical offer will be evaluated in accordance with the award criteria and the weighting detailed in the evaluation grid in Part C of this tender dossier. No other award criteria will be used. The award criteria will be examined in accordance with the requirements indicated in the Terms of Reference.

The evaluation of the technical offers will follow the procedures set out in Section 3.3.10. of the Practical Guide (available on the internet at: <http://ec.europa.eu/europeaid/prag/document.do>).

12.1.1. Interviews

No interviews are foreseen.

12.2. Evaluation of financial offers

Upon completion of the technical evaluation, the envelopes containing the financial offers for tenders that were not eliminated during the technical evaluation will be opened (i.e. those with an average score of 75 points or more). Tenders exceeding the maximum budget available for the contract are unacceptable and will be eliminated.

12.3. Choice of selected tenderer

The best price-quality ratio is established by weighing technical quality against price on an 80/20 basis.

12.4. Confidentiality

The entire evaluation procedure is confidential, subject to the Contracting Authority's legislation on access to documents. The Evaluation Committee's decisions are collective and its deliberations are

held in closed session. The members of the Evaluation Committee are bound to secrecy. The evaluation reports and written records are for official use only and may be communicated neither to the tenderers nor to any party other than the Contracting Authority and the MAECI/AICS

13. Ethics clauses / Corruptive practices

- a) Any attempt by a tenderer to obtain confidential information, enter into unlawful agreements with competitors or influence the Evaluation Committee or the Contracting Authority during the process of examining, clarifying, evaluating and comparing tenders will lead to the rejection of its tender and may result in administrative penalties.
- b) The tenderer must not be affected by any conflict of interest and must have no equivalent relation in that respect with other tenderers or parties involved in the project.
- c) The MAECI/AICS reserves the right to suspend or cancel project financing if corrupt practices of any kind are discovered at any stage of the award process or during the execution of a contract and if the Contracting Authority fails to take all appropriate measures to remedy the situation. For the purposes of this provision, 'corrupt practices' are the offer of a bribe, gift, gratuity or commission to any person as an inducement or reward for performing or refraining from any act relating to the award of a contract or execution of a contract already concluded with the Contracting Authority.
- d) Tenders will be rejected or contracts terminated if it emerges that the award or execution of a contract has given rise to unusual commercial expenses. Such unusual commercial expenses are commissions not mentioned in the main contract or not stemming from a properly concluded contract referring to the main contract, commissions not paid in return for any actual and legitimate service, commissions remitted to a tax haven, commissions paid to a payee who is not clearly identified or commissions paid to a company which has every appearance of being a front company.

Contractors found to have paid unusual commercial expenses on projects funded by the MAECI/AICS are liable, depending on the seriousness of the facts observed, to have their contracts terminated or to be permanently excluded from receiving MAECI/AICS funds.
- e) The Contracting Authority reserves the right to suspend or cancel the procedure, where the award procedure proves to have been subject to substantial errors, irregularities or fraud. If substantial errors, irregularities or fraud are discovered after the award of the Contract, the Contracting Authority may refrain from concluding the Contract.

14. Signature of contract(s)

14.1. Notification of award

The successful tenderer will be informed in writing that its tender has been accepted.

The successful tenderer shall then confirm availability or unavailability of their key-experts within 5 days from the date of the notification of award.

In case of unavailability the tenderer will be allowed to propose replacement key-expert(s). The successful tenderer shall give due justification for the exchange of the key-expert but the acceptance will not be limited to specific cases. Several replacement key-experts may be proposed but only one time-period of 15 days from the date of the notification of award will be offered. The replacement key-expert(s) cannot be an expert proposed by another tenderer in the same call for tender.

The replacement key-expert's total score must be at least as high as the scores of the key-expert proposed in the tender. It must be emphasized that the minimum requirements for each evaluation criteria must be met by the replacement expert.

If replacement key-experts are not proposed within the 15 days delay or if the replacement experts are not sufficiently qualified, or that the proposal of the replacement key-expert amends the award

conditions which took place, the Contracting Authority may decide to award the contract to the second best technically compliant tenderer (also giving them a chance to replace a key-expert should he/she not be available).

14.2. Signature of the contract(s)

Within 30 days of receipt of the contract already signed by the Contracting Authority, the selected tenderer shall sign and date the contract and return it to the Contracting Authority.

Failure of the selected tenderer to comply with this requirement may constitute grounds for annulling the decision to award the contract. In this event, the Contracting Authority may award the tender to another tenderer or cancel the tender procedure.

The other tenderers will, at the same time as the notification of award is submitted, be informed that their tenders were not retained, by electronic means or standard letter, including an indication of the relative weaknesses of their tender by way of a comparative table of the scores for the winning tender and the unsuccessful tender. The second best tenderer is informed of the notification of award to the successful tenderer with the reservation of the possibility to receive a notification of award in case of inability to sign the contract with the first ranked tenderer. The validity of the offer of the second best tenderer will be kept. The second tenderer may refuse the award of the contract if, when receiving a notification of award, the 90 days of validity of their tender has expired.

The Contracting Authority will furthermore, at the same time, also inform the remaining unsuccessful tenderers and the consequence of these letters will be that the validity of their offers must not be retained.

The corresponding contract award notice will be published on the concerned websites (AICS, Contracting Authority)

15. Cancellation of the tender procedure

In the event of cancellation of the tender procedure, the Contracting Authority will notify tenderers of the cancellation. If the tender procedure is cancelled before the outer envelope of any tender has been opened, the unopened and sealed envelopes will be returned to the tenderers.

Cancellation may occur, for example, where:

- the tender procedure has been unsuccessful, i.e., no suitable, qualitatively or financially acceptable tender has been received or there is no valid response at all;
- there are fundamental changes to the economic or technical data of the project;
- exceptional circumstances or force majeure render normal performance of the contract impossible;
- all technically acceptable tenders exceed the financial resources available;
- there have been substantial errors, irregularities or frauds in the procedure, in particular if they have prevented fair competition;
- the award is not in compliance with sound financial management, i.e. does not respect the principles of economy, efficiency and effectiveness (e.g. the price proposed by the tenderer to

whom the contract is to be awarded is objectively disproportionate with regard to the price of the market).

In no event shall the Contracting Authority be liable for any damages whatsoever including, without limitation, damages for loss of profits, in any way connected with the cancellation of a tender procedure, even if the Contracting Authority has been advised of the possibility of damages. The publication of a contract notice does not commit the Contracting Authority to implement the programme or project announced.

16. Appeals

Tenderers believing that they have been harmed by an error or irregularity during the award process may file a complaint. See section 2.4.15. of the Practical Guide.

17. Data Protection

Not Applicable

18. Early Detection and Exclusion System

Not Applicable

PRAG FORM B8b.

Website link: [Annexes \(B\) \(All annexes\) - European Commission - DG International Cooperation and Development](#)

B. Draft Contract

Annex I.A General Conditions of Contract

Annex 1.B Special Conditions o Contract

DRAFT CONTRACT

SERVICE CONTRACT

N° <Contract number>

FINANCED FROM THE [MAECI/AICS - ITALIAN AGENCY FOR DEVELOPMENT COOPERATION]

The **DEPARTMENT OF AGRARIAN REFORM**, a national government agency duly organized under the existing laws of the Republic of the Philippines, with principal office at DAR Building, Elliptical Road, Diliman, Quezon City, herein represented by its Undersecretary, **LUIS MEINRADO C. PANGULAYAN**, hereinafter referred to as “Contracting Authority”,

of the one part,

and

<Full official name of the Contractor>

[<Legal status/title>]²

[<Official registration number>]³

<Full official address>

[<VAT number>],⁴

(‘the Contractor’)

of the other part,

have agreed as follows:

Italian Assistance to ARC Development Support Program (IARCDSP)

CONTRACT TITLE

Italian Technical Assistance - International Consultancy Provision of Technical Assistance and Support to the Micro-finance Sub-Component of the Italian Agrarian Reform Community Development Support Program (ITA-IARCDSP)

Identification number <Publication reference>

² Where the contracting party is an individual.

³ Where applicable. For individuals, mention their ID card, passport or equivalent document number.

⁴ Except where the contracting party is not VAT registered.

(1) Subject

- 1.1 The subject of this Contract is **Italian Technical Assistance - International Consultancy Provision of Technical Assistance and Support to the Micro-finance Sub-Component of the Italian Agrarian Reform Community Development Support Program (ITA-IARCDSP)** done [at] [in] <Location> with identification number <Publication reference> ('the services').
- 1.2 The contractor shall execute the tasks assigned to him in accordance with the Terms of Reference annexed to the Contract (Annexe II)

(2) Contract value

This Contract, established in [PHP] [<national currency> for indirect management only], is a global price contract. The contract value is [PHP] [<national currency> for indirect management only] <amount>.]

(3) Order of precedence of contract documents

The following documents shall be deemed to form and be read and construed as part of this Contract, in the following order of precedence:

- the contract agreement;
- the Special Conditions
- the General Conditions (Annex I);
- the Terms of Reference [including clarification before the deadline for submitting tenders and minutes of the information meeting/site visit] (Annex II)
- the Organisation and methodology including clarification from the tenderer provided during tender evaluation (Annex III);
- Key experts (Annex IV);
- Budget (Annex V)
- Specified forms and other relevant documents (Annex VI);

(4) Language of the contract

The language of the contract and of all written communications between the Contractor and the Contracting Authority and/or the Project Manager shall be English.

Done in English in seven (7) originals, **one original for the Contracting Authority, one original for MAECI/AICS, one original for the Commission on Audit (COA), one original for the Contractor, one original for the CPMU, and one original for the DAR Finance and Management Service, one for Notary Public.**

For the Contractor

Name:
USEC. LUIS MEINRADO C. PANGULAYAN

Title:
Undersecretary, LAO
Head of Procuring Entity

For the Contracting Authority

Name:

Title:

Signature:

Date:

Signature:

Date:

1.A General Conditions of Contract

Notes on the General Conditions of Contract

The GCC, SCC, and other documents listed therein, expressing all the rights and obligations of the parties, should be completed.

The GCC herein shall not be altered. Any changes and complementary information, which may be needed, shall be introduced only through the SCC in Section V.

Government Procurement Policy Board
Philippine Bidding Document Form for Consulting Services
Section IV
Website link: <http://www.gppb.gov.ph/downloadables/PBDs.html>

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1. Definitions

- 1.1 Unless the context otherwise requires, the following terms whenever used in this Contract have the following meanings:
- (a) “Applicable Law” means the laws and any other instruments having the force of law in the Philippines as they may be issued and enforced from time to time.
 - (b) “Consultant” refers to the short listed consultant with the HRRB determined by the Procuring Entity as such in accordance with the ITB.
 - (c) “Consulting Services” refer to services for Infrastructure Projects and other types of projects or activities of the Government of the Philippines (GoP) requiring adequate external technical and professional expertise that are beyond the capability and/or capacity of the Procuring Entity to undertake such as, but not limited to: (i) advisory and review services; (ii) pre-investment or feasibility studies; (iii) design; (iv) construction supervision; (v) management and related services; and (vi) other technical services or special studies.
 - (d) “Contract” means the agreement signed by the Parties, to which these General Conditions of Contract (GCC) and other sections of the Bidding Documents are attached.
 - (e) “Effective Date” means the date on which this Contract comes into full force and effect.
 - (f) “Foreign Currency” means any currency other than the currency of the Philippines.
 - (g) “Funding Source” means the entity indicated in the **SCC**.
 - (h) “GCC” means these General Conditions of Contract.
 - (i) “Government” means the Government of the Philippines (GoP).
 - (j) “Local Currency” means the Philippine Peso (Php).
 - (k) “Member,” in case the Consultant is a Joint Venture (JV) of two (2) or more entities, means any of these entities; and “Members” means all these entities.
 - (l) “Party” means the Procuring Entity or the Consultant, as the case may be, and “Parties” means both of them.
 - (m) “Personnel” means persons hired by the Consultant or by any Subconsultant as employees and assigned to the performance of the Services or any part thereof; “Foreign Personnel” means such persons who at the time of being so hired had their domicile outside the Government’s country; “Local Personnel” means such persons who at

the time of being so hired had their domicile inside the Philippines; and “Key Personnel” means the Personnel referred to in **GCC** Clause 39.

- (n) “Procuring Entity” refers to any branch, constitutional commission or office, agency, department, bureau, office or instrumentality of the Government, including GOCC, GFI, SUC, LGU, and autonomous regional government procuring Goods, Consulting Services, and Infrastructure Projects.
- (o) “SCC” means the Special Conditions of Contract by which the GCC may be amended or supplemented.
- (p) “Services” means the work to be performed by the Consultant pursuant to this Contract, as described in Appendix I.
- (q) “Subconsultant” means any person or entity to whom/which the Consultant subcontracts any part of the Services in accordance with the provisions of **GCC** Clause 50.
- (r) “Third Party” means any person or entity other than the Government, the Procuring Entity, the Consultant or a Subconsultant.

2. Headings

The headings shall not limit, alter or affect the meaning of this Contract.

3. Location

The Services shall be performed at such locations as are specified in Appendix I and, where the location of a particular task is not so specified, at such locations, whether in the Philippines or elsewhere, as the Procuring Entity may approve.

