



METROPOLITAN WATERWORKS & SEWERAGE SYSTEM

REGULATORY OFFICE

NEGOTIATED PROCUREMENT DOCUMENTS

Consultancy Services for the Fourth Rate Rebasing Contract No. RO-CS2017-001

June 2017

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Section I. Instructions to Consultants

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A. General

1. Introduction

- 1.1.** The Procuring Entity named in the Best and Final Offer Data Sheet (**BFODS**) shall select an individual, sole proprietorship, cooperative, partnership, corporation, or a joint venture (JV) (hereinafter referred to as “Consultant”) from among those short listed, in accordance with the evaluation procedure specified in the **BFODS**.
- 1.2.** The Procuring Entity has received financing (hereinafter called “funds”) from the source indicated in the **BFODS** (hereinafter called the “Funding Source”) toward the cost of the Project named in the **BFODS**. The Procuring Entity intends to apply a portion or the whole of the funds to payments for this Project.
- 1.3.** Consultants are invited to submit their Best and Final Offers composed of eligibility and technical proposal and financial proposal for Consulting Services required for this Project described in the **BFODS**. Best and Final Offer shall be the basis for contract negotiations and ultimately for a signed contract with the selected Consultant.
- 1.4.** If the **BFODS** indicates that the Project will be completed in phases, each phase must be completed to the Procuring Entity’s satisfaction prior to the commencement of the next phase.
- 1.5.** Consultants must familiarize themselves with local conditions and take them into account in preparing their Best and Final Offer. To obtain firsthand information on the project and on the local conditions, Consultants are encouraged to visit the Procuring Entity before submitting a Best and Final Offer and to attend the Final Negotiation specified in **ITC** Clause 8.
- 1.6.** The Consultants’ costs of preparing their Best and Final Offer and negotiating the contract, including a visit to the Procuring Entity, are not reimbursable as a direct cost of the project.
- 1.7.** Consultants shall not be under a declaration of ineligibility for corrupt, fraudulent, collusive, coercive or obstructive practices issued by the Funding Source or the Procuring Entity in accordance with **ITC** Clause 3.1.

2. Conflict of Interest

- 2.1.** The Funding Source’s policy requires that Consultants provide professional, objective, and impartial advice and at all times hold the Procuring Entity’s interests paramount, without any consideration for future work, and strictly avoid situations where a conflict of interest shall arise with their other projects or their own interests. Consultants shall not be hired for any project that would be in conflict with their prior or current obligations to other entities, or that may place them in a position of not being able to carry out the Project in the best interest of the Procuring Entity. Without limitation on the generality

of this rule, Consultants shall not be hired under the circumstances set forth below:

- (a) If a Consultant combines the function of consulting with those of contracting and/or supply of equipment for the same Project;
- (b) If a Consultant is associated with, affiliated to, or owned by a contractor or a manufacturing firm with departments or design offices offering services as consultants unless such Consultant includes relevant information on such relationships along with a statement in the Technical Proposal cover letter to the effect that the Consultant shall limit its role to that of a consultant and disqualify itself and its associates from work in any other capacity that may emerge from the Project (including bidding for any part of the future project). The contract with the Consultant selected to undertake the Project shall contain an appropriate provision to such effect; or
- (c) If there is a conflict among consulting projects, the Consultant (including its personnel and subconsultants) and any subsidiaries or entities controlled by such Consultant shall not be recruited for the relevant project. The duties of the Consultant depend on the circumstances of each case. While continuity of consulting services may be appropriate in particular situations where no conflict exists, a Consultant cannot be recruited to carry out a project that, by its nature, shall result in conflict with a prior or current project of such Consultant. Examples of the situations mentioned are when a Consultant engaged to prepare engineering design for an infrastructure project shall not be recruited to prepare an independent environmental assessment for the same project; similarly, a Consultant assisting a Procuring Entity in privatization of public assets shall not purchase, nor advise purchasers, of such assets; or a Consultant hired to prepare Terms of Reference (TOR) for a project shall not be recruited for the project in question.

2.2. Consultants shall not be related to the Head of the Procuring Entity (HoPE), members of the BAC, the TWG, and the BAC Secretariat, the head of the PMO or the end-user unit, and the project consultants, by consanguinity or affinity up to the third civil degree. The prohibition shall apply as follows:

- (a) If the Consultant is an individual or sole proprietorship, then to himself;
- (b) If the Consultant is a partnership, then to all its officers and members;
- (c) If the Consultant is a corporation, then to all its officers, directors and controlling stockholders;
- (d) If the Consultant is a cooperative, to all its officers, directors, and controlling shareholders or members; or

- (e) If the Consultant is a JV, the provisions of items (a), (b), (c), or (d) of this Section shall correspondingly apply to each of the members of the said joint venture, as may be appropriate.

Relationship of the nature described above or a failure to comply with the provisions of this clause will result in the rejection of the Consultant's bid.

- 2.3. Subject to the provisions of **ITC** Clause 2, any previous or ongoing participation by the Consultant, its professional staff, or its affiliates or associates under a contract with the Funding Source or the Procuring Entity in relation to this Project may result in the rejection of its Best and Final Offer. Consultants should clarify their situation in that respect with the Procuring Entity before preparing its Best and Final Offer.
- 2.4. Failure by a Consultant to fully disclose potential conflict of interest at the time of Best and Final Offer submission, or at a later date in the event that the potential conflict arises after such date, 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.
- 2.5. Consultants are discouraged to include officials and employees of the Government of the Philippines (GoP) as part of its personnel. Participation of officials and employees of the GoP in the Project shall be subject to existing rules and regulations of the Civil Service Commission.
- 2.6. Fairness and transparency in the selection process require that Consultants do not derive unfair competitive advantage from having provided consulting services related to the Project in question. To this end, the Procuring Entity shall make available to all the short listed consultants together with the Bidding Documents all information that would in that respect give each Consultant a competitive advantage.

3. Corrupt, Fraudulent, Collusive, Coercive, and Obstructive Practices

- 3.1. The Procuring Entity as well as the Consultants shall observe the highest standard of ethics during the procurement and execution of the contract. In pursuance of this policy, the Procuring Entity:
 - (a) defines, for purposes of this provision, the terms set forth below as follows:
 - (i) "corrupt practice" means behavior on the part of officials in the public or private sectors by which they improperly and unlawfully enrich themselves, others, or induce others to do so, by misusing the position in which they are placed, and includes the offering, giving, receiving, or soliciting of anything of value to influence the action of any such official in the procurement process or in contract execution; entering, on behalf of the GoP, into any contract or transaction manifestly and grossly disadvantageous to the same, whether or not the public officer

profited or will profit thereby, and similar acts as provided in Republic Act 3019.

- (ii) “fraudulent practice” means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Procuring Entity, and includes collusive practices among Consultants (prior to or after Best and Final Offer submission) designed to establish Best and Final Offer prices at artificial, non-competitive levels and to deprive the Procuring Entity of the benefits of free and open competition.
- (iii) “collusive practices” means a scheme or arrangement between two or more Consultants, with or without the knowledge of the Procuring Entity, designed to establish Best and Final Offer prices at artificial, non-competitive levels.
- (iv) “coercive practices” means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process, or affect the execution of a contract;
- (v) “obstructive practice” is
 - (aa) deliberately destroying, falsifying, altering or concealing of evidence material to an administrative proceedings or investigation or making false statements to investigators in order to materially impede an administrative proceedings or investigation of the Procuring Entity or any foreign government/foreign or international financing institution into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the administrative proceedings or investigation or from pursuing such proceedings or investigation; or
 - (bb) acts intended to materially impede the exercise of the inspection and audit rights of the Procuring Entity or any foreign government/foreign or international financing institution herein.
- (b) will reject a proposal for award if it determines that the Bidder recommended for award has engaged in any of the practices mentioned in this Clause for purposes of competing for the contract.

3.2. Further, the Procuring Entity will seek to impose the maximum civil, administrative, and/or criminal penalties available under applicable laws on individuals and organizations deemed to be involved in any of the practices mentioned in **ITC** Clause (a).

- 3.3. Furthermore, the Funding Source and the Procuring Entity reserve the right to inspect and audit records and accounts of a Consultant in the bidding for and performance of a contract themselves or through independent auditors as reflected in the **GCC** Clause 51.