4. Law Governing Contract and Services

- 4.1 This Contract, its meaning and interpretation, and the relation between the Parties shall be governed by the Applicable Law.
- 4.2 The Consultant shall perform the Services in accordance with the Applicable Law and shall take all practicable steps to ensure that any Subconsultant, as well as the Personnel of the Consultant and any Subconsultant, complies with the Applicable Law. The Procuring Entity shall notify the Consultant in writing of relevant local customs, and the Consultant shall, after such notification, respect such customs.
- 4.3 If, after the date of this Contract, there is any change in the Applicable Law with respect to taxes and duties which increases or decreases the cost incurred by the Consultant in performing the Services, then the remuneration and reimbursable expenses otherwise payable to the Consultant under this Contract shall be increased or decreased on a no loss-no gain basis, and

corresponding adjustments shall be made to the ceiling amounts specified in GCC Clause 52, provided that the cost is within the Approved Budget for the Contract (ABC).

5. Language

This Contract has been executed in the English language, which shall be the binding and controlling language for all matters relating to the meaning or interpretation of this Contract.

6. Consultants and Affiliates Not to Engage in Certain Activities

6.1 The Consultant agrees that, during the term of this Contract and after its termination, the Consultant and any entity affiliated with the Consultant, as well as any Subconsultant and any entity affiliated with such Subconsultant, shall be disqualified from providing goods, works, or consulting services for any project resulting from or closely related to this Contract other than the Services and any continuation thereof provided there is no current or future conflict.

6.2 The Consultant shall not engage, and shall cause their Personnel as well as their Subconsultants and their Personnel not to engage, either directly or indirectly, in any of the following activities:

- (a) during the term of this Contract, any business or professional activities in the Government's country which would conflict with the activities assigned to them under this Contract; and
- (b) after the termination of this Contract, such other activities as may be specified in the SCC.

7. Authority of Member in Charge

In case the Consultant is a JV, the Members hereby authorize the entity specified in the SCC to act on their behalf in exercising all the Consultant's rights and obligations towards the Procuring Entity under this Contract, including without limitation the receiving of instructions and payments from the Procuring Entity.

8. Resident Project Manager

If required by the SCC, the Consultant shall ensure that at all times during the Consultant's performance of the Services in the Government's country, a resident project manager, acceptable to the Procuring Entity, shall take charge of the performance of such Services.

9. Entire Agreement

This Contract, including the documents specified in Section 37.2.3 of the IRR of RA 9184, contains all covenants, stipulations and provisions agreed by the Parties. No agent or representative of either Party has authority to make any statement,

representation, promise, or agreement not set forth herein of which the Parties shall not be bound by or be liable for.

10. Modification

Unless otherwise specified in the SCC, no modification of the terms and conditions of this Contract, including any modification of the scope of the Services shall be allowed. Pursuant to **GCC** Clause 14 hereof, however, each Party shall give due consideration to any proposal for modification made by the other Party.

11. Relationship of Parties

11.1 Nothing contained herein shall be construed as establishing a relation of employer and employee or of principal and agent as between the Procuring Entity and the Consultant. The Consultant, subject to this Contract, has complete charge of its Personnel and Subconsultants, if any, performing the Services and shall be fully responsible for the Services performed by them or on their behalf hereunder.

11.2 The Consultant shall during the performance of the Services be an independent contractor, retaining complete control over its Personnel, conforming to all statutory requirements with respect to all its employees, and providing all appropriate employee benefits.

12. Authorized Representatives

Any action required or permitted to be taken, and any document required or permitted to be executed, under this Contract by the Procuring Entity or the Consultant may be taken or executed by the officials specified in the SCC.

13. Good Faith

The Parties undertake to act in good faith with respect to each other's rights under this Contract and to adopt all reasonable measures to ensure the realization of the objectives of this Contract.

14. Operation of the Contract

The Parties recognize that it is impractical for this Contract to provide for every contingency which may arise during the life of this Contract, and the Parties hereby agree that it is their intention that this Contract shall operate fairly as between them, and without detriment to the interest of either of them; and that, if during the term of this Contract either Party believes that this Contract is operating unfairly, the Parties shall use their best efforts to agree on such action as may be necessary to remove the cause or causes of such unfairness, but no failure to agree on any action pursuant to this Clause shall give rise to a dispute subject to arbitration in accordance with **GCC** Clause 34 hereof.

15. Notices

- 15.1 Any notice, request or consent required or permitted to be given or made pursuant to this Contract shall be in writing. Any such notice, request or consent shall be deemed to have been given or made when received by the concerned party, either in person or through an authorized representative of the Party to whom the communication is addressed, or when sent by registered mail, telex, telegram or facsimile to such Party at the address specified in the **SCC**.
- 15.2 Notice shall be deemed to be effective as specified in the **SCC**.
- 15.3 A Party may change its address for notice hereunder by giving the other Party notice of such change pursuant to the provisions listed in the **SCC** with respect to GCC Clause 15.2.

16. Warranty as to Eligibility

- 16.1 The Consultant represents, warrants, and confirms that it, as well as its Subconsultant, if any, is eligible, *i.e.*, has the legal personality to act as a consultant in accordance with Part I, **Error! Reference source not found.** issued for this project.
- 16.2 The Consultant shall fulfill its obligations under this Contract by using knowledge according to the best accepted professional standards. The Consultant shall exercise all reasonable skill, care and diligence in the discharge of duties agreed to be performed and shall work in the best interest of the GoP.

17. Confidentiality

Except with the prior written consent of the Procuring Entity, the Consultant and the Personnel shall not at any time communicate to any person or entity any confidential information acquired in the course of the Services, nor shall the Consultant and the Personnel make public the recommendations formulated in the course of, or as a result of, the Services. For purposes of this clause, “confidential information” means any information or knowledge acquired by the Consultant and/or its Personnel arising out of, or in connection with, the performance of the Services under this Contract that is not otherwise available to the public.

18. Payment

- 18.1 In consideration of the Services performed by the Consultant under this Contract, the Procuring Entity shall make to the Consultant such payments and in such manner as is provided by GCC Clause 53 of this Contract. However, the Procuring Entity may refuse to make payments when the terms and conditions of the contract are not satisfactorily performed by the Consultant.

18.2 Subject to the ceilings specified in GCC Clause 52 hereof, the Procuring Entity shall pay to the Consultant: (i) remuneration as set forth in GCC Clause 53.2; and (ii) reimbursable expenditures as set forth in GCC Clause 53.4. Said remuneration shall not be subject to price adjustment.

18.3 All payments under this Contract shall be made to the account of the Consultant specified in the SCC.

19. Currency of Payment

Unless otherwise specified in the SCC, all payments shall be made in Philippine Pesos.

20. Liability of the Consultant

Subject to additional provisions, if any, set forth in the SCC, the Consultant's liability under this Contract shall be as provided by the laws of the Republic of the Philippines.

21. Insurance to be Taken Out by the Consultant

21.1 The Consultant, at its own cost, shall be responsible for taking out or maintaining any insurance policy against any risk related to the project.

21.2 The Procuring Entity undertakes no responsibility in respect of life, health, accident, travel or any other insurance coverage for the Personnel or for the dependents of any such Personnel.

22. Effectivity of Contract

The contract effectivity date shall be the date of contract signing, provided that the effectiveness of the conditions, if any, listed in the SCC have been met.

23. Commencement of Services

The Consultant shall begin carrying out the Services starting from the effectivity date of this Contract, as mentioned in GCC Clause 22.

24. Expiration of Contract

Unless sooner terminated pursuant to GCC Clauses 27 or 28 hereof, this Contract shall terminate at the end of such time period after the effectivity date as shall be specified in the SCC.

25. Force Majeure

- 25.1 For purposes of this Contract the terms “force majeure” and “fortuitous event” may be used interchangeably. In this regard, a fortuitous event or force majeure shall be interpreted to mean an event which the Consultant could not have foreseen, or which though foreseen, was inevitable. It shall not include ordinary unfavorable weather conditions; and any other cause the effects of which could have been avoided with the exercise of reasonable diligence by the Consultant.
- 25.2 The failure of a Party to fulfill any of its obligations hereunder shall not be considered to be a breach of, or default under, this Contract insofar as such inability arises from an event of force majeure, provided that the Party affected by such an event has taken all reasonable precautions, due care and reasonable alternative measures, all with the objective of carrying out the terms and conditions of this Contract.
- 25.3 Unless otherwise agreed herein, force majeure shall not include:
- (a) any event which is caused by the negligence or intentional action of a Party or such Party’s Subconsultants or agents or employees;
 - (b) any event which a diligent Party could reasonably have been expected to both take into account at the time of the conclusion of this Contract and avoid or overcome in the carrying out of its obligations hereunder;
 - (c) insufficiency of funds or failure to make any payment required hereunder; or
 - (d) the Procuring Entity’s failure to review, approve or reject the outputs of the Consultant beyond a reasonable time period.
- 25.4 A Party affected by an event of force majeure shall take all reasonable measures to remove such Party’s inability to fulfill its obligations hereunder immediately or within a reasonable time.
- 25.5 A Party affected by an event of force majeure shall notify the other Party of such event as soon as possible, and in any event not later than fifteen (15) days following the occurrence of such event, providing evidence of the nature and cause of such event, and shall similarly give notice of the restoration of normal conditions as soon as possible.
- 25.6 The Parties shall take all reasonable measures to minimize the consequences of any event of force majeure.
- 25.7 Any period within which a Party shall, pursuant to this Contract, complete any action or task, shall be extended for a period equal to the time during which such Party was unable to perform such action as a direct and proximate result of force majeure.

- 25.8 During the period of their inability to perform the Services as a direct and proximate result of an event of force majeure, the Consultant shall be entitled to continue receiving payment under the terms of this Contract as well as to be reimbursed for additional costs reasonably and necessarily incurred by it during such period for the purposes of the Services and in reactivating the Services after the end of such period, provided that such costs are still within the total contract price. However, the foregoing provision shall not apply if the Procuring Entity suspends or terminates this Contract in writing, notice thereof duly received by the Consultant, pursuant to GCC Clauses 26 and 27 hereof with the exception of the direct and proximate result of force majeure.
- 25.9 Not later than fifteen (15) days after the Consultant, as the direct and proximate result of an event of force majeure, has become unable to perform a material portion of the Services, the Parties shall consult with each other with a view to agreeing on appropriate measures considering the circumstances.
- 25.10 In the case of disagreement between the parties as to the existence, or extent of force majeure, the matter shall be submitted to arbitration in accordance with GCC Clause 34 hereof.

26. Suspension

- 26.1 The Procuring Entity shall, by written notice of suspension to the Consultant, suspend all payments to the Consultant hereunder if the Consultant fail to perform any of their obligations due to their own fault or due to force majeure or other circumstances beyond the control of either party (*e.g.* suspension of civil works being supervised by the consultant) under this Contract, including the carrying out of the Services, provided that such notice of suspension:
- (a.1) shall specify the nature of the failure; and
 - (a.2) shall request the Consultant to remedy such failure within a period not exceeding thirty (30) days after receipt by the Consultant of such notice of suspension.
- 26.2 The Consultant may, without prejudice to its right to terminate this Contract pursuant to GCC Clause 28, by written notice of suspension, suspend the Services if the Procuring Entity fails to perform any of its obligations which are critical to the delivery of the Consultant's services such as, non-payment of any money due the Consultant within forty-five (45) days after receiving notice from the Consultant that such payment is overdue.

27. Termination by the Procuring Entity

27.1 The Procuring Entity shall terminate this Contract when any of the following conditions attends its implementation:

- (a.1) Outside of force majeure, the Consultant fails to deliver or perform the Outputs and Deliverables within the period(s) specified in the Contract, or within any extension thereof granted by the Procuring Entity pursuant to a request made by the Consultant prior to the delay;
- (a.2) As a result of force majeure, the Consultant is unable to deliver or perform a material portion of the Outputs and Deliverables for a period of not less than sixty (60) calendar days after the Consultant's receipt of the notice from the Procuring Entity stating that the circumstance of force majeure is deemed to have ceased;
- (a.3) In whole or in part, at any time for its convenience, the HoPE may terminate the Contract for its convenience if he has determined the existence of conditions that make Project Implementation economically, financially or technically impractical and/or unnecessary, such as, but not limited to, fortuitous event(s) or changes in law and National Government policies;
- (a.4) If the Consultant is declared bankrupt or insolvent as determined with finality by a court of competent jurisdiction; in which event, termination will be without compensation to the Consultant, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the Procuring Entity and/or the Consultant;
- (a.5) In case it is determined prima facie that the Consultant has engaged, before or during the implementation of this Contract, in unlawful deeds and behaviors relative to contract acquisition and implementation, such as, but not limited to, the following: corrupt, fraudulent, collusive, coercive, and obstructive practices; drawing up or using forged documents; using adulterated materials, means or methods, or engaging in production contrary to rules of science or the trade; and any other act analogous to the foregoing. For purposes of this clause, corrupt, fraudulent, collusive, coercive, and obstructive practices shall have the same meaning as that provided in ITB Clause **Error! Reference source not found.**;
- (a.6) The Consultant fails to remedy a failure in the performance of their obligations hereunder, as specified in a notice of suspension pursuant to GCC Clause 15.2 hereinabove, within thirty (30) days of receipt of such notice of suspension or

within such further period as the Procuring Entity may have subsequently approved in writing;

(a.7) The Consultant's failure to comply with any final decision reached as a result of arbitration proceedings pursuant to GCC Clause 34 hereof; or

(a.8) The Consultant fails to perform any other obligation under the Contract.

27.2 In case of termination, written notice shall be understood to mean fifteen (15) days for short term contracts, *i.e.*, four (4) months or less, and thirty (30) days for long term contracts.

28. Termination by the Consultant

The Consultant must serve a written notice to the Procuring Entity of its intention to terminate this Contract at least thirty (30) calendar days before its intended termination. This Contract is deemed terminated if no action has been taken by the Procuring Entity with regard to such written notice within thirty (30) calendar days after the receipt thereof by the Procuring Entity. The Consultant may terminate this Contract through any of the following events:

(a.1) The Procuring Entity is in material breach of its obligations pursuant to this Contract and has not remedied the same within sixty (60) calendar days following its receipt of the Consultant's notice specifying such breach;

(a.2) The Procuring Entity's failure to comply with any final decision reached as a result of arbitration pursuant to GCC Clause 34 hereof

(a.3) As the direct and proximate result of force majeure, the Consultant is unable to perform a material portion of the Services for a period of not less than sixty (60) days; or

(a.4) The Procuring Entity fails to pay any money due to the Consultant pursuant to this Contract and not subject to dispute pursuant to GCC Clause 32 hereof within eighty four (84) days after receiving written notice from the Consultant that such payment is overdue.

29. Procedures for Termination of Contracts

The following provisions shall govern the procedures for the termination of this Contract:

(a) Upon receipt of a written report of acts or causes which may constitute ground(s) for termination as aforementioned, or upon its own initiative, the Procuring Entity shall, within a period of seven (7) calendar days, verify the existence of such ground(s) and cause the execution of a Verified Report, with all relevant evidence attached;

- (b) Upon recommendation by the Procuring Entity, the HoPE shall terminate this Contract only by a written notice to the Consultant conveying such termination. The notice shall state:
- (i) that the contract is being terminated for any of the ground(s) aforementioned, and a statement of the acts that constitute the ground(s) constituting the same;
 - (ii) the extent of termination, whether in whole or in part;
 - (iii) an instruction to the Consultant to show cause as to why the contract should not be terminated; and
 - (iv) special instructions of the Procuring Entity, if any.

The Notice to Terminate shall be accompanied by a copy of the Verified Report;

- (c) Within a period of seven (7) calendar days from receipt of the Notice of Termination, the Consultant shall submit to the HoPE a verified position paper stating why this Contract should not be terminated. If the Consultant fails to show cause after the lapse of the seven (7) day period, either by inaction or by default, the HoPE shall issue an order terminating this Contract;
- (d) The Procuring Entity may, at anytime before receipt of the Consultant's verified position paper to withdraw the Notice to Terminate if it is determined that certain services subject of the notice had been completed or performed before the Consultant's receipt of the notice;
- (e) Within a non-extendible period of ten (10) calendar days from receipt of the verified position paper, the HoPE shall decide whether or not to terminate this Contract. It shall serve a written notice to the Consultant of its decision and, unless otherwise provided, this Contract is deemed terminated from receipt of the Consultant of the notice of decision. The termination shall only be based on the ground(s) stated in the Notice to Terminate; and
- (f) The HoPE may create a Contract Termination Review Committee (CTRC) to assist him in the discharge of this function. All decisions recommended by the CTRC shall be subject to the approval of the HoPE.

30. Cessation of Services

Upon termination of this Contract by notice of either Party to the other pursuant to GCC Clauses 27 or 28 hereof, the Consultant shall, immediately upon dispatch or receipt of such notice, take all necessary steps to bring the Services to a close in a prompt and orderly manner and shall make every reasonable effort to keep expenditures for this purpose to a minimum. With respect to documents prepared by the Consultant and equipment and materials furnished by the Procuring Entity, the Consultant shall proceed as provided, respectively, by GCC Clauses 35 or 36 hereof.

31. Payment Upon Termination

Upon termination of this Contract pursuant to **GCC** Clauses 27 or 28 hereof, the Procuring Entity shall make the following payments to the Consultant:

- (a) remuneration pursuant to **GCC** Clause 53 hereof for Services satisfactorily performed prior to the effective date of termination;
- (b) reimbursable expenditures pursuant to **GCC** Clause 53 hereof for expenditures actually incurred prior to the effective date of termination; and
- (c) in the case of termination pursuant to **GCC** Clause 27(a.2) hereof, reimbursement of any reasonable cost incident to the prompt and orderly termination of this Contract including the cost of the return travel of the Personnel and their eligible dependents.

32. Disputes about Events of Termination

If either Party disputes whether an event specified in **GCC** Clause 27.1 or in **GCC** Clause 28 hereof has occurred, such Party may refer the matter to arbitration pursuant to **GCC** Clause 34 hereof, and this Contract shall not be terminated on account of such event except in accordance with the terms of any resulting arbitral award.

33. Cessation of Rights and Obligations

Upon termination of this Contract pursuant to **GCC** Clauses 27 or 28 hereof, or upon expiration of this Contract pursuant to **GCC** Clause 24, all rights and obligations of the Parties hereunder shall cease, except:

- (a) such rights and obligations as may have accrued on the date of termination or expiration;
- (b) the obligation of confidentiality set forth in **GCC** Clause 17 hereof; and
- (c) the Consultant's obligation to permit inspection, copying and auditing of their accounts and records set forth in **GCC** Clauses 51(a.2) and 51(a.3) hereof, any right which a Party may have under the Applicable Law.

34. Dispute Settlement

34.1 If any dispute or difference of any kind whatsoever shall arise between the Parties in connection with the implementation of this Contract, the Parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.

34.2 Any and all disputes arising from the implementation of this Contract shall be submitted to arbitration in accordance with the rules of procedure specified in the **SCC**.

35. Documents Prepared by the Consultant and Software Developed to be the Property of the Procuring Entity

35.1 All plans, drawings, specifications, designs, reports, other documents and software prepared by the Consultant for the Procuring Entity under this Contract shall become and remain the property of the Procuring Entity, and the Consultant shall, prior to termination or expiration of this Contract, deliver all such documents to the Procuring Entity, together with a detailed inventory thereof. The Consultant may retain a copy of such documents and software. The plans, drawings, specifications, designs, reports, other documents and software, including restrictions on future use of such documents and software, if any, shall be specified in the SCC.

35.2 All computer programs developed by the Consultant under this Contract shall be the sole and exclusive property of the Procuring Entity; provided, however, that the Consultant may use such programs for its own use with prior written approval of the Procuring Entity. If license agreements are necessary or appropriate between the Consultant and third parties for purposes of development of any such computer programs, the Consultant shall obtain the Procuring Entity's prior written approval to such agreements. In such cases, the Procuring Entity shall be entitled at its discretion to require recovering the expenses related to the development of the program(s) concerned.

36. Equipment and Materials Furnished by the Procuring Entity

Equipment and materials made available to the Consultant by the Procuring Entity, or purchased by the Consultant with funds provided by the Procuring Entity, shall be the property of the Procuring Entity and shall be marked accordingly. Upon termination or expiration of this Contract, the Consultant shall make available to the Procuring Entity an inventory of such equipment and materials and shall dispose of such equipment and materials in accordance with the Procuring Entity's instructions. While in possession of such equipment and materials, the Consultant, unless otherwise instructed by the Procuring Entity in writing, shall insure it at the expense of the Procuring Entity in an amount equal to their full replacement value.

37. Services, Facilities and Property of the Procuring Entity

The Procuring Entity shall make available to the Consultant and the Personnel, for the purposes of the Services and free of any charge, the services, facilities and property described in Appendix V at the terms and in the manner specified in said appendix, provided that if such services, facilities and property shall not be made available to the Consultant as and when so specified, the Parties shall agree on:

- (a) any time extension that it may be appropriate to grant to the Consultant for the performance of the Services;

- (b) the manner in which the Consultant shall procure any such services, facilities and property from other sources; and
- (c) the additional payments, if any, to be made to the Consultant as a result thereof pursuant to **GCC** Clause 52 hereinafter which should be within the agreed contract ceiling.

38. Consultant's Actions Requiring Procuring Entity's Prior Approval

The Consultant shall obtain the Procuring Entity's prior approval in writing before taking any of the following actions:

- (a) appointing such members of the Personnel as are listed in Appendix III merely by title but not by name;
- (b) entering into a subcontract for the performance of any part of the Services, it being understood that:
 - (i) the selection of the Subconsultant and the terms and conditions of the subcontract shall have been approved in writing by the Procuring Entity prior to the execution of the subcontract; and
 - (ii) the Consultant shall remain fully liable for the performance of the Services by the Subconsultant and its Personnel pursuant to this Contract;
- (c) replacement, during the performance of the contract for any reason, of any Personnel as listed in Appendix III of this Contract requiring the Procuring Entity's prior approval; and
- (d) any other action that may be specified in the **SCC**.

39. Personnel

- 39.1 The Consultant shall employ and provide such qualified and experienced Personnel and Subconsultants as are required to carry out the Services.
- 39.2 The title, agreed job description, minimum qualification and estimated period of engagement in the carrying out of the Services of each of the Consultant's Key Personnel are described in Appendix III.
- 39.3 The Key Personnel and Subconsultants listed by title as well as by name in Appendix III are hereby approved by the Procuring Entity. In respect of other Key Personnel which the Consultant proposes to use in the carrying out of the Services, the Consultant shall submit to the Procuring Entity for review and approval a copy of their biographical data and, in the case of Key Personnel to be assigned within the GoP, a copy of a satisfactory medical certificate attached as part of Appendix III. If the Procuring Entity

does not object in writing; or if it objects in writing but fails to state the reasons for such objection, within twenty-one (21) calendar days from the date of receipt of such biographical data and, if applicable, such certificate, the Key Personnel concerned shall be deemed to have been approved by the Procuring Entity.

- 39.4 The Procuring Entity may request the Consultants to perform additional services not covered by the original scope of work but are determined by the Procuring Entity to be critical for the satisfactory completion of the Services, subject to GCC Clause 55.6.
- 39.5 No changes shall be made in the Key Personnel, except for justifiable reasons as may be determined by the Procuring Entity, as indicated in the SCC, and only upon prior approval of the Procuring Entity. If it becomes justifiable and necessary to replace any of the Personnel, the Consultant shall forthwith provide as a replacement a person of equivalent or better qualifications. If the Consultant introduces changes in Key Personnel for reasons other than those mentioned in the SCC, the Consultant shall be liable for the imposition of damages as described in the SCC.
- 39.6 Any of the Personnel provided as a replacement under GCC Clauses 39.5 and 39.7, the rate of remuneration applicable to such person as well as any reimbursable expenditures the Consultant may wish to claim as a result of such replacement, shall be subject to the prior written approval by the Procuring Entity. Except as the Procuring Entity may otherwise agree, the Consultant shall bear all additional travel and other costs arising out of or incidental to any removal and/or replacement, and the remuneration to be paid for any of the Personnel provided as a replacement shall not exceed the remuneration which would have been payable to the Personnel replaced.
- 39.7 If the Procuring Entity finds that any of the Personnel has committed serious misconduct or has been charged with having committed a criminal action as defined in the Applicable Law, or has reasonable cause to be dissatisfied with the performance of any of the Personnel, then the Consultant shall, at the Procuring Entity's written request specifying the grounds therefore, forthwith provide as a replacement a person with qualifications and experience acceptable to the Procuring Entity.

40. Working Hours, Overtime, Leave, etc.

- 40.1 Working hours and holidays for Key Personnel are set forth in Appendix III. Any travel time prior to and after contract implementation shall not be considered as part of the working hours.

- 40.2 The Key Personnel shall not be entitled to claim payment for overtime work, sick leave, or vacation leave from the Procuring Entity since these items are already covered by the Consultant's remuneration. All leaves to be allowed to the Personnel are included in the staff-months of service set forth in Appendix III. Taking of leave by any Personnel should not delay the progress and adequate supervision of the Services.
- 40.3 If required to comply with the provisions of GCC Clause 43.1 hereof, adjustments with respect to the estimated periods of engagement of Key Personnel set forth in Appendix III may be made by the Consultant by prior written notice to the Procuring Entity, provided that:
- (a) such adjustments shall not alter the originally estimated period of engagement of any individual by more than ten percent (10%); and
 - (b) the aggregate of such adjustments shall not cause payments under this Contract to exceed the ceilings set forth in GCC Clause 52.1 of this Contract. Any other such adjustments shall only be made with the Procuring Entity's prior written approval.

41. Counterpart Personnel

- 41.1 If so provided in Appendix III hereto, the Procuring Entity shall make available to the Consultant, as and when provided in such Appendix III, and free of charge, such Counterpart Personnel to be selected by the Procuring Entity, with the Consultant's advice, as shall be specified in such Appendix III. Counterpart Personnel shall work with the Consultant. If any member of the Counterpart Personnel fails to perform adequately any work assigned to such member by the Consultant which is consistent with the position occupied by such member, the Consultant may request the replacement of such member, and the Procuring Entity shall not unreasonably refuse to act upon such request.
- 41.2 The responsibilities of the Counterpart Personnel shall be specified in Appendix III, attached hereto, and the Counterpart Personnel shall not perform any work beyond the said responsibilities.
- 41.3 If Counterpart Personnel are not provided by the Procuring Entity to the Consultant as and when specified in Appendix III, and or if the Counterpart Personnel lack the necessary training, experience or authority to effectively undertake their responsibilities, the Procuring Entity and the Consultant shall agree on how the affected part of the Services shall be carried out, and the additional payments, if any, to be made by the Procuring Entity to the Consultant as a result thereof pursuant to GCC Clause 52 hereof.