4. Eligibility Criteria

- 4.1 The following persons/entities shall be allowed to participate in the bidding for Consulting Services:
- a) Duly licensed Filipino citizens/sole proprietorships;
 - b) Partnerships duly organized under the laws of the Philippines and of which at least sixty percent (60%) of the interest belongs to citizens of the Philippines;
 - c) Corporations duly organized under the laws of the Philippines and of which at least sixty percent (60%) of the outstanding capital stock belongs to citizens of the Philippines;
 - d) Cooperatives duly organized under the laws of the Philippines; or
 - e) Persons/entities forming themselves into a joint venture, i.e., a group of two (2) or more persons/entities that intend to be jointly and severally responsible or liable for a particular contract: Provided, however, That Filipino ownership or interest thereof shall be at least sixty percent (60%). For this purpose, Filipino ownership or interest shall be based on the contributions of each of the members of the joint venture as specified in their JVA.
- 4.2 When the types and fields of Consulting Services involve the practice of professions regulated by law, those who will actually perform the services shall be Filipino citizens and registered professionals authorized by the appropriate regulatory body to practice those professions and allied professions specified in the **BFODS**.
- 4.3 If the Request for Expression of Interest allows participation of foreign consultants, prospective foreign Consultants may be eligible subject to the conditions stated in the **BFODS**.
- 4.4 Government owned or –controlled corporations (GOCCs) may be eligible to participate only if they can establish that they (a) are legally and financially autonomous, (b) operate under commercial law, and (c) are not attached agencies of the Procuring Entity.

5. Consultant's Responsibilities

- 5.1. The Consultant or its duly authorized representative shall submit a sworn statement in the form prescribed in Section VII. Bidding Forms as required in **ITC** Clause 11.2(d).

5.2. The Consultant is responsible for the following:

- (a) Having taken steps to carefully examine all of the Bidding Documents;
- (b) Having acknowledged all conditions, local or otherwise, affecting the implementation of the contract;
- (c) Having made an estimate of the facilities available and needed for this Project, if any;
- (d) Having complied with its responsibility to inquire or secure Supplemental Bulletin/s as provided under **ITC** Clause 9.4.
- (e) Ensuring that it is not “blacklisted” or barred from bidding by the GoP or any of its agencies, offices, corporations, or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;
- (f) Ensuring that each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;
- (g) Authorizing the Head of the Procuring Entity or its duly authorized representative/s to verify all the documents submitted;
- (h) Ensuring that the signatory is the duly authorized representative of the Bidder, and granted full power and authority to do, execute and perform any and all acts necessary to participate, submit the Best and Final Offer, and to sign and execute the ensuing contract, accompanied by the duly notarized Special Power of Attorney, Board/Partnership Resolution, or Secretary’s Certificate, whichever is applicable;
- (i) Complying with the disclosure provision under Section 47 of RA 9184 and its IRR in relation to other provisions of Republic Act 3019;
- (j) Complying with existing labor laws and standards, in the case of procurement of services. Moreover, bidder undertakes to:
 - (i) Ensure the entitlement of workers to wages, hours of work, safety and health and other prevailing conditions of work as established by national laws, rules and regulations; or collective bargaining agreement; or arbitration award, if and when applicable.

In case there is a finding by the Procuring Entity or the DOLE of underpayment or non-payment of workers’ wage and wage-related benefits, bidder agrees that the performance security or portion of the contract amount shall be withheld in favor of the complaining workers pursuant to appropriate provisions of Republic Act No. 9184 without prejudice to the institution of

appropriate actions under the Labor Code, as amended, and other social legislations.

- (ii) Comply with occupational safety and health standards and to correct deficiencies, if any.

In case of imminent danger, injury or death of the worker, bidder undertakes to suspend contract implementation pending clearance to proceed from the DOLE Regional Office and to comply with Work Stoppage Order; and

- (iii) Inform the workers of their conditions of work, labor clauses under the contract specifying wages, hours of work and other benefits under prevailing national laws, rules and regulations; or collective bargaining agreement; or arbitration award, if and when applicable, through posting in two (2) conspicuous places in the establishment's premises; and

- (k) Ensuring that it did not give or pay, directly or indirectly, any commission, amount, fee, or any form of compensation, pecuniary or otherwise, to any person or official, personnel or representative of the government in relation to any procurement project or activity.

Failure to observe any of the above responsibilities shall be at the risk of the Consultant concerned.

- 5.3.** It shall be the sole responsibility of the prospective consultant to determine and to satisfy itself by such means as it considers necessary or desirable as to all matters pertaining to this Project, including: (a) the location and the nature of the contract, project, or work; (b) climatic conditions; (c) transportation facilities; (c) nature and condition of the terrain, geological conditions at the site communication facilities, requirements, location and availability of construction aggregates and other materials, labor, water, electric power and access roads; and (d) other factors that may affect the cost, duration and execution or implementation of the contract, project, or work.
- 5.4.** The Procuring Entity shall not assume any responsibility regarding erroneous interpretations or conclusions by the Consultant out of the data furnished by the Procuring Entity. However, the Procuring Entity shall ensure that all information in the Negotiated Procurement Documents, including supplemental bulletins issued are correct and consistent.
- 5.5.** Before submitting their Best and Final Offer, the Consultants are deemed to have become familiar with all existing laws, decrees, ordinances, acts and regulations of the GoP which may affect the contract in any way.
- 5.6.** The Consultant shall bear all costs associated with the preparation and submission of his Best and Final Offer, and the Procuring Entity will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.

- 5.7. Consultants should note that the Procuring Entity will only accept Best and Final Offer from those that have paid the applicable fee for the Negotiated Procurement Documents.

6. Origin of Associated Goods

Unless otherwise indicated in the **BFODS**, there is no restriction on the origin of Goods other than those prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

7. Subcontracts

- 7.1. Unless otherwise specified in the **BFODS**, the Consultant may subcontract portions of the Consulting Services to an extent as may be approved by the Procuring Entity and stated in the **BFODS**. However, subcontracting of any portion shall not relieve the Consultant from any liability or obligation that may arise from the contract for this Project.
- 7.2. Subconsultant must comply with the eligibility criteria and the documentary requirements specified in the **BFODS**. In the event that any subconsultant is found by the Procuring Entity to be ineligible, the subcontracting of such portion of the Consulting Services shall be disallowed.
- 7.3. The Consultant may identify the subconsultant to whom a portion of the Consulting Services will be subcontracted at any stage of the bidding process or during contract implementation. If the Consultant opts to disclose the name of the subconsultant during the submission of the Best and Final Offer, the Consultant shall include the required documents as part of the technical component of its bid. A subconsultant that is identified by the Consultant during contract implementation must comply with the eligibility criteria and documentary requirements and secure approval of the Procuring Entity.

B. Contents of Negotiated Procurement Documents

8. Final Negotiation

- 8.1. The BAC shall conduct a Final Negotiation at the place, date and time specified in the **BFODS**. The Final Negotiation which will tackle the terms and conditions of the TOR including the provisions for contract, shall be held at least twelve (12) calendar days before the deadline for the submission and receipt of the Best and Final Offer.
- 8.2. Consultants are encouraged to attend the Final Negotiation to ensure that they fully understand the Procuring Entity's requirements. Non-attendance of the Consultant will in no way prejudice its Best and Final Offer; however, the Consultant is expected to know the changes and/or amendments to the Negotiated Procurement Documents as recorded in the minutes of the Final Negotiation and the Supplemental Bulletins. The minutes of the Final Negotiation shall be recorded and prepared not later than five (5) calendar

days after the Final Negotiation. The minutes shall be made available to prospective Consultants not later than five (5) days upon written request.

- 8.3. Decisions of the BAC amending any provision of the Negotiated Procurement Documents shall be issued in writing through a Supplemental Bulletin at least seven (7) calendar days before the deadline for the submission and receipt of the Best and Final Offer. On the basis thereof, the prospective consultants shall submit their Best and Final Offer on the date indicated in Clause 19 and the **BFODS**.

9. Clarifications and Amendments to Negotiated Procurement Documents

- 9.1. Prospective consultants may request for clarification(s) on and/or an interpretation of any part of the Negotiated Procurement Documents. Such a request must be in writing and submitted to the Procuring Entity at the address indicated in the **BFODS** at least ten (10) calendar days before the deadline set for the submission and receipt of Best and Final Offer.
- 9.2. The BAC shall respond to the said request by issuing a Supplemental Bulletin to be made available to all those who have properly secured the Negotiated Procurement Documents at least seven (7) calendar days before the deadline for the submission and receipt of Best and Final Offer.
- 9.3. Supplemental Bulletins may also be issued upon the Procuring Entity's initiative for purposes of clarifying or modifying any provision of the Negotiated Procurement Documents not later than seven (7) calendar days before the deadline for the submission and receipt of Best and Final Offer. Any modification to the Negotiated Procurement Documents shall be identified as an amendment.
- 9.4. Any Supplemental Bulletin issued by the BAC shall also be posted in the PhilGEPS and the website of the Procuring Entity concerned, if available and at any conspicuous place in the premises of the Procuring Entity concerned. It shall be the responsibility of all Consultants who have properly secured the Negotiated Procurement Documents to inquire and secure Supplemental Bulletins that may be issued by the BAC. However, Consultants who have submitted Best and Final Offer before the issuance of the Supplemental Bulletin must be informed and allowed to modify or withdraw their Best and Final Offer in accordance with **ITC** Clause 20.