42. Performance Security

- 42.1 Unless otherwise specified in the SCC, within ten (10) calendar days from receipt of the Notice of Award from the Procuring Entity but in no case later than the signing of the contract by both parties, the Consultant shall furnish the performance security in any the forms prescribed in the ITB Clause **Error! Reference source not found.**
- 42.2 The performance security posted in favor of the Procuring Entity shall be forfeited in the event it is established that the Consultant is in default in any of its obligations under the contract.
- 42.3 The performance security shall remain valid until issuance by the Procuring Entity of the Certificate of Final Acceptance.
- 42.4 The performance security may be released by the Procuring Entity and returned to the Consultant after the issuance of the Certificate of Final Acceptance subject to the following conditions:
 - (a) There are no pending claims against the Consultant or the surety company filed by the Procuring Entity;
 - (b) The Consultant has no pending claims for labor and materials filed against it; and
 - (c) Other terms specified in the SCC.
- 42.5 In case of a reduction of the contract value, the Procuring Entity shall allow a proportional reduction in the original performance security, provided that any such reduction is more than ten percent (10%) and that the aggregate of such reductions is not more than fifty percent (50%) of the original performance security.

43. Standard of Performance

- 43.1 The Consultant shall perform the Services and carry out their obligations hereunder with all due diligence, efficiency and economy, in accordance with generally accepted professional techniques and practices, and shall observe sound management practices, and employ appropriate advanced technology and safe and effective equipment, machinery, materials and methods.
- 43.2 The Consultant shall always act, in respect of any matter relating to this Contract or to the Services, as faithful advisers to the Procuring Entity, and shall at all times support and safeguard the Procuring Entity's legitimate interests in any dealings with Subconsultants or third parties.

43.3 The Consultant shall furnish to the Procuring Entity such information related to the Services as the Procuring Entity may from time to time reasonably request.

43.4 The Consultant shall at all times cooperate and coordinate with the Procuring Entity with respect to the carrying out of its obligations under this Contract.

44. Consultant Not to Benefit from Commissions, Discounts, etc.

The remuneration of the Consultant pursuant to **GCC** Clause 53 hereof shall constitute the Consultant's sole remuneration in connection with this Contract or the Services and, subject to **GCC** Clause 45 hereof, the Consultant shall not accept for their own benefit any trade commission, discount or similar payment in connection with activities pursuant to this Contract or to the Services or in the discharge of their obligations hereunder, and the Consultant shall use its best efforts to ensure that any Subconsultants, as well as the Personnel and agents of either of them, similarly shall not receive any such additional remuneration.

45. Procurement by the Consultant

If the Consultant, as part of the Services, has the responsibility of advising or procuring goods, works or services, for the Procuring Entity, the Consultant shall comply with any applicable procurement guidelines of the Funding Source, and shall at all times exercise such responsibility in the best interest of the Procuring Entity. Any discounts or advantages obtained by the Consultant in the exercise of such procurement responsibility shall be for the benefit of the Procuring Entity.

46. Specifications and Designs

46.1 The Consultant shall prepare all specifications and designs using the metric system and shall embody the best design criteria applicable to Philippine conditions. The Consultant shall specify standards which are accepted and well-known among industrial nations.

46.2 The Consultant shall ensure that the specifications and designs and all documentation relating to procurement of goods and services for this Contract are prepared on an impartial basis so as to promote national and international competitive bidding.

47. Reports

The Consultant shall submit to the Procuring Entity the reports, deliverables and documents in English, in the form, in the numbers, and within the time periods set forth in Appendix II.

48. Assistance by the Procuring Entity on Government Requirements

48.1 The Procuring Entity may assist the Consultant, Subconsultants, and Personnel in the payment of such taxes, duties, fees and other impositions as may be

levied under the Applicable Law by providing information on the preparation of necessary documents for payment thereof.

48.2 The Procuring Entity shall use its best efforts to ensure that the Government shall:

- (a) provide the Consultant, Subconsultants, and Personnel with work permits and such other documents as shall be necessary to enable the Consultant, Subconsultants, or Personnel to perform the Services;
- (b) arrange for the foreign Personnel and, if appropriate, their eligible dependents to be provided promptly with all necessary entry and exit visas, residence permits, and any other documents required for their stay in the Philippines for the duration of the Contract;
- (c) facilitate prompt clearance through customs of any property required for the Services and of the necessary personal effects of the foreign Personnel and their eligible dependents;
- (d) issue to officials, agents and representatives of the Government all such instructions as may be necessary or appropriate for the prompt and effective implementation of the Services; and
- (e) grant to foreign Consultant, any foreign Subconsultant and the Personnel of either of them the privilege, pursuant to the Applicable Law, of bringing into the Government's country reasonable amounts of foreign currency for purposes of the Services or for the personal use of the foreign Personnel and their dependents.

49. Access to Land

The Procuring Entity warrants that the Consultant shall have, free of charge, unimpeded access to all lands in the Philippines in respect of which access is required for the performance of the Services. The Procuring Entity shall be responsible for any damage to such land or any property thereon resulting from such access and shall indemnify the Consultant and each of the Personnel in respect of liability for any such damage, unless such damage is caused by the default or negligence of the Consultant or any Subconsultant or the Personnel of either of them.

50. Subcontract

- 50.1 Subcontracting of any portion of the Consulting Services, if allowed in the BDS, does not relieve the Consultant of any liability or obligation under this Contract. The Consultant will be responsible for the acts, defaults, and negligence of any subconsultant, its agents, servants or workmen as fully as if these were the Consultant's own acts, defaults, or negligence, or those of its agents, servants or workmen.

- 50.2 Subconsultants disclosed and identified during the bidding may be changed during the implementation of this Contract, subject to compliance with the required qualifications and the approval of the Procuring Entity.

51. Accounting, Inspection and Auditing

51.1 The Consultant shall:

- (a.1) keep accurate and systematic accounts and records in respect of the Services hereunder, in accordance with internationally accepted accounting principles and in such form and detail as shall clearly identify all relevant time changes and costs, and the bases thereof;
- (a.2) permit the Procuring Entity or its designated representative and or the designated representative of the Funding Source at least once for short-term Contracts, and annually in the case of long-term Contracts, and up to one year from the expiration or termination of this Contract, to inspect the same and make copies thereof as well as to have them audited by auditors appointed by the Procuring Entity; and
- (a.3) permit the Funding Source to inspect the Consultant's accounts and records relating to the performance of the Consultant and to have them audited by auditors approved by the Funding Source, if so required.

51.2 The basic purpose of this audit is to verify payments under this Contract and, in this process, to also verify representations made by the Consultant in relation to this Contract. The Consultant shall cooperate with and assist the Procuring Entity and its authorized representatives in making such audit. In the event the audit discloses that the Consultant has overcharged the Procuring Entity, the Consultant shall immediately reimburse the Procuring Entity an amount equivalent to the amount overpaid. If overpayment is a result of the Consultant having been engaged in what the Procuring Entity (or, as the case may be, the Funding Source) determines to constitute corrupt, fraudulent, or coercive practices, as defined in GCC Clause 27(a.5) and under the Applicable Law, the Procuring Entity shall, unless the Procuring Entity decides otherwise, terminate this Contract.

51.3 The determination that the Consultant has engaged in corrupt, fraudulent, coercive practices shall result in the Procuring Entity and/or the Funding Source seeking the imposition of the maximum administrative, civil and criminal penalties up to and including imprisonment.

52. Contract Cost

52.1 Except as may be otherwise agreed under GCC Clause 10, payments under this Contract shall not exceed the ceiling specified in the **SCC**. The

Consultant shall notify the Procuring Entity as soon as cumulative charges incurred for the Services have reached eighty percent (80%) of this ceiling.

- 52.2 Unless otherwise specified in the SCC, the cost of the Services shall be payable in Philippine Pesos and shall be set forth in the Appendix IV attached to this Contract.

53. Remuneration and Reimbursable Expenditures

- 53.1 Payments of Services do not relieve the Consultant of any obligation hereunder.
- 53.2 Remuneration for the Personnel shall be determined on the basis of time actually spent by such Personnel in the performance of the Services including other additional factors indicated in the SCC after the date determined in accordance with GCC Clause 22, or such other date as the Parties shall agree in writing, including time for necessary travel via the most direct route, at the rates referred to, and subject to such additional provisions as are set forth, in the SCC.
- 53.3 Remuneration for periods of less than one month shall be calculated on an hourly basis for time spent in home office (the total of 176 hours per month shall apply) and on a calendar-day basis for time spent away from home office (1 day being equivalent to 1/30th of a month).
- 53.4 Reimbursable expenditures actually and reasonably incurred by the Consultants in the performance of the Services are provided in the SCC.
- 53.5 Billings and payments in respect of the Services shall be made as follows:
- (a) The Procuring Entity shall cause to be paid to the Consultant an advance payment as specified in the SCC, and as otherwise set forth below. The advance payment shall be due after the Consultant provides an irrevocable standby letter of credit in favor of the Procuring Entity issued by an entity acceptable to the Procuring Entity in accordance with the requirements provided in the SCC.
 - (b) As soon as practicable and not later than fifteen (15) days after the end of each calendar month during the period of the Services, the Consultant shall submit to the Procuring Entity, in duplicate, itemized statements, accompanied by copies of receipted invoices, vouchers and other appropriate supporting materials, of the amounts payable pursuant to GCC Clauses 52.1 and 53 for such month. Separate monthly statements shall be submitted in respect of amounts payable in foreign currency and in local currency. Each separate monthly statement shall distinguish that portion of the total eligible costs which pertains to remuneration from that portion which pertains to reimbursable expenditures.
 - (c) The Procuring Entity shall cause the payment of the Consultant's monthly statements within sixty (60) days after the receipt by the

Procuring Entity of such statements with supporting documents. Only such portion of a monthly statement that is not satisfactorily supported may be withheld from payment. Should any discrepancy be found to exist between actual payment and costs authorized to be incurred by the Consultant, the Procuring Entity may add or subtract the difference from any subsequent payments. Interest shall be paid for delayed payments following the rate provided in the **SCC**.

54. Final Payment

- 54.1 The final payment shall be made only after the final report and a final statement, identified as such, shall have been submitted by the Consultant and approved as satisfactory by the Procuring Entity. The Services shall be deemed completed and finally accepted by the Procuring Entity and the final report and final statement shall be deemed approved by the Procuring Entity as satisfactory ninety (90) calendar days after receipt of the final report and final statement by the Procuring Entity unless the Procuring Entity, within such ninety (90)-day period, gives written notice to the Consultant specifying in detail deficiencies in the Services, the final report or final statement. The Consultant shall thereupon promptly make any necessary corrections within a maximum period of ninety (90) calendar days, and upon completion of such corrections, the foregoing process shall be repeated.
- 54.2 Any amount which the Procuring Entity has paid or caused to be paid in accordance with this clause in excess of the amounts actually payable in accordance with the provisions of this Contract shall be reimbursed by the Consultant to the Procuring Entity within thirty (30) days after receipt by the Consultant of notice thereof. Any such claim by the Procuring Entity for reimbursement must be made within twelve (12) calendar months after receipt by the Procuring Entity of a final report and a final statement approved by the Procuring Entity in accordance with the above.

55. Lump Sum Contracts

- 55.1 For Lump Sum Contracts when applicable, notwithstanding the terms of GCC Clauses 10, 18.1, 31(c), 41.3, 53.2, 53.3, 53.4, 53.5, and 54.1, the provisions contained hereunder shall apply.
- 55.2 Personnel - Any replacement approved by the Procuring Entity in accordance with ITB Clause **Error! Reference source not found.** shall be provided by the Consultant at no additional cost.
- 55.3 Staffing Schedule - Should the rate of progress of the Services, or any part hereof, be at any time in the opinion of the Procuring Entity too slow to ensure that the Services are completed in accordance with the Staffing Schedule, the Procuring Entity shall so notify the Consultant in writing and the Consultant shall at its sole cost and expense, thereupon take such steps as necessary, subject to the Procuring Entity's approval, or as reasonably required by the Procuring Entity, to expedite progress so as to ensure that the Services are completed in accordance with the Staffing Schedule.

- 55.4 Final payment pursuant to the Payment Schedule in Appendices IV and V shall be made by the Procuring Entity after the final report has been submitted by the Consultant and approved by the Procuring Entity.
- 55.5 Termination - Upon the receipt or giving of any notice referred to in GCC Clause 29 and if the Consultant is not in default under this Contract and has partly or substantially performed its obligation under this Contract up to the date of termination and has taken immediate steps to bring the Services to a close in prompt and orderly manner, there shall be an equitable reduction in the maximum amount payable under this Contract to reflect the reduction in the Services, provided that in no event shall the Consultant receive less than his actual costs up to the effective date of the termination, plus a reasonable allowance for overhead and profit.
- 55.6 Unless otherwise provided in the SCC, no additional payment for variation order, if any, shall be allowed for this Contract.

56. Liquidated Damages for Delay

If the Consultant fails to deliver any or all of the Services within the period(s) specified in this Contract, the Procuring Entity shall, without prejudice to its other remedies under this Contract and under the Applicable Law, deduct from the contract price, as liquidated damages, a sum equivalent to one-tenth of one percent of the price of the unperformed portion of the Services for each day of delay based on the approved contract schedule up to a maximum deduction of ten percent (10%) of the contract price. Once the maximum is reached, the Procuring Entity may consider termination of this Contract pursuant to **GCC** Clause 27.

1.B Special Conditions of Contract

Notes on the Special Conditions of Contract

Similar to the BDS in Section III, the Clauses in this Section are intended to assist the Procuring Entity in providing contract-specific information in relation to corresponding clauses in the GCC.

The provisions of Section V complement the GCC included in Section IV, specifying contractual requirements linked to the special circumstances of the Procuring Entity, the Procuring Entity's country, the sector, and the Services purchased. In preparing Section V, the following aspects should be checked:

- (a) Information that complements provisions of Section IV must be incorporated.
- (b) Amendments and/or supplements to provisions of Section IV, as necessitated by the circumstances of the specific purchase, must also be incorporated.