C. Preparation of Best and Final Offer

10. Language of Best and Final Offer

The Best and Final Offer, and all other documents to be submitted to the BAC must be in English. If the Best and Final Offer, and all other documents submitted to the BAC are in foreign language other than English, it must be accompanied by a translation of the documents in English. The documents shall be translated by the relevant foreign government agency, the foreign government agency authorized to

translate documents, or a registered translator in the foreign bidder's country; and shall be authenticated by the appropriate Philippine foreign service establishment/post or the equivalent office having jurisdiction over the foreign bidder's affairs in the Philippines. The English translation shall govern, for purposes of interpretation of the Best and Final Offer.

11. Documents Comprising the Best Offer: Eligibility Document and Technical Proposal

11.1. While preparing the Eligibility and Technical Proposal, Consultants must give particular attention to the following:

- (a) The Eligibility and Technical Proposal shall not include any financial information. Any Eligibility and Technical Proposal containing financial information shall be declared non-responsive.
- (b) For projects on a staff-time basis, the estimated number of professional staff-months specified in the **BFODS** shall be complied with. Best and Final Offer shall, however, be based on the number of professional staff-months estimated by the Consultant.
- (c) Proposed professional staff must, at a minimum, have the experience indicated in the **BFODS**, preferably working under conditions similar to those prevailing in the Republic of the Philippines.
- (d) No alternative professional staff shall be proposed, and only one Curriculum Vitae (CV) may be submitted for each position.

11.2. The Eligibility Document and Technical Proposal shall contain the following information/documents:

- (a) Eligibility document shall be composed of the accomplished forms in Section VI. Consultant's Confidential Application for Eligibility (CCAIE) including the required document/s.
- (b) Technical Proposal Submission Form shall be the cover letter of the Technical Proposal, using the form prescribed in Section VII. Bidding Forms (TPF 1).
- (c) Information indicated in the paragraphs below must be provided by the Consultant and each partner and/or subconsultant, if any, following the formats described in the Technical Proposal Forms:
 - (i) A brief description of the organization and outline of recent experience of the Consultant and each partner and/or subconsultant on projects of a similar and related nature as required in form TPF 2. Consultant's References. For each project listed in Section E.2.1 of the Consultant's Confidential Application for Eligibility (CCAIE), the outline should indicate *inter alia*, the project, contract amount and the Consultant's involvement. Information should be provided only for those

projects for which the Consultant was legally contracted by itself or as one of the major participating consultants within an association. Whenever applicable, the experience of individual experts from projects completed independently or when associated with consultants other than the one with whom the individual is currently associated with cannot be claimed as the experience of the current consultant or any one of its partners and/or subconsultants, but can be claimed by the individuals themselves in their CVs. Consultants should be prepared to substantiate the claimed experience if so requested by the Procuring Entity.

- (ii) Comments, if any, on the TOR (TPF 3. Comments and Suggestions of Consultant on the Terms of Reference and on Data, Services, and Facilities to be Provided by the Procuring Entity) to improve performance in carrying out the Project. Innovativeness shall be appreciated, including workable suggestions that could improve the quality/effectiveness of the Project. In this regard, unless the Consultant clearly states otherwise, it shall be assumed by the Procuring Entity that work required to implement any such improvements, are included in the inputs shown on the Consultant's Staffing Schedule. It shall include a list of facilities requested by the Consultant to be provided by the Procuring Entity, if any, in addition to those shown on the Data Sheet that may include support facilities such as: counterpart staff, office space, local transportation, equipment, domestic administrative support, etc. that would be needed to carry out the project.
- (iii) A concise, complete, and logical description of how the Consultant's team shall carry out the services to meet all requirements of the TOR using TPF 4. Description of the Methodology and Work Plan for Performing the Project.
- (iv) An organization chart of the key and support staff indicating their tasks and relationships amongst the Consultant and any partner and/or subconsultant, the Procuring Entity, the Funding Source and the GoP, and other parties or stakeholders, if any, involved in the project using TPF 5. Team Composition and Task.
- (v) The name, age, nationality, background employment record, and professional experience of each nominated expert including ongoing projects, with particular reference to the type of experience required for the tasks assigned should be presented in the CV format shown in TPF 6. Format of Curriculum Vitae (CV) for Proposed Professional Staff. Only one duly notarized CV for each consultant involved in the Project may be submitted for each position.

- (vi) The Procuring Entity requires that each expert confirm that the content of his/her CV is correct and the experts themselves should sign the certification of the CV. In addition, the expert should submit a signed written commitment stating that the expert shall work for the Project once awarded the contract. A zero rating shall be given to a nominated expert if the expert:
 - (vi.1) is proposed for a domestic position but is not a Filipino citizen;
 - (vi.2) failed to state nationality on the CV; or
 - (vi.3) the CV is not signed in accordance with paragraph (v) above.
- (vii) A Time Schedule (TPF 7. Time Schedule for Professional Personnel) indicating clearly the estimated duration in terms of person-months (shown separately for work in the field and in the home office) and the proposed timing of each input for each nominated expert, including domestic experts, if required, using the format shown. The schedule shall also indicate when experts are working in the project office and when they are working at locations away from the project office.
- (viii) A work plan showing in graphical format (bar chart) the timing of major activities, anticipated coordination meetings, and deliverables such as reports required under the TOR using TPF 8. Activity (Work) Schedule.
- (d) Sworn statement in accordance with Section 25.3 of the IRR of RA 9184 and using the form prescribed in Section VII. Bidding Forms.

12. Documents Comprising the Final Offer: Financial Proposal

- 12.1.** All information provided in a Consultant's Financial Proposal shall be treated as confidential. The Financial Proposal must be submitted in hard copy using the format shown in Financial Proposal Forms.
- 12.2.** The Financial Proposal requires completion of six (6) forms, particularly, FPF 1, FPF 2, FPF 3, FPF 4, FPF 5, and FPF 6. FPF 1. Financial Proposal Submission Form should form the covering letter of the Financial Proposal. Form FPF 2. Summary of Costs FPF 3. Breakdown of Price per Activity, FPF 4. Breakdown of Remuneration per Activity, FPF 5. Reimbursables per Activity, and FPF 6. Miscellaneous Expenses, relate to the costs of consulting services under two distinct categories, namely: (a) Remuneration; and (b) Reimbursable Expenditures.
- 12.3.** Remuneration is divided into billing rate estimates for international and domestic consultants. Reimbursable Expenditures are divided into per diem rates for international and domestic consultants and costs for other reimbursable expenditure items required to perform the consulting services.

- 12.4. The list of experts, and their respective inputs, identified in Financial Proposal Forms, must match the list of experts and their respective inputs shown in Technical Proposal Forms.
- 12.5. The Consultant shall be subject to Philippine taxes on amounts payable by the Procuring Entity under the contract through mandated withholding by local tax authorities of specified percentages of such amounts or otherwise. The **BFODS** details the taxes payable.
- 12.6. The Financial Proposal should clearly estimate, as a separate amount, the local taxes (including social security), duties, fees, levies, and other charges imposed under the applicable law, on the Consultants, the subconsultants, and its personnel (other than Philippine Nationals or permanent residents of the Philippines).
- 12.7. Unless otherwise provided in the **BFODS**, total calculated Best and Final Offer prices, as evaluated and corrected for minor arithmetical corrections, such as computational errors, which exceed the approved budget for the contract (ABC) shall not be considered.

13. Alternative Best and Final Offer

Consultants participating in more than one bid or associating with any other entity other than those already provided in its eligibility documents and allowed by the Procuring Entity shall be disqualified.

14. Best and Final Offer Currencies

- 14.1. All Best and Final Offer prices shall be quoted in Philippine Pesos unless otherwise provided in the **BFODS**. However, for purposes of bid evaluation, Best and Final Offer denominated in foreign currencies shall be converted to Philippine currency based on the exchange rate prevailing on the day of the bid opening.
- 14.2. If so allowed in accordance with **ITC** Clause 14.1, the Procuring Entity for purposes of bid evaluation and comparing the bid prices will convert the amounts in various currencies in which the bid price is expressed to Philippine Pesos at the exchange rate as published in the *Bangko Sentral ng Pilipinas* (BSP) reference rate bulletin on the day of the Best and Final Offer opening.
- 14.3. Unless otherwise specified in the **BFODS**, payment of the contract price shall be made in Philippine Pesos.