However, no special condition which defeats or negates the general intent and purpose of the provisions of Section IV should be incorporated herein.

Government Procurement Policy Board
Philippine Bidding Document Form for Consulting Services
Section V
Website link: <http://www.gppb.gov.ph/downloadables/PBDs.html>

Special Conditions of Contract

| GCC Clause | |
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| 1.1(b) | Name of Consultant |
| 1.1(g) | The Government of the Philippines through DAR intends to apply part of the loan proceeds and GOP counterpart funds in the amount of EIGHTY-FIVE MILLION PESOS (PhP85,000.00), inclusive of taxes, being the Approved Budget for the Contract (ABC) to payments for the engagement of Consulting Firm for the IARCDSP Local Partner Micro-Finance Institution (MFI). |
| 6.2(b) | Not applicable |
| 7 | <p>The Member in Charge is <i>[name of member, address, and other necessary contact information]</i>.</p> <p>NOTE: <i>If the Consultant consists only of one entity, state “Not applicable”.</i></p> |
| 8 | <p><i>If there is a resident project manager, state here:</i></p> <p>The person designated as resident project manager in Appendix III shall serve in that capacity, as specified in GCC Clause 8.</p> <p><i>If there is no such manager, state:</i> Not Applicable.</p> |
| 10 | <p>Modifications of contract shall be effective upon MAECI/AICS prior authorization, which may only be granted in the following cases:</p> <p>(a) modifications of applicable laws and regulations;</p> <p>(b) unforeseen and unforeseeable circumstances, including the implementation of new materials, components or technology not existing when the award procedure was commenced, provided that the modifications ameliorate the quality of the performance, without increasing the contract total amount;</p> <p>(c) events related to the nature or the quality of the goods or places where the contract activities take place, which occur during the contract execution and were unforeseeable when the contract was made;</p> <p>(d) unless otherwise provided, the above-mentioned modifications may not increase or reduce the total contract amount beyond 20%</p> <p>(e) consultant may not refuse the above-mentioned modifications; such modifications shall be executed at the same contractual conditions;</p> <p>(f) modifications, which, in the interest of the contracting authority,</p> |

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| | <p>increase or reduce the total contract amount, necessary to improve the quality and performance of the project are allowed up to 5%, provided that the funding is available and no substantial modification is made; the modifications shall be only due to objective reasons, unforeseeable when the contract was made;</p> <p>(g) consultant shall execute any non-substantial modification that the contracting authority may see fit, provided that the nature of the activity is not fundamentally altered and no additional costs are imposed.</p> |
| 12 | <p>The Authorized Representatives are as follows:</p> <p>For the Procuring Entity: Undersecretary Luis Meinrado C. Pangulayan Head of Procuring Entity</p> <p>For the Consultant: ____</p> <p>NOTE: <i>Name of authorized representative to be filled out by winning consultant prior to contract signing.</i></p> |
| 15.1 | <p>The addresses are:</p> <p>Procuring Entity: Department of Agrarian Reform, DAR Compound, Elliptical Road Diliman, Quezon City</p> <p>Attention: Hon. Luis Meinrado C. Pangulayan Undersecretary, Legal Affairs Office Head of Procuring Entity</p> <p>Address: DAR Compound, Elliptical Road Diliman, Quezon City Philippines</p> <p>Email Address:</p> <p>Consultants: [insert name of the Consultant] Attention: [insert name of the Consultant's authorized representative] Address: Facsimile: Email Address:</p> |
| 15.2 | <p>Notice shall be deemed to be effective as follows:</p> <p>(a) in the case of personal delivery or registered mail, on delivery; (b) in the case of facsimiles, within 8:00 AM to 5:00 PM following confirmed transmission; or</p> <p>(c) in the case of telegrams, within 8:00 AM to 5:00 PM following confirmed transmission.</p> |

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| 18.3 | <p><i>State here Consultant's account where payment may be made.</i></p> <p>NOTE: <i>Details of account to be filled out by winning consultant prior to contract signing.</i></p> |
| 19 | Payment shall be made in Philippine Pesos |
| 20 | <i>If the Consultant is a joint venture, "All partners to the joint venture shall be jointly and severally liable to the Procuring Entity."</i> |
| 22 | <p>The effectiveness conditions are the following:</p> <p><i>1. NEDA and DOF approval of the Project time and loan validity extension.</i></p> <p><i>2. Second issuance of the MAECI/AICS of No Objection Declaration on the procurement.</i></p> |
| 24 | The time period shall be thirty-six months (36) man-months or such other time period as the parties may agree in writing. |
| 34.2 | Any and all disputes arising from the implementation of this contract shall be submitted to arbitration in the Philippines according to the provisions of Republic Acts 876 and 9285, as required in Section 59 of the IRR of RA 9184. |
| 35.1 | <p>The drawings, specifications, designs, reports, other documents and software prepared by the Consultant for the Procuring Entity under this Contract that shall become and remain the property of the DAR are as follows:</p> <ol style="list-style-type: none"> 1. Inception Report 2. First Progress Report 3. Second Progress Report 4. Mid-Term Report 5. Third Progress Report 6. Pre-Project Completion 7. Final Project Completion 8. List of ARBOs assisted 9. Profiles of ARBOs assisted 10. Micro-Finance Products Report 11. Monitoring Tools for Micro-finance Products |
| 37. | No further instruction |
| 38.1(d) | No further instruction |
| 39.5 | <p>The Contractor shall not make changes to the agreed staff without the prior approval of the Contracting Authority. The Contractor must on its own initiative propose a replacement in the following cases:</p> <p>(a) In the event of death, in the event of illness or in the event of accident</p> |

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| | <p>of an agreed staff;</p> <p>(b) If it becomes necessary to replace an agreed staff for any other reasons beyond the Contractor's control (e.g. resignation, etc.).</p> <p>Moreover, in the course of performance, and on the basis of a written and justified request to which the Contractor shall provide its own and the agreed staff's observations, the Contracting Authority can order an agreed staff to be replaced.</p> <p>Where an agreed staff must be replaced, the replacement must possess at least equivalent qualifications and experience, and the remuneration to be paid to the replacement cannot exceed that received by the agreed staff who has been replaced. Where the Contractor is unable to provide a replacement with equivalent qualifications and/or experience, the Contracting Authority may either decide to terminate the contract, if the proper performance of it is jeopardized, or, if it considers that this is not the case, accept the replacement, provided that the fees of the latter are renegotiated to reflect the appropriate remuneration level.</p> <p>Additional costs incurred by the replacement of an agreed staff are the responsibility of the Contractor. The Contracting Authority makes no payment for the period when the agreed staff to be replaced is absent. The replacement of any agreed staff, whose name is listed in Annex IV of the contract, must be proposed by the Contractor within 15 calendar days from the first day of the agreed staff's absence. If after this period the Contractor fails to propose a replacement in accordance with Article 17.3 above, the Contracting Authority may apply liquidated damages up to 10% of the remaining fees of that expert to be replaced. The Contracting Authority must approve or reject the proposed replacement within 30 days.</p> <p>The partner country may be notified of the identity of the agreed staff proposed to be added or replaced in the contract to obtain its approval. The partner country must not withhold its approval unless it submits duly substantiated and justified objections to the proposed experts in writing to the Contracting Authority within 15 days of the date of the request for approval.</p> |
| 40.1 | No further instructions. |
| 40.2 | No further instructions. |
| 40.3 | No further instructions. |
| 42.1 | Within 20 days from contract signature the Contractor has to provide the Contracting Authority with a performance guarantee amounting to the 10% of the contract value. The financial guarantee shall be provided in the form of a bank guarantee, a banker's draft, a certified cheque, a bond provided by an insurance and/or bonding company, an irrevocable letter of credit or a cash deposit made with the Contracting Authority |

| 42.4(c) | No further instructions | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 52.1 | Total ceiling amount is EIGHTY-FIVE MILLION PESOS (PhP 85,000,000.00) <i>NOTE: The contract amount is to be filled out by the BAC Secretariat prior to contract signing.</i> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 52.2 | The cost of services shall be payable in Philippine Pesos and shall be set forth in the Appendix IV attached to this contract. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 53.2 | Not applicable | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 53.3 | Not applicable | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 53.4 | Not applicable | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 53.5 (a) | Not applicable. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 53.5 (b) | <table><tr><th>Report Requirement</th><th>Schedule of Submission</th><th>Payment Schedule</th></tr><tr><td>Upon acceptance of Approved Inception Report</td><td>1 month from NTP</td><td>15% of total amount</td></tr><tr><td>Upon acceptance of Approved First Progress Report</td><td>6 months from NTP</td><td>15% of total amount</td></tr><tr><td>Upon Acceptance of Approved Second Progress Report</td><td>12 months from NTP</td><td>15% of total amount</td></tr><tr><td>Upon Acceptance of Approved Mid-Term Report</td><td>18 months from NTP</td><td>15% of total amount</td></tr><tr><td>Upon Acceptance of Approved Third Progress Report</td><td>24 months from NTP</td><td>15% of total amount</td></tr><tr><td>Upon Acceptance of Approved Pre-Project Completion</td><td>30 months from NTP</td><td>15% of total amount</td></tr><tr><td>Upon Acceptance of Approved Final Project Completion</td><td>36 months from NTP</td><td>10% of total amount</td></tr></table> | Report Requirement | Schedule of Submission | Payment Schedule | Upon acceptance of Approved Inception Report | 1 month from NTP | 15% of total amount | Upon acceptance of Approved First Progress Report | 6 months from NTP | 15% of total amount | Upon Acceptance of Approved Second Progress Report | 12 months from NTP | 15% of total amount | Upon Acceptance of Approved Mid-Term Report | 18 months from NTP | 15% of total amount | Upon Acceptance of Approved Third Progress Report | 24 months from NTP | 15% of total amount | Upon Acceptance of Approved Pre-Project Completion | 30 months from NTP | 15% of total amount | Upon Acceptance of Approved Final Project Completion | 36 months from NTP | 10% of total amount | | |
| Report Requirement | Schedule of Submission | Payment Schedule | | | | | | | | | | | | | | | | | | | | | | | | | |
| Upon acceptance of Approved Inception Report | 1 month from NTP | 15% of total amount | | | | | | | | | | | | | | | | | | | | | | | | | |
| Upon acceptance of Approved First Progress Report | 6 months from NTP | 15% of total amount | | | | | | | | | | | | | | | | | | | | | | | | | |
| Upon Acceptance of Approved Second Progress Report | 12 months from NTP | 15% of total amount | | | | | | | | | | | | | | | | | | | | | | | | | |
| Upon Acceptance of Approved Mid-Term Report | 18 months from NTP | 15% of total amount | | | | | | | | | | | | | | | | | | | | | | | | | |
| Upon Acceptance of Approved Third Progress Report | 24 months from NTP | 15% of total amount | | | | | | | | | | | | | | | | | | | | | | | | | |
| Upon Acceptance of Approved Pre-Project Completion | 30 months from NTP | 15% of total amount | | | | | | | | | | | | | | | | | | | | | | | | | |
| Upon Acceptance of Approved Final Project Completion | 36 months from NTP | 10% of total amount | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55.6 | No further instructions. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55.7 | The Contract price shall be fixed and invariable | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 57 | Contract cannot be assigned to a third party. | | | | | | | | | | | | | | | | | | | | | | | | | | |

Annex II. Terms of Reference

**ITALIAN TECHNICAL ASSISTANCE
INTERNATIONAL CONSULTANCY PROVISION OF TECHNICAL ASSISTANCE
AND SUPPORT TO THE MICRO-FINANCE SUB-COMPONENT OF THE ITALIAN
AGRARIAN REFORM COMMUNITY DEVELOPMENT SUPPORT PROGRAM
(IARCDSP)**

TERMS OF REFERENCE – ITA-IARCDSP

1. BACKGROUND INFORMATION

1.1 Partner country

Republic of the Philippines

1.2 Contracting Authority

The Contracting Authority will be the Government of the Philippines through the Department of Agrarian Reform (DAR).

1.3 Country background

In 1988, the Department of Agrarian Reform (DAR) conceived a development intervention to support the peace process in the Special Zone of Peace and Development in Mindanao (SZOPAD). This came as a part of the strategic measures of the Philippine government to strengthen the peace process in Mindanao through the eradication of the extreme poverty, the political marginalization and the social exclusion, in particular within the Autonomous Region in Muslim Mindanao (ARMM).

The SZOPAD Social Fund or SSF, is an offshoot of the Peace Agreement forged between the Philippine Government and the Moro National Liberation Front (MNLF). The SSF was created by virtue of Executive Order No. 445 dated October 1, 1997 and mandated to accelerate peace and development in Mindanao's SZOPAD which spans 14 provinces and 10 cities.

In this context and given the inherent special characteristics of Mindanao, the importance of the microfinance sector stems from the adoption of a sound business model which is patterned after the Grameen Bank model. This model provides assistance from government and/or donor agencies to a large available market coupled with supportive policies and regulatory environment. The Philippine government has long recognized the central role of microfinance in its poverty alleviation efforts. Henceforth, 1997 National Strategy for Microfinance (NSM) listed the following principles: (a) an enabling policy environment that facilitates the increased participation of the private sector in microfinance; (b) a market-oriented financial and credit policies; (c) non-participation of government agencies in the implementation of credit / guarantee programs; (d) greater role of the private sector / MFIs in the provision of financial services.

These principles served as guidelines for the subsequent policies and regulations that were put in place to help microfinance industry players achieve their goals of outreach and financial sustainability. At a regional level, the NSM tackled several constraints due to political and economic reasons. Specifically, in the case of Region XII and ARMM in Mindanao, the lack of implementation of microfinance activities is still perceived as a major problem impeding the process of poverty alleviation and peace development in the area.

Within this scope, the Government of Italy (GoI) and the Government of the Philippines (GoP) dating back to the 23rd of March 2011 signed a Memorandum of Understanding (MoU) for the implementation of the **Italian Assistance to the Agrarian Reform Community Support Development Programme (IARCDSP)** consisting of soft loan aimed at improving the living conditions of the rural household in Mindanao. Microfinance development in the area and better access to credit for the Agrarian Reform Beneficiaries (ARBs) are thus crucial elements of economic, political and social progress.

1.4 Current situation in the sector

In spite of the goals achieved in the microfinance sector, the current situation in the Philippines shows that the country still has a long way to go towards financial inclusion, which can be estimated in terms of the following: (a) access – supply and availability of different microfinance products and services; (b) usage – use of different financial products and services; (c) quality – experience of the consumer, measured in terms of attitudes and opinions towards those currently available products (d) welfare –impact of a financial product or service on the lives of consumers, including changes in consumption, business activity and wellness (BSP, 2012).

The on-going policy of the Republic of Philippines aims to address the sources of grievance of previously conflict-affected communities and prioritise its interventions to accelerate barangay-focused rehabilitation and development. Along with the peace process, the government's approach to eradication of poverty is focused on “creating ten million jobs by supporting the development of three million entrepreneurs and on developing at least two (2) million hectares of new lands for agribusiness”. Under this strategy, the government set to make “super region” Mindanao as the country's main agro-fishery export zone”. With regards to micro-finance, one of the main challenges is that formal financial providers cannot reach those who have effective demand for outside financing in the target area due to established stringent banking requirements. The Return on Investment (ROI) pursued by enterprising individual borrowers are thus reduced as they are forced to avail of loans from the unregistered sources, mostly traders and money lenders, who usually charge much higher interest rates than the formal sources.

In addition, empirical evidence shows that microfinance services thrive in areas with relatively better infrastructure, and that there is “a severe lack of microfinance services in areas with poor physical infrastructure since this means unacceptably high risks and transaction costs”

1.5 Related programmes and other donor activities

DAR's on-going microfinance programs are implementing schemes consistent with existing policies which can be adapted to the IARCDSP Microfinance component. Specifically, under the Microfinance Capacity Development in Agrarian Reform Areas, DAR has helped develop the capacity of 50 farmers' cooperatives to manage microfinance operations in partnership with the National Confederation of Cooperatives, Inc. (NATCCO) through the Microfinance Innovations in Cooperatives in Agrarian Reform Areas (MICOOP@ARAS) program. Under this Program, DAR signed a Memorandum of Agreement with NATCCO wherein DAR provides funds only for capacity building for farmer's cooperatives and NATCCO implements the training, coaching and mentoring to the cooperatives using a proven microfinance approach. Working capital for microfinance operations are directly infused by NATCCO to the cooperatives using the Confederation's own lending portfolio, hence, DAR does not have to provide funds for lending operations. As a result of this program, several cooperatives have increased their assets and expanded their microfinance operations. Another program is DAR's partnership with the Center for Agriculture and Rural Development Bank (CARD Bank, Inc.), with the same objectives but using the modified Grameen Technology and focusing on the development of smaller cooperatives. Under these two programs, 102 Agrarian Reform Beneficiaries' Organizations (ARBOs) have been assisted and developed into viable financial intermediaries effectively providing microfinance to about 184,000 Agrarian Reform Beneficiaries (ARBs), ARB households, rural women, farmers and other entrepreneurs in the Agrarian Reform Communities (ARCs).

Apart from the DAR regular programs, a remarkable number of programmes/ projects have been implemented directly or indirectly in order to support microfinance in the Philippine. The proposed operations in this call are expected to provide consistency and sustainability with the previous

projects and reduce the gaps that still exist. The Contractor is expected to build on the outputs and results already achieved by other donors.

As to other microfinance initiatives:

United States Agency for International Development (USAID): The USAID provided a three-pronged support to microfinance development in the Philippines: (a) Credit Policy Improvement Program (CPIP) which is a technical assistance to the National Credit Council (NCC) aimed at establishing a policy and regulatory environment that encouraged the private sector to participate in microfinance; (b) Microenterprise Access to Banking Services (MABS) is an initiative supporting the Philippine rural banking industry to significantly expand microenterprise access to bank microfinance services; and (c) Credit Union Enhancement and Strengthening (CUES), whose main objective is to identify and transform credit cooperatives into safe and sound institutions. CUES also implemented a microfinance component—the Savings and Credit with Education (SCWE) component.

Asian Development Bank (ADB): The ADB provided a US\$150 million Microfinance Development Program loan to the Philippine government in 2006. The assistance focused on the following: a) strengthening the regulatory and supervisory capacities of concerned institutions for a sound microfinance sector; b) building the capacities of MFIs to provide cost-efficient microfinance services to the poor; c) improving financial literacy and increasing consumer protection for the poor.

United Nations Development Programme (UNDP): In 1998, the Philippines became one of the recipients of the “Microfinance Support Project” (MSP) under UNDP’s Global Micro Start Programme. The MSP assists partner MFIs to have efficient and sustainable microfinance operations using the ASA methodology.

International Fund for Agricultural Development (IFAD): A program for microfinance in the Philippines has been founded under the name of Rural Micro-Enterprise Promotion Program (RUMEPP). This programme has two components: a) micro-credit and support component providing loan funds and capacity building assistance to MFIs b) microenterprise promotion and development component providing efficient, cost-effective and demand-responsive business development services to rural micro-enterprises.

European Union (EU): The EU provided assistance to specific area-based development programmes. In addition to the development components of the programmes, the EU also provided capacity building funds for partner-MFIs in the project area. For some projects, microfinance loanable funds were deposited as trust funds in and administered by People’s Credit and Finance Corporation (PCFC). The funds are then provided to their partner MFIs at market rates using the eligibility and creditworthiness criteria of the wholesale lending institution. The partner-MFIs then lend to the programme participants in the area.

Aside from these, the EU has also provided funding to improve financial inclusion and build social impact towards food security in Southeast Asia.

International NGOs and Foundations. Aside from the Official Development Assistance (ODA) provided by foreign donors through the government, a number of international NGOs also provided assistance to the Philippine microfinance sector. Assistance is usually coursed directly to MFIs or network of MFIs (e.g., MCPI, cooperative federations, and regional microfinance councils). These include, among others, the following: Interchurch Organisation for Development Cooperation (ICCO), CORDAID, Small Enterprise Education and Promotion Network (SEEP), ECLOF, and Oikocredit.

Other internal programs are coordinated by national bodies among which PCIC (Philippines Crop Insurance Corporation), MCPI (Microfinance Council of the Philippines), ACPC (Agricultural Credit and Policy Council), PCFC (People's Credit and Finance Corporation), Sultan Kudarat Agrarian Reform Beneficiary Network (SKARBNet), NATCCO, CARD, Bangko Sentral ng Pilipinas (through the Credit Surety programme).

2. OBJECTIVE, PURPOSE & EXPECTED RESULTS

2.1 Overall objective

The overall objective of the IARCDSP, of which this contract will be part of, is:

to contribute to the improvement of the living conditions of about 53,000 households in 35 ARCs in four (4) provinces of Regions XII and ARMM: Sarangani and Sultan Kudarat in Region XII, and the provinces of Maguindanao and Lanao del Sur in ARMM.

2.2 Purpose

The purposes of this Contract are as follows:

- Purpose 1 - To advise, support and train DAR in the implementation of the microfinance and business development component of the IARCDSP project as well as create a comprehensive monitoring and evaluation system;
- Purpose 2 - To innovate, implement, test and ultimately improve local microfinance services through pilot projects involving local stakeholders to be engaged by the Contractor;
- Purpose 3 - To enable and assist the MFI (referring to *MFI/consortium of MFIs contracted by the DAR, with the DAR as Contracting Authority through local procurement*), to deliver appropriate training and tools to other financial service organizations (OFSO), ARBOs and other cooperatives, on different innovative products (e.g. microfinance products and services) and help these ARBOs/FOs in the endowment of revolving funds and social finance instruments aimed at improving credit access.

2.3 Results to be achieved by the Contractor

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| <i>Result 1 – Improved capacity of the DAR in dealing and networking with microfinance services, local business development and to efficiently monitor and evaluate both components</i> |
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| <i>Result 2 – Strengthened capacity of MFI together with other financial service organizations (OFSOs), for the implementation of the pilot-innovative six (6) micro-finance products, including Islamic finance</i> |
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| |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Result 3 – Improved capacity for the MFI of introducing innovative services (e.g. Islamic finance) and of efficiently endowing ARBOs/FOs with revolving funds and/or implementing stable improvements according to the social finance principles</i> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

3. ASSUMPTIONS & RISKS

3.1 Assumptions underlying the project

The assumptions related to the implementation of the project are:

- Peace and order problems are manageable in Region XII;
- The Contracting Authority is committed to undertake the tasks of the project;
- The target groups particularly the ARBOs/FOs are willing to participate in project activities;
- Agrarian Reform Beneficiaries (ARBs) have a need for additional microfinance funding;
- ARBs have a need for innovative and more comprehensive microfinance services;
- The project activities are perceived as necessary for alleviating rural poverty and stimulating peace process in the area.

3.2 Risks

The risks related to the implementation of the project are:

- Too many ARBOs/FOs are highly indebted with past due loans and are not eligible for renewal;
- ARBOs/FOs may not properly use the inputs;
- Low educational level of ARBO/FO members in the operation of their organization that could hamper development and progress;
- Further conflicts in the ARMM areas;
- Lack of coordination between and among the Contractor and other stakeholders;
- Insufficient backing of the project resulting in a reduced participation and contribution of national and local stakeholders;
- Process of inputs delivery may result in a long process negatively affecting the perception of the project's benefits by ARBs.
- Low productivity due to climate change vulnerabilities in the project sites.

4. SCOPE OF THE WORK

4.1 General

The scope of work of the Contractor will cover the entire microfinance value-chain providing guidelines and advices on the whole process starting from the assessment of the project proposals and business plan of cooperatives and other ARBOs up to the coordinated implementation of pilot projects namely in the field of:

- a. Islamic finance (as a base to the subsequent credit delivery according to Sharia principles);
- b. Credit Guarantee Funds for cooperatives (CGFs);
- c. Entrepreneurial start-ups based on innovative and sustainable ideas;
- d. Micro-Insurances
- e. Micro-savings
- f. Internet & mobile phone microfinance in remote areas

On all the above subjects, the Contractor will create a system of monitoring and evaluation to be adopted by the DAR, MFI, and by the other financial service organizations (OFSOs) for the duration of the project, thus allowing the fair and effective allocation of the resources provided by the IARCDSP Microfinance component.

4.1.1 Description of the assignment

This contract proposal is aimed at increasing the capacity and adaptability of project partners and stakeholders to implement microfinance projects and at improving the capacity of ARBOs/FOs to operationalize microcredit and innovative microfinance products resulting in improved access to credit of ARBs.

The Contractor will undertake the following:

1. Analysis and appraisal of microfinance situation identifying the gaps and weaknesses that should be targeted during the project implementation;
2. Facilitation in preparation and assessment of Business Plans and Project Proposals through coaching and training to DAR and MFI in evaluation as well as assistance to ARBOs in the development and preparation of business proposals aimed accessing inclusive financing;
3. Provision of technical support through coaching and training of DAR officials and staff, partner MFI with other OFSOs aiming at providing the instruments and tools to be transferred to ARBOs/FOs. This activity should also be comprehensive of a raising awareness campaign on the importance of microfinance in rural development;
4. Identification and implementation of the following pilot projects listed in order of importance:
 - a. Islamic finance;
 - b. Credit Guarantee Funds;
 - c. Entrepreneurial start-ups based on innovative and sustainable ideas;
 - d. Micro-Insurances
 - e. Micro-savings
 - f. Internet & mobile phone microfinance in remote areas
5. Establishment of a comprehensive monitoring and evaluation (M&E) system for both central and local levels as well as conduct of regular M&E activities to test the effectiveness of the system;
6. Preparation of periodic (Quarterly Progress Reports) and final reports as well as an impact assessment tool for DAR and MFI.

4.1.2 Geographical area to be covered

The undertaking project will extend its benefits to about 53,000 rural households in 35 agrarian reform communities (ARCs) situated in four (4) provinces in Mindanao: Sarangani and Sultan Kudarat in Region XII (with 25 IARCDSP ARCs), and the provinces of Maguindanao and Lanao del Sur in Autonomous Region of Muslim Mindanao (with 10 IARCDSP ARCs). This will be the geographical area to be covered in terms of final beneficiaries.

4.1.3 Target groups

The target groups for the training and coaching activities are DAR personnel, other project implementers, the MFI/consortium of MFIs contracted by DAR, other financial service organizations (OFSOs) and other partners.

The indirect target end beneficiaries of assistance and training activities as well as pilot projects shall be the new and existing Agrarian Reform Beneficiaries' Organizations (ARBOs),

Cooperatives, Farmers Organizations (FOs) and other stakeholders within the covered project areas. New ARBOs are those that are newly registered or unregistered agricultural enterprise entities that are willing to be registered as an enterprise; with little livelihood business track records or may have a credit track record with a non-formal lending groups; and with small tangible assets. Existing ARBOs are those operating profitably using internally generated working capital funds with or without any external credit assistance from either informal or formal financial institutions.