15. Best and Final Offer Validity

- 15.1. Best and Final Offer shall remain valid for the period specified in the **BFODS** which shall not exceed one hundred twenty (120) calendar days from the date of the opening of Best and Final Offer.
- 15.2. In exceptional circumstances, prior to the expiration of the Best and Final Offer validity period, the Procuring Entity may request Consultants to extend

the period of validity of their Best and Final Offer. The request and the responses shall be made in writing. A Consultant may refuse the request but his Best and Final Offer shall no longer be considered for further evaluation and award. A Consultant granting the request shall not be required or permitted to modify its Best and Final Offer.

16. Format and Signing of Best and Final Offer

Consultants shall submit their Best and Final Offer through their duly authorized representative using the appropriate forms provided in Section VII. Bidding Forms on or before the deadline specified in the **ITC** Clause 18 in two (2) separate sealed bid envelopes, and which shall be submitted simultaneously. The first shall contain the eligibility document and technical proposal and the second shall contain the financial proposal.

- 16.1.** Forms as mentioned in **ITC** Clause 0 must be completed without any alterations to their format, and no substitute form shall be accepted. All blank spaces shall be filled in with the information requested.
- 16.2.** The Consultant shall prepare an original of the first and second envelopes as described in **ITC** Clauses 11 and 12. In addition, the Consultant shall submit copies of the first and second envelopes. In the event of any discrepancy between the original and the copies, the original shall prevail.
- 16.3.** Each and every page of the Eligibility Document and Technical Proposal Submission Form and the Financial Proposal Submission Form under Section VI and Section VII hereof shall be signed by the duly authorized representative/s of the Consultant. Failure to do so shall be a ground for the rejection of the Best and Final Offer.
- 16.4.** Any interlineations, erasures, or overwriting shall be valid only if they are signed or initialed by the duly authorized representative/s of the Consultant.

17. Sealing and Marking of Best and Final Offer

- 17.1.** Unless otherwise indicated in the **BFODS**, Consultants shall enclose their original eligibility document and technical proposal described in **ITC** Clause 11, in one sealed envelope marked “ORIGINAL – ELIGIBILITY DOCUMENT AND TECHNICAL PROPOSAL”, and the original of their financial proposal in another sealed envelope marked “ORIGINAL – FINANCIAL PROPOSAL”, sealing them all in an outer envelope marked “ORIGINAL BEST AND FINAL OFFER”.
- 17.2.** Each copy of the first and second envelopes shall be similarly sealed duly marking the inner envelopes as “COPY NO. ____ - ELIGIBILITY DOCUMENT AND TECHNICAL PROPOSAL” and “COPY NO. ____ – FINANCIAL PROPOSAL” and the outer envelope as “COPY NO. ____”, respectively. These envelopes containing the original and the copies shall then be enclosed in one single envelope.

17.3. The original and the number of copies of the Best and Final Offer as indicated in the **BFODS** shall be typed or written in ink and shall be signed by the Consultant or its duly authorized representative/s.

17.4. All envelopes shall:

- (a) contain the name of the contract to be bid in capital letters;
- (b) bear the name and address of the Consultant in capital letters;
- (c) be addressed to the Procuring Entity's BAC in accordance with **ITC** Clause 18.1;
- (d) bear the specific identification of this bidding process indicated in the **ITC** Clause 1.2; and
- (e) bear a warning "DO NOT OPEN BEFORE..." the date and time for the opening of Best and Final Offer, in accordance with **ITC** Clause 18.

17.5. Bid envelopes that are not properly sealed and marked, as required in the Negotiated Procurement Documents, shall not be rejected, but the Prospective Consultant or its duly authorized representative shall acknowledge such condition of the Bid as submitted. The BAC or the Procuring Entity shall assume no responsibility for the misplacement of the contents of the improperly sealed or marked Bid, or for its premature opening.

D. Submission and Opening of Best and Final Offer

18. Deadline for Submission of Best and Final Offer

Best and Final Offer must be received by the Procuring Entity's BAC at the address and on or before the date and time indicated in the **BFODS**.

19. Late Best and Final Offer

Any Best and Final Offer submitted after the deadline for submission and receipt of Best and Final Offer prescribed by the Procuring Entity, pursuant to **ITC** Clause 18, shall be declared "Late" and shall not be accepted by the Procuring Entity. The BAC shall record in the minutes of Best and Final Offer submission and opening, the Consultant's name, its representative and the time the late bid was submitted.

20. Modification and Withdrawal of Best and Final Offer

20.1. The Consultant may modify its Best and Final Offer after it has been submitted; provided that the modification is received by the Procuring Entity prior to the deadline prescribed for submission and receipt of Best and Final Offer. The Consultant shall not be allowed to retrieve its original Best and Final Offer, but shall be allowed to submit another Best and Final Offer equally sealed, properly identified in accordance with **ITC** Clause 17.4, linked to its original Best and Final Offer marked as "ELIGIBILITY AND

TECHNICAL MODIFICATION” or “FINANCIAL MODIFICATION” and stamped “received” by the BAC. Best and Final Offer modifications received after the applicable deadline shall not be considered and shall be returned to the Consultant unopened.

- 20.2. A Consultant may, through a letter of withdrawal, withdraw its Best and Final Offer after it has been submitted, for valid and justifiable reason; provided that the letter of withdrawal is received by the Procuring Entity prior to the deadline prescribed for submission and receipt of Best and Final Offer. The letter of withdrawal must be executed by the authorized representative of the Consultant identified in the Omnibus Sworn Statement, a copy of which should be attached to the letter.
- 20.3 Best and Final Offer requested to be withdrawn in accordance with **ITC** Clause 20.1 shall be returned unopened to the Consultants. A Consultant, who has acquired the Negotiated Procurement Documents, may also express its intention not to participate in the bidding through a letter which should reach and be stamped by the BAC before the deadline for submission and receipt of Best and Final Offer. A Consultant that withdraws its Best and Final Offer shall not be permitted to submit another Best and Final Offer, directly or indirectly, for the same contract.
- 20.4 No Best and Final Offer may be modified after the deadline for submission of Best and Final Offer. No Best and Final Offer may be withdrawn in the interval between the deadline for submission of Best and Final Offer and the expiration of the period of Best and Final Offer validity specified by the Consultant on the Financial Bid Form. Withdrawal of a Best and Final Offer during this interval shall result in the imposition of administrative, civil, and criminal sanctions as prescribed by R.A. 9184 and its IRR against the Consultant.

E. Evaluation and Comparison of Best and Final Offer

21. Opening and Preliminary Examination of Best and Final Offer

- 21.1 The BAC shall open the Best and Final Offers immediately after the deadline for the submission and receipt of the Best and Final Offers in public, as specified in the **BFODS**. In case the Best and Final Offers cannot be opened as scheduled due to justifiable reasons, the BAC shall take custody of the Best and Final Offers submitted and reschedule the opening on the next working day or at the soonest possible time through the issuance of a Bulletin to be posted at the PhilGEPS website and the website of the Procuring Entity concerned.
- 21.2 To determine each prospective Consultant’s compliance with the documents prescribed in **ITC** Clause 11, the BAC shall open the first envelope (Eligibility Document and Technical Proposal) and check the submitted documents of each Consultant in accordance with ITC Clause 11.2 to ascertain if they are all present, using a non-discretionary “pass/fail” criterion. If a Consultant submits the required document, it shall be rated “passed” for that

particular requirement. In this regard, Consultant that fail to include any requirement or are incomplete or patently insufficient shall be considered as “failed”. Otherwise, the BAC shall rate the first envelope as “passed”.

- 21.3 Immediately after determining compliance with the requirements in the first envelope, the BAC shall forthwith open the second envelope (Financial Proposal) of each remaining Consultant whose first envelope was rated “passed”. In case one or more of the requirements in the second envelope of a particular bid is missing, incomplete or patently insufficient, and/or if the submitted total bid price exceeds the ABC unless otherwise provided in **ITC** Clause 12.7, the BAC shall rate the bid concerned as “failed”. Only Best and Final Offer determined to contain all the bid requirements for both first and second envelopes shall be rated “passed” and shall immediately be considered for evaluation and comparison.
- 21.4 All members of the BAC who are present during bid opening shall initial every page of the original copies of all bids received and opened.
- 21.5 All bid envelopes shall be resealed. Those rated “passed” shall be secured for the detailed evaluation, while those rated “failed” will be secured for purposes of possible filing of a request for reconsideration unless the Consultant waives its right to file a request for reconsideration, in which case, the envelope shall be returned to the Consultant immediately.
- 21.6 The Procuring Entity shall prepare the minutes of the proceedings of the Best and Final Offer opening that shall include, as a minimum: (a) names of Consultants, their bid price (per lot, if applicable, and/or including discount, if any), bid security, findings of preliminary examination, and whether there is a withdrawal or modification; and (b) attendance sheet. The BAC members shall sign the abstract of bids as read.

22. Process to be Confidential

- 22.1 Members of the BAC, including its staff and personnel, as well as its Secretariat and TWG, are prohibited from making or accepting any kind of communication with any Consultant regarding the evaluation of their bids until the approval by the HoPE of the ranking of Consultants, unless otherwise allowed in the **BFODS** or in the case of **ITC** Clause 23.
- 22.2 Any effort by a bidder to influence the Procuring Entity in the Procuring Entity’s decision in respect of bid evaluation, bid comparison or contract award will result in the rejection of the Consultant’s Best and Final Offer.

23. Clarification of Best and Final Offers

To assist in the evaluation, comparison and post-qualification of the Best and Final Offers, the Procuring Entity may ask in writing any Consultant for a clarification of its Best and Final Offer. All responses to requests for clarification shall be in writing. Any clarification submitted by a Consultant in respect to its Best and Final Offer and that is not in response to a request by the Procuring Entity shall not be considered.

24. Best and Final Offer Evaluation

- 24.1 For the evaluation of the Best and Final Offers, numerical ratings shall be used. In order to eliminate bias in evaluating the Best and Final Offers, it is recommended that the highest and lowest scores for each Consultant for each criterion shall not be considered in determining the average scores of the Consultants, except when the evaluation is conducted in a collegial manner.
- 24.2 For complex or unique undertakings, such as those involving new concepts/technology or financial advisory services, participating consultants may be required, at the option of the Procuring Entity concerned, to make an oral presentation to be presented by each Consultant, or its nominated Project Manager or head, in case of consulting firms, within fifteen (15) calendar days after the deadline for submission of Technical Proposals.
- 24.3 The entire evaluation process, including the submission of the results thereof to the HoPE for approval, shall be completed in not more than twenty-one (21) calendar days after the deadline for receipt of Best and Final Offers. The Best and Final Offer with the highest rank shall be identified as the Highest Rated Bid. The HoPE shall approve or disapprove the recommendations of the BAC within two (2) calendar days after receipt of the results of the evaluation from the BAC.
- 24.4 All participating consultants shall be furnished the results (ranking and total scores only) of the evaluation after the approval by the HoPE of the ranking. Said results shall also be posted in the PhilGEPS and the website of the Procuring Entity, if available, for a period of not less than seven (7) calendar days.

25. Evaluation of Technical Proposals

- 25.1 The BAC shall conduct a detailed evaluation of the technical proposals based on the evaluation procedure indicated in **ITC** Clause 1.1 using the corresponding procedure provided in the **BFODS**.
- 25.2 The BAC evaluates the Technical Proposals on the basis of their compliance with the requirements under **ITC** Clause 11 and responsiveness to the TOR using the following criteria:
 - (a) Quality of personnel to be assigned to the Project which covers suitability of key staff to perform the duties for the Project and general qualifications and competence including education and training of the key staff;
 - (b) Experience and capability of the Consultant which include records of previous engagement and quality of performance in similar and in other projects; relationship with previous and current clients; and, overall work commitments, geographical distribution of current/impending projects and attention to be given by the consultant. The suitability of the Consultant to the Project shall consider both the overall experiences of

the firm and the individual experiences of the principal and key staff including the times when employed by other consultants; and

- (c) Plan of approach and methodology with emphasis on the clarity, feasibility, innovativeness and comprehensiveness of the plan approach, and the quality of interpretation of project problems, risks, and suggested solutions.

25.3 The BAC shall assign numerical weights and the minimum required technical score to each of the above criteria which shall be indicated in the **BFODS**. A Best and Final Offer shall be rejected at this stage if it does not respond to important aspects of the TOR or if it fails to achieve the minimum Technical Score (St) indicated in the **BFODS**.

25.4 Technical Proposals shall not be considered for evaluation in any of the following cases:

- (a) late submission, *i.e.*, after the deadline set in the **ITC** Clause 18;
- (b) failure to submit any of the technical requirements provided under this ITC and TOR;
- (c) the Consultant that submitted a Best and Final Offer or any of its partner and/or subconsultant belongs to one of the conflict of interest cases as described in **ITC** Clauses 2.1(a) to (c) and failed to make a proper statement to that effect in the cover letter; or
- (d) the Technical Proposal included any cost of the services.

26 Evaluation of Financial Proposals

26.1 The Financial Proposals shall be evaluated based on the evaluation procedure indicated in **ITC** Clause 1.1 using the corresponding procedure provided in the **BFODS**.

27 Professional Key Staff

27.1 Having selected the Consultant on the basis of, among other things, an evaluation of the proposed key professional staff, the Procuring Entity expects a contract on the basis of the experts named in the Best and Final Offer. The Procuring Entity shall not consider substitutions except for justifiable reason as may be determined by the Procuring Entity, such as illness, death, or resignation, unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the Project. If this is not the case and if it is established that key staff were offered in the bid without confirming their availability, the Consultant may not be awarded the contract. As such, the Procuring Entity shall invite the Consultant whose Best and Final Offer received the second highest score. If the contract is still not awarded to the second highest ranking Consultant, the Procuring Entity shall repeat the process for the next-in-rank Consultant until the negotiation is successfully completed.

- 27.2 Once the contract has been awarded, no replacement shall be allowed until after fifty percent (50%) of the personnel's man-months have been served, except for justifiable reasons as may be determined by the Procuring Entity. Violators shall be fined an amount equal to the refund of the replaced personnel's basic rate, which should be at least fifty percent (50%) of the total basic rate for the duration of the engagement.

28 Post Qualification

- 28.1 The BAC shall determine to its satisfaction whether the Consultant that is evaluated as having submitted the Highest Rated Best and Final Offer (HRB) complies with and is responsive to all the requirements and conditions specified in **ITC** Clauses 11 and 12.
- 28.2 Within a non-extendible period of five (5) calendar days from receipt by the Consultant of the notice from the BAC that it submitted the Highest Rated Bid, the Consultant shall submit its latest income and business tax returns filed and paid through the BIR Electronic Filing and Payment System (EFPS) and other appropriate licenses and permits required by law and stated in the **BFODS**.
- Failure to submit any of the post-qualification requirements on time, or a finding against the veracity thereof, shall disqualify the Consultant for award.
- 28.3 The determination shall be based upon an examination of the documentary evidence of the Consultant's qualifications submitted pursuant to **ITC** Clauses 11 and 12, as well as other information as the Procuring Entity deems necessary and appropriate, using a non-discretionary "pass/fail" criterion, which shall be completed within a period of twelve (12) calendar days.
- 28.4 If the BAC determines that the Consultant with the Highest Rated Bid passes all the criteria for post-qualification, it shall declare the said bid as the Consultant with the HRRB, and recommend to the HoPE the award of contract to the said Consultant at its submitted price or its calculated bid price, whichever is lower, subject to **ITC** Clause 30.3.
- 28.5 A negative determination shall result in rejection of the Consultant's Best and Final Offer, in which event the BAC shall proceed to the next Highest Rated Bid with a fresh period to make a similar determination of that Consultant's capabilities to perform satisfactorily. If the second Consultant, however, fails the post qualification, the procedure for post qualification shall be repeated for the Consultant with the next Highest Rated Bid, and so on until the HRRB is determined for recommendation of contract award.
- 28.6 Within a period not exceeding fifteen (15) calendar days from the determination by the BAC of the HRRB and the recommendation to award the contract, the HoPE or his duly authorized representative shall approve or disapprove the said recommendation.
- 28.7 In the event of disapproval, which shall be based on valid, reasonable, and justifiable grounds as provided for under Section 41 of the IRR of RA 9184,

the HoPE shall notify the BAC and the Consultant in writing of such decision and the grounds for it. When applicable, the BAC shall conduct negotiations, and if successful, post-qualification of the Consultant with the next Highest Rated Bid. A request for reconsideration may be filed by the bidder with the HoPE in accordance with Section 37.1.3 of the IRR of RA 9184.

29 Reservation Clause

- 29.1 Notwithstanding the eligibility, short listing, or post-qualification of a Consultant, the Procuring Entity concerned reserves the right to review its qualifications at any stage of the procurement process if it has reasonable grounds to believe that a misrepresentation has been made by the said Consultant, or that there has been a change in the Consultant's capability to undertake this Project from the time it submitted its eligibility requirements. Should such review uncover any misrepresentation made in the eligibility and bidding requirements, statements or documents, or any changes in the situation of the Consultant which will affect its capability to undertake the project so that it fails the preset eligibility or bid evaluation criteria, the Procuring Entity shall consider the said Consultant as ineligible and shall disqualify it from submitting a bid or from obtaining an award or contract.
- 29.2 Based on the following grounds, the Procuring Entity reserves the right to reject any and all bids, declare a failure of bidding at any time prior to the contract award, or not to award the contract, without thereby incurring any liability, and make no assurance that a contract shall be entered into as a result of the bidding:
- (a) If there is *prima facie* evidence of collusion between appropriate public officers or employees of the Procuring Entity, or between the BAC and any of the Consultants, or if the collusion is between or among the Consultants themselves, or between a bidder and a third party, including any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition;
 - (b) If the Procuring Entity's BAC is found to have failed in following the prescribed bidding procedures; or
 - (c) For any justifiable and reasonable ground where the award of the contract will not redound to the benefit of the GoP as follows:
 - (i) If the physical and economic conditions have significantly changed so as to render the project no longer economically, financially or technically feasible as determined by the HoPE;
 - (ii) If the project is no longer necessary as determined by the HoPE; and
 - (iii) If the source of funds for the project has been withheld or reduced through no fault of the Procuring Entity.