4.2 Specific work

The following services shall be provided by the Contractor in order to satisfy the minimum indicators needed for a successful intervention.

Specific activities shall include the following:

A. Component 1 – Analysis and appraisal (estimated implementation period - months 1-3)

1. Consultation meetings with the stakeholders.
2. Initial analysis and appraisal based on the most recent findings and updates on the situation of cooperatives and ARBOs/FOs in the project area and the situation of microfinance in Mindanao and the Philippines in general. The appraisal should highlight the list of appropriate microfinance schemes/products and recommend for the most suitable schemes to be adopted by the project stakeholders.

B. Component 2 – Business Plan Preparation and Assessment (estimated implementation period - month 2-12)

1. Series of local consultations;
2. Series of trainings for MFIs and local assistance to ARBOs/FOs on the preparation of business plans and their submission;
3. Preparation of simple guidelines and formats in the preparation of business plans and proposals;
4. Support to the updating of the Credit Assessment Tool for ARBOs/FOs;
5. Evaluation of business proposals and recommended action;
6. Training of Trainers (ToT) for DAR and MFI.
7. Local-based in-field assessment of ARBOs/FOs on demand.

C. Component 3 - Coaching and Training to DAR and MFI(s) (estimated implementation period - months 4-30)

1. Multiple training sessions to DAR and partner MFI to develop and implement a sustainable microfinance scheme/product allowing ARBOs/FOs to become lenders and service providers to its members.
2. Capacitate DAR implementers through the conduct of best practice studies on credit guarantee funds (CGFs), micro-insurances, micro-savings, Islamic finance,

entrepreneurial innovative start-ups, internet based & mobile-phone microfinance services, on a national and international scale, will also be undertaken;

3. Assist the local MFI Partners in the implementation of capacity building to ARBOs.

D. Component 4 – Pilot Projects Identification and Implementation (estimated implementation period - months 4-30)

1. Develop pilot projects which could be considered sustainable and innovative services in the project area. More specifically, the pilot projects on Islamic finance, CGFs, entrepreneurial start-ups seem to be the most innovative ones;
2. Develop implementation guidelines for microfinance schemes and, when possible, transform them into models;
3. Conduct orientation/training of implementers on the guidelines;

E. Component 5 - Monitoring and Evaluation (estimated implementation period - months 2-36)

1. Install and establish a harmonized and comprehensive monitoring and evaluation (M&E) system to be used by DAR, MFI, OFSOs, ARBOs/FOs and cooperatives.
2. Provide technical support and training for the sustainable operation and management of the M&E systems;
3. Prepare a quarterly report on the progress of microfinance implementation;
4. Monitor, evaluate and provide initial evaluation report on the pilot projects at Mid-term;
5. Prepare process documentation of the pilot projects.

F. Component 6 - Final Report and Impact Assessment Tool (months 30-36)

Prepare a final report revising and updating the findings on the implementation of microfinance project. An impact assessment tool will be provided for DAR and MFIs for long-term results-based monitoring and evaluation of micro-finance activities.

4.3 Project management

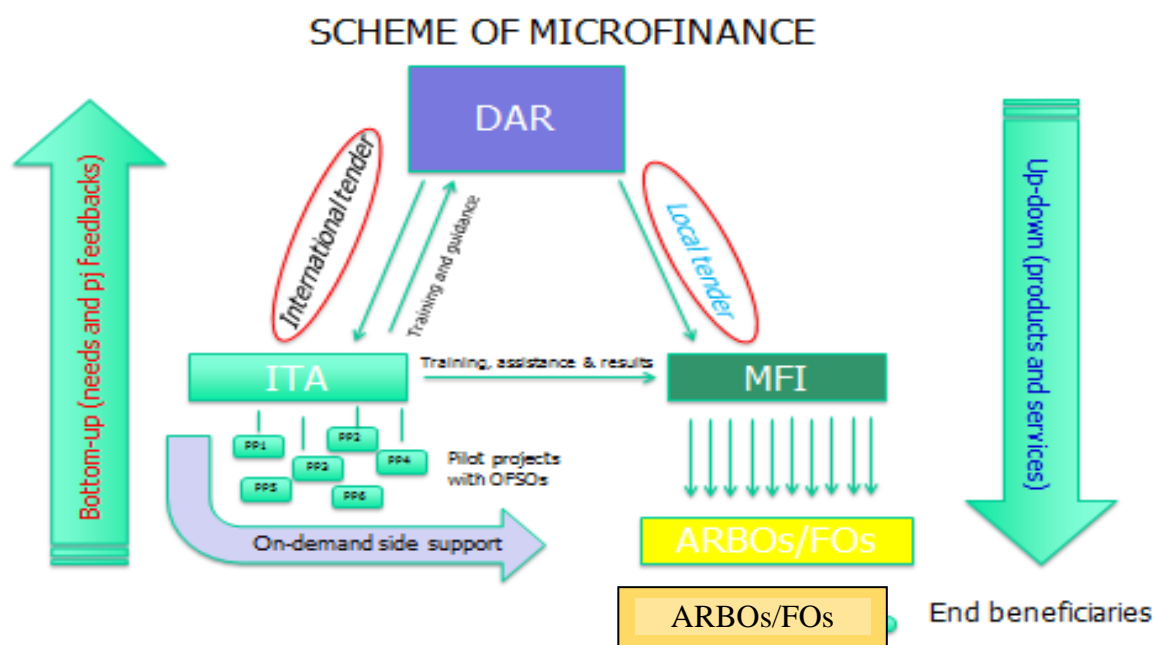
4.3.1 Responsible body

The Project CPMU will over-see the Contractor's day-to-day activities and will provide assistance in the coordination works. The DAR through the FASPO, upon recommendation of the CPMU, will review and approve the reports and recommend for payment. With specific reference to the pilot projects, the Contractor will choose the partners to work with and the implementation methodology, provided the Contractor will do the activities for the same end beneficiaries of the project according to the set objectives.

4.3.2 Management structure

The Department of Agrarian Reform as the Executing Agency (EA) is responsible for the implementation and management of all the activities involved in the Project while policy direction and management guidance as well as the approval of the annual operation plans is from the inter-agency Project Steering Committee (PSC). The PSC, chaired by the DAR Secretary, is composed of voting representatives from Department of Agrarian Reform (DAR), Department of Finance (DOF) and the National Economic and Development Authority (NEDA), for the GoP and from Italian Embassy and MAECI/AICS for the GoI. Other agencies, like the Department of Agriculture (DA), National Commission on Indigenous Peoples (NCIP), Department of Budget and Management (DBM), National Irrigation Administration (NIA), Department of Environment and Natural Resources (DENR), Department of Public Works and Highways (DPWH) are also part of the PSC but with no right to vote. The Program Management Unit (PMU) undertakes the day-to-day activities. It is headed by the National Coordinator appointed by the Foreign-Assisted Projects Office (FAPSO) of DAR and the Chief Technical Advisor, appointed by the MAECI/AICS as part of the Italian technical assistance financed by the Program grant component. The PMU monitors, evaluates, coordinates and manages the different IARCDSP components and liaise with any relevant government agencies (such as the DBM, NIA, DA, DENR, DOF, Department of Trade and Industry (DTI), Bureau of Soils and Water Management (DA-BSWM), Philippine Coconut Authority (DA-PCA), and others as required).

A Regional Project Management Unit/Provincial Project Management Unit (PPMO) are established in each of the project sites to be headed by the Regional Director/PARPO I or II, manned by designated technical staff from the DARROs/DARPOs. The DARROs/DARPOs shall coordinate with provincial level entities and report directly to the PMU.



The DAR Municipal Office (DARMO) coordinates the ARC activities. The Municipal Agrarian Reform Program Officer (MARPO) concerned works closely with the designated municipal Local Government Unit (LGU) staff and is supervised by the PARPO. For

additional information, the Contractor may refer to Figure 1. Approved Microfinance Structure.

1. **4.3.3 Facilities to be provided by the Contracting Authority and/or other parties**

None

5. LOGISTICS AND TIMING

5.1 Location

The Contractor shall establish a Head Office in Manila for purposes of closer coordination and delivery of technical assistance to the DAR Central Office and a local office shall be based in the project area, preferably in Cotabato City or General Santos City, for the frequent missions to the four project areas namely Lanao del Sur, Maguindanao, Sultan Kudarat and Sarangani.

5.2 Start date & Period of implementation of tasks

The estimated implementation period is 36 months.

6. REQUIREMENTS

6.1 Staff

6.1.1 Key experts

- A. Microfinance Team Leader – will be involved in the over-all management of the microfinance sub-component implementation.

The Team Leader shall preferably have a Master Degree or its equivalent. S/he will have a minimum of ten (10) year experience in the operation of projects for credit cooperatives/foundations for micro-creditor NGO of which at least five (5) years of these, shall have been in a managerial capacity, taking full responsibility of overall aspects of managing microfinance projects and finance for development including administrative and operational concerns. Experience must include management of microfinance projects, project development/business development services and microfinance investments. A previous experience in Asia will be considered as an asset.

- B. Microfinance Specialist – The Microfinance Specialist shall preferably have a Bachelor degree or its equivalent. S/he will have a minimum of five (5) year experience in the operation of credit cooperatives/MFIs or in agricultural lending particularly in the aspects of credit investment operations and management of microfinance schemes. Experience should include the development of savings and credit schemes, and the capacity of linking/cooperating with other microfinance entities. Preferably she/he will have a background in the development and assessment of project proposals and business plans. A previous experience in Asia will be considered as an asset.

- C. Capacity Building Specialist – The Capacity Building Specialist shall have a Bachelor degree or its equivalent. S/he will have a minimum of five (5) year experience in the capacity building programs of microfinance entities particularly in the aspects of training

needs analysis, training design development, and served as Trainer in the conduct of training. She/he will lead in the preparation of capacity building strategy. Specifically, s/he shall be involved in the conduct of Training Needs Assessment (TNA), draft of training designs for the microfinance entities and lead in the conduct of training. A previous experience in Asia will be considered as an asset.

- D. **Islamic Finance Specialist** - The Islamic Finance Specialist shall Bachelor degree or its equivalent. S/he will have a minimum of five (5) year experience in the operation of credit cooperatives or in Islamic Financing from a formal financial institution particularly in the aspects of Islamic credit investment operations and management of Islamic microfinance schemes. Experience should include the development of Islamic savings and credit schemes, repayment schemes and cooperation with other microfinance entities. Preferably s/he should have a background in the development and assessment of project proposals.

6.1.2 Other experts, support staff & backstopping

The Contractor has the option to add two (2) experts who will extensively support the activities of the key experts and will be directly involved in the operational activities in field as well as in the project coordination activities at request.

Additional staff may include two (2) administrative staff, one (1) finance officer and one (1) accountant to support the implementation of the project activities.

6.2 Facilities to be provided by the Contractor

None

6.3 Equipment

No equipment is to be purchased on behalf of the Contracting Authority / partner country as part of this service contract or transferred to the Contracting Authority / partner country at the end of this contract.

7. REPORTS

7.1 Reporting requirements

The Contractor will submit the following reports in four (4) copies and one (1) electronic copy addressed to the Contracting Authority and one (1) copy to the Italian Embassy:

1. **Inception Report.** The Report shall incorporate initial report on Component 1. It shall also include the Contractor's organization and management, work plan and schedule of activities, initial pilot project identification and the Progress Reports for the covered periods.
2. **First Progress Report.** The Report shall include full report on Component 1, progress on Components 2, 3 and 4. Specifically, this shall have an analysis and appraisal report on micro-finance, pilot project implementation schedule, development of business plan guide and simple proposal format guidelines, training design for business plan preparation, evaluation tool of business proposals, training designs for DAR and MFIs, and local-based ARBO in-field assessment tool.

3. **Second Progress Report.** The Report shall include full report on Component 2, with initial outputs for Component 3 and 4, and 5. It shall include reports in the series of training on micro-finance for DAR and partner MFI and ARBOs, Pilot Project Implementation Guideline and Operational Plan, and report on best practices evaluation and report preparation.
4. **Mid-term Report.** The Report shall include progress on Component 2, 3, 4 and initial M&E System framework under Component 5. The Mid-term Report shall also provide initial assessment on the relevance, effectiveness, efficiency and sustainability of micro-finance scheme/products.
5. **Third Progress Report.** It shall contain the progress of implementation in Components 2, 3, 4 and 5.
6. **Draft Project Completion Report.** It shall contain the full reports on Components 3 and 4 and draft completion reports for Components 5 and 6.
7. **Final Project Completion Report.** Report on the project implementation highlighting the relevance, effectiveness, efficiency, sustainability and immediate impact of the micro-finance intervention and tool on results-based M&E for micro-finance.

On top of these reports which are linked to payments, the Contractor shall submit quarterly progress reports on component activities for close monitoring by the Contracting Authority.

7.2 Submission and approval of reports

The Table below shall refer to the report schedule.

Table 1. Report Schedule

| Report Requirement | Schedule of Submission |
|--------------------------|------------------------|
| Inception Report | 1 month from NTP |
| First Progress Report | 6 months from NTP |
| Second Progress Report | 12 months from NTP |
| Mid-Term Report | 18 months from NTP |
| Third Progress Report | 24 months from NTP |
| Pre-Project Completion | 35 months from NTP |
| Final Project Completion | 36 months from NTP |

8. MONITORING AND EVALUATION

8.1 Definition of indicators

Indicators for Results 1:

- At least thirty (30) DAR personnel trained and coached on micro-finance operation and on monitoring and evaluation systems;
- Realization of at least three (3) country-wide study visits for 30 DAR implementers;
- Realization of at least two (2) international study visits for 10-15 DAR officials and key staff;
- DAR implementers capacitated in the assessment/evaluation of ARBOs/FOs business enterprise plan proposals;

- One (1) comprehensive and harmonized Monitoring and Evaluation (M&E) System installed and institutionalized.