- 29.3 In addition, the Procuring Entity may likewise declare a failure of bidding when:
- (a) No bids are received;
 - (b) All prospective Consultants are declared ineligible;
 - (c) All bids fail to comply with all the bid requirements or there is no successful negotiation, or fail post-qualification; or
 - (d) The bidder with the HRRB refuses, without justifiable cause to accept the award of contract, and no award is made in accordance with Section 40 of the IRR of RA 9184.

F. Award of Contract

30. Contract Award

- 30.1 Subject to **ITC** Clause 28, the HoPE or its authorized representative shall award the contract to the Consultant whose Best and Final Offer has been determined to be the HRRB.
- 30.2 Prior to the expiration of the period of Best and Final Offer validity, the Procuring Entity shall notify the successful Consultant in writing that its Best and Final Offer has been accepted, through a Notice of Award duly received by the Consultant or its authorized representative personally or by registered mail or electronically, receipt of which must be confirmed in writing within two (2) days by the Consultant with the HRRB and submitted personally or sent by registered mail or electronically to the Procuring Entity.
- 30.3 Notwithstanding the issuance of the Notice of Award, award of contract shall be subject to the following conditions:
- (a) Submission of the following documents within the (10) calendar days from receipt of the Notice of Award:
 - (i) Valid JVA, if applicable;
 - (ii) In the case of procurement by a Philippine Foreign Service Office or Post, the PhilGEPS Registration Number of the winning foreign consultant; and/or
 - (iii) SEC Certificate of Registration of the foreign consulting firm, and/or the authorization or license issued by the appropriate GoP professional regulatory body of the foreign professionals engaging in the practice of regulated professions and allied professions, where applicable.
 - (b) Posting of the performance security in accordance with **ITC** Clause 32;
 - (c) Signing of the contract as provided in **ITC** Clause 31; and

- (d) Approval by higher authority, if required, as provided in Section 37.3 of the IRR of RA 9184.

31. Signing of the Contract

- 31.1 At the same time as the Procuring Entity notifies the successful Consultant that its Best and Final Offer has been accepted, the Procuring Entity shall send the Contract Form to the Bidder, which contract has been provided in the Bidding Documents, incorporating therein all agreements between the parties.
- 31.2 Within ten (10) calendar days from receipt of the Notice of Award, the successful Consultant shall post the required performance security and sign and date the contract and return it to the Procuring Entity.
- 31.3 The Procuring Entity shall enter into contract with the successful Consultant within the same ten (10) calendar day period provided that all the documentary requirements are complied with.
- 31.4 The following documents shall form part of the contract:
 - a) Contract Agreement;
 - b) Bidding Documents;
 - c) Winning Consultant's Best and Final Offer/, including the Technical and Financial Proposals, and all other documents/statements submitted (*e.g.*, bidder's response to request for clarifications on the bid), including corrections to the bid, if any, resulting from the Procuring Entity's bid evaluation;
 - d) Performance Security;
 - e) Notice of Award of Contract; and
 - f) Other contract documents that may be required by existing laws and/or specified in the **BFODS**.

32. Performance Security

- 32.1 Unless otherwise provided in the **BFODS**, to guarantee the faithful performance by the winning Consultant of its obligations under the contract, it shall post a performance security within a maximum period of ten (10) calendar days from the receipt of the Notice of Award from the Procuring Entity and in no case later than the signing of the contract.
- 32.2 The Performance security shall be denominated in Philippine Pesos and posted in favor of the Procuring entity in an amount not less than the percentage of the total contract price in accordance with the following schedule:

Form of Performance Security	Amount of Performance Security (Not less than the Percentage of the Total Contract Price)
(a) Cash or cashier's/manager's check issued by a Universal or Commercial Bank;	Five percent (5%)
(b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank; and/or	
(c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.	Thirty percent (30%)

- 32.3 Failure of the successful Consultant to comply with the above-mentioned requirement shall constitute sufficient ground for the annulment of the award, in which event the Procuring Entity shall have a fresh period to initiate complete post-qualification of the second Highest Rated Bid. The procedure shall be repeated until the HRRB is identified and selected for recommendation of contract award.

33. Notice to Proceed

- 33.1 Within seven (7) calendar days from the date of approval of the contract by the appropriate government approving authority, the Procuring Entity shall issue the Notice to Proceed together with copies of the approved contract to the successful Consultant. All notices called for by the terms of the contract shall be effective only at the time of receipt thereof by the successful Consultant.
- 33.2 The contract effectivity date shall be the date of contract signing. The Consultant shall commence performance of its obligations only upon receipt of the Notice to Proceed.

34. Protest Mechanism

Decision of the Procuring Entity at any stage of the procurement process may be questioned in accordance with Section 55 of the IRR of RA 9184.

Section II. Best and Final Offer Data Sheet

ITC Clause	
1.1	<p>The Procuring Entity is Metropolitan Waterworks and Sewerage System-Regulatory Office (MWSS-RO)</p> <p>The evaluation procedure is</p> <p>Quality Cost Based Evaluation/Selection (QCBE/QCBS)</p>
1.2	<p>The Funding Source is:</p> <p>The Government of the Philippines (GoP) through MWSS-RO Corporate Operating Budget for CY 2017.</p> <p>The name of the project is Consultancy Services for the Fourth Rate Rebasing Contract No. RO-CS2017-001</p>
1.3	<p>Consulting services for the determination of the tariff of Manila Water Company, Inc. (MWCI) and Maynilad Water Services, Inc. (MWSI) in accordance with the Rate Rebasing Framework as provided for in the Concession Agreements.</p>
1.4	<p>The Project shall not be phased.</p>
4.2	<p>Technical Services involving the following: (1) review of the historical financial and technical performance of MWSS concessionaires; (2) evaluation of short term, medium term, and long term technical and financial plans of MWSS concessionaires; and (3) rate setting in accordance with the rate rebasing framework of MWSS. Key staff who will actually perform the work shall be registered professionals by the Philippine Regulation Commission (PRC).</p>
4.3	<p>Foreign consultants may be eligible to participate in this Project, subject to the following conditions to be complied within ten (10) days upon receipt of the Notice of Award:</p> <p>a) must be registered with the SEC and/or any agency authorized by the laws of the Philippines;</p> <p>b) when the types and fields of consulting services in which the foreign consultant wishes to engage involve the practice of regulated professions, the foreign consultant must be authorized by the appropriate GoP professional regulatory body specified in Clause 1.2 to engage in the practice of those professions and allied professions: <i>Provided, however,</i> That the limits of such authority shall be strictly observed.</p>
6	<p>No further instructions.</p>
7.1	<p>Subcontracting is not allowed.</p>

7.2	Not applicable.
8.1	The Procuring Entity will conduct a Final Negotiation for this Project on 26 July 2017 at 10:00 A.M. at the MWSS-RO Main Conference Room, 3 rd Floor, Engineering Building, MWSS Compound, Katipunan Road, Balara, Q.C.
9.1	The Procuring Entity's address is: ATTY. CLAUDINE B. OROCIO-ISORENA Chairperson, MWSS-RO BAC 3 rd Floor, Engineering Building Katipunan Road, Balara, Q.C Telephone No. (02) 435-89-00 Last day for the BAC to receive clarification is 28 July 2017 .
11.1(b)	The estimated number of professional staff-months required for the Project is 127 man-months.
11.1(c)	The minimum required experience of proposed professional staff is as follows: Refer to the Terms of Reference (TOR).
12.5	Taxes: 12% Value-Added Tax (VAT)
12.7	The ABC is Sixty-Four Million Six Hundred Sixty-Four Thousand Three Hundred Twenty Pesos (Php64,664,320.00). Any bid with a financial component exceeding this amount shall not be accepted.
14.1	The Best and Final Offer prices shall be quoted in Philippine Pesos.
14.3	No further instructions.
15.1	Best and Final Offers will be valid until 04 December 2017.
17.1	No further instructions.
17.3	Each Consultant shall submit one (1) original and five (5) copies of the Eligibility, Technical and Financial components of its Best and Final Offer.
18	The address for submission of Best and Final Offers is: ATTY. CLAUDINE B. OROCIO-ISORENA Chairperson, MWSS-RO BAC 3 rd Floor, Engineering Building Katipunan Road, Balara, Q.C Telephone No. (02) 435-89-00 The deadline for submission of Best and Final Offer is 07 August 2017 at

	12:00 Noon.												
21.1	<p>The address for opening of Best and Final Offer is:</p> <p>MWSS-RO Main Conference Room 3rd Floor, Engineering Building Katipunan Road, Balara, Q.C.</p> <p>The date and time for opening of Best and Final Offer is 07 August 2017 at 1:00 P.M.</p>												
22.1	No further instructions.												
25.1	<p>The following processes for the opening and evaluation of Best and Final Offers shall be adopted:</p> <p>a) The technical proposal together with the financial proposal shall be considered in the ranking of consultants. The technical proposals shall be evaluated first using the criteria in ITC Clause 25.2. The financial proposals of the consultants who meet the minimum technical score shall then be evaluated.</p> <p>b) The financial and technical proposals shall be given corresponding weights of 30% and 70%, respectively. The BAC shall rank the consultants in descending order based on the combined numerical ratings of their technical and financial proposals and identify the Highest Rated Bid.</p> <p>c) The HoPE shall approve or disapprove the recommendations of the BAC within two (2) calendar days after receipt of the results of the evaluation from the BAC.</p>												
25.3	<p>The numerical weight and the minimum required St for each criterion are as follows:</p> <p>The total St for each criterion:</p> <table> <thead> <tr> <th><u>Criteria</u></th><th><u>Score</u></th></tr> </thead> <tbody> <tr> <td>I. Quality of personnel to be assigned to the project</td><td>60 points</td></tr> <tr> <td>This criterion shall include the educational background, training, applicable experience and years with the firm of each of the professional staff that will be assigned to the Project</td><td></td></tr> <tr> <td>II. Applicable Experience</td><td>20 points</td></tr> <tr> <td>Previous engagement and quality of performance comparable to the contract under consideration</td><td>12 points</td></tr> <tr> <td>- Financial planning and rate/price determination and structuring and/or financial audit for large infrastructure projects/companies/entities,</td><td></td></tr> </tbody> </table>	<u>Criteria</u>	<u>Score</u>	I. Quality of personnel to be assigned to the project	60 points	This criterion shall include the educational background, training, applicable experience and years with the firm of each of the professional staff that will be assigned to the Project		II. Applicable Experience	20 points	Previous engagement and quality of performance comparable to the contract under consideration	12 points	- Financial planning and rate/price determination and structuring and/or financial audit for large infrastructure projects/companies/entities,	
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- Financial planning and rate/price determination and structuring and/or financial audit for large infrastructure projects/companies/entities,													

	<p>preferably in water, sewerage, power and/or telecommunications sector</p> <ul style="list-style-type: none"> - Technical review and evaluation or technical planning and development of complex infrastructure systems involving water and sewerage <p>Other completed consulting services related to the contract under consideration. 5 points</p> <ul style="list-style-type: none"> -Development of financial accounting systems and procedures and preparation of project financing plans -Asset management planning, operation and maintenance, design and construction of water supply, sewerage and sanitation projects <p>Overall Work Commitment 3 points</p> <p>III. Plan of Approach and Methodology 20 points</p> <p>Substance of the proposal as to the Plan of Approach and interpretation of Project problems and solutions 10 points</p> <p>Completeness of proposal 4 points</p> <p>Clarity of Method and Approaches 3 points</p> <p>Total Man-months and manning schedule 3 points</p> <p>The minimum St required to pass is 70 points.</p> <p>The attention of the Consultant is drawn to Technical Proposal Forms – Best and Final Offers must adhere to the maximum number of pages outlined in Clause 11.2(b).</p>
26.1	<p>For Quality Cost Based Evaluation (QCBE)</p> <p>The BAC shall determine whether the Financial Proposals provided all items of the corresponding Technical Proposals that are required to be priced are so priced. If not, the Procuring Entity shall reject the proposal. The BAC shall correct any computational errors, and convert prices in various currencies to the Philippine Peso at the rate indicated in ITC Clause 14. The Financial Proposal shall not exceed the ABC and shall be deemed to include the cost of all taxes, duties, fees, levies, and other charges imposed under the applicable laws. The evaluation shall include all such taxes, duties, fees, levies, and other charges imposed under the applicable laws; where special tax privileges are granted to a particular class or nationality of Consultant by virtue of the GoP's international commitments, the amount of such tax privileges shall be included in the Financial Proposal for purposes of comparative evaluation of Final Offers.</p> <p>The lowest Financial Proposal (Fl) shall be given a Financial Score (Sf) of 100 points. The Sf of other Financial Proposals shall be computed based</p>

	<p>on the formula indicated below:</p> $Sf = 100 \times FI/F$ <p>Where:</p> <p>Sf is the financial score of the Financial Proposal under consideration,</p> <p>FI is the lowest Financial Proposal, and</p> <p>F is the Financial Proposal under consideration.</p> <p>Using the formula $S = St \times T\% + Sf \times F\%$, the Best and Final Offers shall then be ranked according to their combined St and Sf using the weights (St is the technical score of the Technical Proposal under consideration; T = the weight given to the Technical Proposal; F = the weight given to the Financial Proposal; T + F = 1) indicated below:</p> <p>T = 0.70; and</p> <p>F = 0.30;</p> <p>provided that the total weights given to the Technical and Financial Proposals shall add up to 1.0.</p> <p>The BAC shall then rank the Consultants to determine the Highest Rated Bid (HRB).</p>
28.2	No additional requirement.
31.4.6	No additional requirement.
32.1	No further instructions..
33.2	The effective date of the contract is as stipulated in the Notice to Proceed (NTP).

Section III. General Conditions of Contract

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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:
- 1.2 “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.
- 1.3 “Consultant” refers to the short listed consultant with the HRRB determined by the Procuring Entity as such in accordance with the ITC.
- 1.4 “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.
- 1.5 “Contract” means the agreement signed by the Parties, to which these General Conditions of Contract (GCC) and other sections of the Negotiated Procurement Documents are attached.
- 1.6 “Effective Date” means the date on which this Contract comes into full force and effect.
- 1.7 “Foreign Currency” means any currency other than the currency of the Philippines.
- 1.8 “Funding Source” means the entity indicated in the **SCC**.
- 1.9 “GCC” means these General Conditions of Contract.
- 1.10 “Government” means the Government of the Philippines (GoP).
- 1.11 “Local Currency” means the Philippine Peso (Php).
- 1.12 “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.
- 1.13 “Party” means the Procuring Entity or the Consultant, as the case may be, and “Parties” means both of them.
- 1.14 “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.

- 1.15 “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.
- 1.16 “SCC” means the Special Conditions of Contract by which the GCC may be amended or supplemented.
- 1.17 means the Special Conditions of Contract by which the GCC may be amended or supplemented. means the Special Conditions of Contract by which the GCC may be amended or supplemented.
- 1.18 “Services” means the work to be performed by the Consultant pursuant to this Contract, as described in Appendix I.
- 1.19 “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.
- 1.20 “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) shall specify the nature of the failure; and
 - b) 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) 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;
 - b) 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;
 - c) 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;
 - d) 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;

- e) 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 **ITC** Clause 3.1(a):
- f) 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;
- g) The Consultant's failure to comply with any final decision reached as a result of arbitration proceedings pursuant to GCC Clause 34 hereof; or
- h) 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) 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;
- b) The Procuring Entity's failure to comply with any final decision reached as a result of arbitration pursuant to **GCC** Clause 34 hereof
- c) 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

- d) 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 CTCRC 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 b) 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 a)a.i.b) and a)a.i.c) 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 **ITC** 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 **BFODS**, 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) 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;
 - b) 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

- c) 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 e) 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 **ITC** Clause 27.1 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**.