Indicators for Results 2:

- At least four (4) pilot sites in different geographical areas implementing at least three (3) of the mandatory six microfinance products/services each (see chapter 5.1);
- The total amount of micro-finance products/services provided in the four (4) pilot sites should be no less than PhP8,000,000.00 (€1= PhP55);
- At least 20 MFI/OFSO staff involved in pilot projects;
- At least 20 MFI/OFSO staff trained in preparation of business enterprise plan proposals for innovative products;
- At least 20 local MFI/OFSO staff trained and coached on monitoring and evaluation of pilot projects;
- At least two (2) knowledge sharing workshops participated by 36 key stakeholders per workshop.

Indicators for Results 3:

- At least fifty (50) MFI personnel trained and coached on the capitalization of the microfinance innovative products;
- Assistance to the training of at least thirty-five (35) ARBOs/FOs provided by MFI;
- Assistance to the revolving fund and/or social finance facilitation of twenty-three (23) ARBOs/FOs actually not having their own working microcredit schemes;
- Assistance to the social finance facilitation of at least twelve (12) ARBOs/FOs already possessing a working microcredit scheme;
- At least 35 business plan proposals prepared and approved;
- At least four (4) ARBOs/FOs successfully capitalizing and operating the Contractor's piloted microfinance schemes;
- At least one (1) general symposium conducted

8.2 Special requirements

None

Abbreviations and Acronyms

| | |
|------------------------|------------------------------------------------------------------------------------------------------------|
| ARB | Agrarian Reform Beneficiary |
| ARBO | Agrarian Reform Beneficiaries' Organization |
| ARC | Agrarian Reform Community |
| ARMM | Autonomous Region in Muslim Mindanao |
| BSWM | Bureau of Soils and Water Management |
| BSP | Bangko Sentral ng Pilipinas |
| CARD Bank, Inc. | Center for Agriculture and Rural Development Bank |
| CGF | Credit Guarantee Funds (for cooperatives) |
| CPMU | Central Project Management Unit |
| DA | Department of Agriculture |
| DAR | Department of Agrarian Reform |
| DARMO | DAR Municipal Office |
| DARPO | DAR Provincial Office |
| DARRO | DAR Regional Office |
| DBM | Department of Budget and Management |
| DENR | Department of Environment and Natural Resources |
| DOF | Department of Finance |
| DTI | Department of Trade and Industry |
| FASPO | Foreign-Assisted and Special Projects Office |
| FO | Farmers' Organization |
| GoI | Government of Italy |
| GoP | Government of the Philippines |
| IARCDSP | Italian Assistance to the Agrarian Reform Community Support Development Programme |
| MAECI/AICS | Ministry of Foreign Affairs and International Cooperation/International Agency for Development Cooperation |
| MARPO | Municipal Agrarian Reform Program Officer |
| MFI | Microfinance Institution <i>referring to MFI/consortium of MFIs contracted by DAR</i> |
| MICOOP@ARAs | Micro-finance Innovations in Cooperatives in Agrarian Reform Areas |
| MNLF | Moro National Liberation Front |
| M&E | Monitoring and Evaluation |
| NATCCO | National Confederation of Cooperatives, Inc. |
| NCIP | National Commission on Indigenous Peoples |
| NEDA | National Economic and Development Authority |
| NIA | National Irrigation Administration |
| NGO | Non-Government Organization |
| NSM | National Strategy for Microfinance |
| NTP | Notice to Proceed |
| ODA | Official Development Assistance |
| OFSO | Other financial service organization |
| PARPO | Provincial Agrarian Reform Program Officer |
| PCA | Philippine Coconut Authority |
| PMU | Program Management Unit |
| PPMO | Provincial Project Management Office |
| PSC | Project Steering Committee |
| RPMO | Regional Project Management Office |
| STWG | Special Technical Working Group |
| SSF | SZOPAD Social Fund |
| SZOPAD | Special Zone of Peace and Development in Mindanao |

Annex III. Organization and Methodology

To be completed by the tenderer

Please provide the following information:

1. RATIONALE

Any comments you have on the Terms of Reference for the successful execution of activities, in particular regarding the objectives and expected results, thus demonstrating the degree of understanding of the contract. Your opinion on the key issues related to the achievement of the contract objectives and expected results.

An explanation of the risks and assumptions affecting the execution of the contract.

2. STRATEGY

An outline of the approach proposed for contract implementation.

A list of the proposed tasks you consider necessary to achieve the contract objectives.

Inputs and outputs.

3. BACKSTOPPING

A description of the support facilities (back-stopping) that the contractor will provide to the team of experts during execution of the contract. The back-up function will be assessed in the evaluation and should be carefully explained in the organisation and methodology, including the list of staff, units, capacity of permanent staff regularly intervening as experts on similar projects, provision of expertise in the region/country or origin as well as partner countries, organisational structure, etc. which are supposed to ensure that function, as well as the available quality systems and knowledge capitalisation methods and tools, within the respective members of the consortium.

A description of any subcontracting arrangements with a clear indication of the tasks that will be entrusted to subcontractors and a statement by the tenderer guaranteeing the eligibility of subcontractors.

4. INVOLVEMENT OF ALL MEMBERS OF THE CONSORTIUM

If a tender is submitted by a consortium, a description of the input from each member of the consortium and the distribution and interaction of tasks and responsibilities between them. Furthermore, the involvement of all members of the consortium will be considered added value in the tender evaluation. If the tender is submitted by a single company, the total of available points for this part in the evaluation grid will be allocated.

5. TIMETABLE OF WORK

The timing, sequence and duration of the proposed tasks, taking into account travel time.

The identification and timing of major milestones in executing the contract, including an indication of how the achievement of these would be reflected in any reports, particularly those stipulated in the Terms of Reference.

The methodologies contained in the offer should include a work plan indicating the envisaged resources to be mobilised.

Guidance notes on expert inputs:

The tenderer is expected to take into account the implementation period of the contract and propose the number of expert days which will accomplish the tasks described in the Terms of Reference.

Implementation of the contract (and therefore payment) is based solely on the working days. The Contractor will only be paid for days actually worked on the basis of the daily fee rate contained in the budget breakdown (Annex V). Tenderers must annex the 'Estimated number of working days' worksheet contained in the spreadsheet for Annex V to the Organisation and Methodology to demonstrate the correspondence between the proposed methodology and the expert inputs. Please note that the budget breakdown should not be attached to the Organisation and Methodology as no financial offer should be disclosed in the technical offer.

During the technical evaluation, assessment will be made if the number of working days estimated for each month for each type of expert proposed in the Organisation and Methodology are sufficient for the requirements of the Terms of Reference to be achieved. This is judged on the basis of the profiles identified in the Terms of Reference and the Organisation and Methodology.

The tenderer is expected to include the holiday provision for the experts. The annual leave entitlement of the experts employed by the Contractor is determined by their employment contract with the Contractor and not by the service contract between the Contracting Authority and the Contractor. However, the Contracting Authority can decide when experts take their annual leave since this is subject to approval by the Project Manager, who will assess any such request according to the needs of the project while the contract is in progress. For obvious reasons, a day of annual leave is not considered to be a working day. Please see the General Conditions, Articles 21 and 22

The fee rates for all experts must include the remuneration paid to the experts, all the administrative costs of employing the relevant experts, such as equipment, relocation and repatriation expenses [including flights to and from the partner country upon mobilisation and demobilisation as well as leave], accommodation, expatriation allowances, leave, medical insurance and any other employment benefits given to the experts by the Contractor. It shall also include any security arrangement except when this is exceptionally included under the incidental expenditure. Furthermore the fees shall also include the margin, overheads, profit and backstopping facilities.

A fee-based/technical assistance contract is, by definition, one in which the actual days worked each month for each category of experts may differ from the number of working days estimated for each month in the work plan in Annex V. The actual input required for the tasks specified in the Terms of Reference and Organisation and Methodology will only be known once the contract starts. The Project Manager will use the work plan when monitoring the actual number of working days submitted in each invoice to check that the contract is progressing within budget. The Contractor may update the estimate during implementation of the project in accordance with article 20 of the General Conditions.

6. LOG FRAME

A logical framework reflecting the considerations described in items 1 – 3 (see the Project Cycle Management Manual available from the PCM Home page:

https://ec.europa.eu/europeaid/aid-delivery-methods-project-cycle-management-guidelines-vol-1_en).

Annex IV. Key Experts

PRAG FORM B8h

| Name of expert | Proposed position | Years of experience | Age | Educational background | Specialist areas of knowledge | Experience in partner country | Languages and degree of fluency (VG, G, W) |
|-----------------------|--------------------------|----------------------------|------------|-------------------------------|--------------------------------------|--------------------------------------|---------------------------------------------------|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Curriculum Vitae

PRAG FORM B8h

Proposed role in the project:

Family name:

First names:

Date of birth:

Nationality:

Civil status:

Education:

| Institution (Date from - Date to) | Degree(s) or Diploma(s) obtained: |
|--------------------------------------|-----------------------------------|
| | |
| | |

Language skills: Indicate competence on a scale of 1 to 5 (1 - excellent; 5 - basic)

| Language | Reading | Speaking | Writing |
|----------|---------|----------|---------|
| | | | |
| | | | |
| | | | |
| | | | |

Membership of professional bodies:

Other skills: (e.g. Computer literacy, etc.)

Present position:

Years within the firm:

Key qualifications: (Relevant to the project)

Specific experience in the region:

| Country | Date from - Date to |
|---------|---------------------|
| | |
| | |
| | |

Professional experience

| Date from - Date to | Location | Company& reference person ⁵ (name & contact details) | Position | Description |
|---------------------|----------|--------------------------------------------------------------------|----------|-------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Other relevant information (e.g., Publications)

PRAG FORM B8h

⁵ The Contracting Authority reserves the right to contact the reference persons. If you can not provide a reference, please provide a justification.

Annex V. Budget

Global price: [PHP] <amount>

Please include a price breakdown based on the outputs/deliverables in the Terms of Reference.

Annex VI. Financial Identification Form

(Please see separate Folder)

Annex VII: Legal Entity

(Please see separate Folder)

For Company - Annex B.VII-1

PRAG FORM B8j4

For Public Law Body – Annex B.VII-2

PRAG FORM B8j5

C. Other Information

Annex I. Shortlist Notice

Document to be completed by the Contracting Authority and made public at the same time as the invitations to tender are sent to short-listed candidates

Please refer to next page.

SERVICE CONTRACT SHORTLIST NOTICE

Italian Technical Assistance - International Consultancy Provision of Technical Assistance and Support to the Micro-finance Sub-Component of the Italian Agrarian Reform Community Development Support Program (ITA-IARCDSP)

Mindanao, Philippines

1. Publication reference

< **Publication reference** >

2. Publication date of the contract notice

< **Date** >

3. Lot number and lot title

No applicable

4. Procedure

Restricted

5. Number of applications received

< **Number** >

6. Names of short-listed Candidates

< **Alphabetical, numbered list with the leader shown in bold type in the case of a consortium. Other members of the consortium should be listed below the leader.** >

NB Any tenders received from tenderers comprising legal entities other than those mentioned in the short-listed application forms will be excluded from this restricted tender procedure. Short-listed candidates may not form alliances or subcontract to each other for the contract in question.

Annex II. Administrative Compliance Grid

| Contract title: | | | | | | Publication reference: | | | | | |
|--------------------------------|---------------|----------------------------------------------------|----------------------------------------------------------------------------------------|-----------------------|------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------|----------------------------------------|
| Tender envelope number | Tenderer name | Tender submission form duly completed? (Yes/No) | Tenderer's declaration (signed by each consortium member, if appropriate)? (Yes/No) | Language as required? | Organisation & methodology exists? | Key experts (list + CV)? (For contracts requiring key experts) | Key experts are present in only one tender as key experts? (For contracts requiring key experts) | All key experts have signed statements of exclusivity & availability? (For contracts requiring key experts) | Sub-contracting statement acceptable? (Yes/No/ Not Applicable) | Nationality of sub-contractors eligible? (Yes/No) | Overall decision? (Accept / Reject) |
| 1 | | | | | | | | | | | |
| 2 | | | | | | | | | | | |
| 3 | | | | | | | | | | | |
| 4 | | | | | | | | | | | |
| 5 | | | | | | | | | | | |
| 6 | | | | | | | | | | | |
| 7 | | | | | | | | | | | |
| 8 | | | | | | | | | | | |
| Chairperson's name | | | | | | | | | | | |
| Chairperson's signature | | | | | | | | | | | |
| Date | | | | | | | | | | | |

Annex III. Evaluation Grid

| | Maximum |
|----------------------------------------------|----------------|
| Organisation and methodology | |
| | |
| Rationale | [20] |
| Strategy | [40] |
| Back-up function | [10] |
| Involvement of all members of the consortium | [10] |
| Timetable of activities | [20] |
| | |
| Overall total score | 100 |

| | |
|-------------------|--|
| Strengths | |
| Weaknesses | |

NB Only tenders with average scores of at least 75 points qualify for the financial evaluation

Annex IV. Tender Submission Form

Please see separate folder