Section IV. Special Conditions of Contract

GCC Clause	
1.1(g)	<p>The Funding Source is:</p> <p>The Government of the Philippines (GoP) through the MWSS-RO Corporate Operating Budget for CY 2017.</p>
6.2(b)	<p>For a period of two years after the expiration of this Contract, the Consultant shall not engage, and shall cause its Personnel as well as their Subconsultants and its Personnel not to engage, in the activity of a purchaser (directly or indirectly) of the assets on which they advised the Procuring Entity under this Contract nor in the activity of an adviser (directly or indirectly) of potential purchasers of such assets. The Consultant also agree that their affiliates shall be disqualified for the same period of time from engaging in the said activities.</p>
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>
10	No further instructions.
12	<p>The Authorized Representatives are as follows:</p> <p>For the Procuring Entity: _____, Chief Regulator</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: MWSS-Regulatory Office</p> <p>Attention: _____, Chief Regulator</p> <p>Address: 3rd Floor, Engineering Building, Katipunan Road, Balara, QC</p> <p>Facsimile: (632) 435-8900</p>

	<p>Email Address: _____</p> <p>Consultants: <i>[insert name of the Consultant]</i></p> <p>Attention: <i>[insert name of the Consultant's authorized representative]</i></p> <p>Address: _____</p> <p>Facsimile: _____</p> <p>Email Address: _____</p> <p>NOTE: <i>Contact details to be filled out by winning consultant prior to contract signing.</i></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;</p> <p>(b) in the case of facsimiles, within twenty-four (24) hours following confirmed transmission; or</p> <p>(c) in the case of telegrams, within forty-eight (48) hours following confirmed transmission.</p>
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	No further instructions.
20	All partners to the joint venture shall be jointly and severally liable to the Procuring Entity.
22	None.
24	The time period shall be four (4) months after the submission of the Consultant final report 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	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 Procuring

	Entity.
38.1(d)	<p>The Consultant's actions requiring the Procuring Entity's prior approval are:</p> <p>All communications to the Concessionaires as well as to the MWSS Corporate Office (MWSS-CO) including among others, notice of meetings, data request/gathering, field validation and inspection, etc.</p>
39.5	<p>The Consultant may change its Key Personnel only for justifiable reasons as may be determined by the Procuring Entity, such as death, serious illness, incapacity of an individual Consultant, resignation, among others, or until after fifty percent (50%) of the Personnel's man-months have been served.</p> <p>Violators will be fined an amount equal to the refund of the replaced Personnel's basic rate, which should be at least fifty percent (50%) of the total basic rate for the duration of the engagement.</p>
42.1	No further instructions.
42.4(c)	No further instructions.
52.1	<p>The total ceiling amount in Philippine Pesos is <i>[insert amount]</i>.</p> <p>NOTE: <i>The contract amount is to be filled out by the BAC Secretariat prior to contract signing.</i></p>
52.2	No further instructions.
53.2	No additional instructions.
53.4	<p>The following expenditures in foreign currency shall be reimbursed in local currency at the exchange rate used on the date of Best and Final Offer opening:</p> <ol style="list-style-type: none"> 1. the following transportation costs: <ol style="list-style-type: none"> (a) the cost of international transportation of the foreign Personnel and, as specified below, eligible dependents of the foreign Personnel, by the most appropriate means of transport and the most direct practicable route to and from the Consultant's home office; in the case of air travel, this shall be by less than first class; and (b) miscellaneous travel expenses such as the cost of transportation to and from airports, airport taxes, passport, visas, travel permits, vaccinations, etc., at a fixed unit price per round trip as specified in Appendix IV;

	<p>The reimbursable expenditures in local currency shall be as follows:</p> <ol style="list-style-type: none"> 1. the cost of equipment, materials and supplies to be procured locally in the Government's country as specified in Appendix IV; 2. the local currency cost of any subcontract required for the Services and approved in writing by the Procuring Entity; 3. any such additional payments in local currency for properly procured items as the Parties may have agreed upon pursuant to this Contract; and 4. the ordinary and necessary cost of such further items as may be required by the Consultant which are actually, directly, and necessarily used for the purpose of the Services, as agreed in writing by the Procuring Entity.
53.5(a)	<p>The following provisions shall apply to the advance payment and the advance payment guarantee:</p> <ol style="list-style-type: none"> (a) An advance payment of Nine Million Six Hundred Ninety-Nine Thousand Six Hundred Forty-Eight (Php9,699,648.00) in Philippine peso shall be made within seven (7) days after the Effective Date. The advance payment shall be set off by the Procuring Entity in equal installments against the progress billings until the advance payment has been fully set off. (b) The advance payment shall be made only upon the submission to and acceptance by the Procuring Entity of an irrevocable standby letter of credit issued by an entity acceptable to the agency and of an amount equivalent to the advance payment.
(c)	The interest rate is ZERO.
55.6	No further instructions.

Section V. Terms of Reference

1. Background

The Concession Agreements (“CA”) of the Metropolitan Waterworks and Sewerage System (“MWSS”) with Manila Water Company, Inc. (“Manila Water”) and Maynilad Water Services, Inc. (“Maynilad”) contain detailed procedures on tariff adjustments over the life of each of the concessions. An important provision thereof is the “Rate Rebasing”, an extensive rate review and evaluation exercise that is carried out every five (5) years.

Section 9.4 of the CA outlines the processes involved in the conduct of the Rate Rebasing. The major activities therein are described in the following paragraphs.

The Rate Rebasing entails the audit and evaluation of the Concessionaires’ historical (actual) cash flows wherein the prudence and efficiency of incurred operating expenditures (“OPEX”) and capital expenditures (“CAPEX”) are assessed to determine possible disallowances. It also requires an evaluation of the Concessionaires’ compliance with Service Obligations and achievement of Key Performance Indicators/Business Efficiency Measures (“KPIs/BEMs”) targets as provided in the Business Plans submitted in the preceding Rate Rebasing exercise.

From the foregoing, the Historical Cash Flows (“HCF”) of each Concessionaire is established and, using the preceding Rate Rebasing’s approved Appropriate Discount Rate (“ADR”), the Net Present Value (“NPV”) of the Opening Cash Position (“OCP”) is calculated.

The Rate Rebasing likewise includes the evaluation of the Concessionaires’ new Business Plans wherein new Service Obligations and KPIs/BEMs targets as well as new sets of programs and projects for the ensuing Rate Rebasing period are reviewed.

The Rate Rebasing also involves the projection of the Concessionaires’ Future Cash Flows (“FCF”), which include, among others, a reasonable approximation of future receipts as well as the determination of prudent and efficient OPEX and CAPEX. The projections of the annual Concession Fee payments (“ConFees”) and other foreign currency denominated cost streams in the FCF are also necessary.

Taking into consideration the above, the FCF of each Concessionaire is established, which shall be discounted using the current Rate Rebasing’s ADR to arrive at its NPV.

“HCF” and “FCF” are defined in Article 1 of the CA, as follows:

“Cash Flows” means (i) in the context of historical cash flows, both Receipts and Expenditures efficiently and prudently incurred by the Concessionaire in the course of carrying out its obligations under this Agreement, and (ii) in the context of future cash flows, (a) both anticipated Receipts and Expenditures efficiently and prudently incurred by the Concessionaire in the course of carrying out its obligations under this Agreement and (b) from and after the second Rate Rebasing Date, any Expiration payment agreed to be paid by MWSS to the Concessionaire on the Expiration Date pursuant to Section 9.4.3; it being understood that Expenditures ‘efficiently and prudently incurred’ does not include, among

other things, payments for (X) disapproved assets or (Y) fees for management or consulting service required by the Concessionaire in order to carry out its obligations under this Agreement payable to any shareholder or affiliate of the Concessionaire to the extent, in the judgment of the Regulatory Office, that such fees do not represent the best value available in the market for such services.

An important aspect of the Rate Rebasing involves the determination of an ADR to be applied on FCF. Article 1 of the CA defines the ADR as follows:

“Appropriate Discount Rate” means, at any time, the real (i.e., not inflation adjusted) weighted average cost of capital (after taxes payable by the concession business). In determining the Appropriate Discount Rate, the Regulatory Office shall apply conventional and internationally accepted methods, and in particular shall make estimates of the costs of debt in domestic and international markets, the cost of equity for utility business in the Philippines and abroad shall make adjustments to such estimates to reflect country risk, exchange rate risk and any other project risks. The Regulatory Office, at its sole discretion, may consider the Concessionaire's rate of return, either stated or implied in its Best and Final Offer, in determining the Appropriate Discount Rate.

Following the above, the Rebasing Adjustment is determined. The determination procedure is outlined in Sections 9.4.2 of the CA, which states the following:

“For the purposes of determining the Rates Adjustment Limit to apply to Standard Rates to come into effect on a Rate Rebasing Date commencing with the second Rate Rebasing Date, and the Rates Adjustment Limits for the following four Charging Years, the Regulatory Office shall, by taking into account all information available at the time, and by making reasonable projections of all factors relevant to the future Cash Flows of the Concessionaire, determine:

- (i) the Net Present Value, which may be either positive or negative, of the Opening Cash Position, as at June 30 following that Rate Rebasing Date;
- (ii) the amount, either positive or negative, which if made to the Rates Adjustment Limit for the following Charging Year would cause the Net Present Value of the Future Cash Flows, as at June 30 following that Rate Rebasing Date, to be equal but opposite in sign to the Net Present Value of the Opening Cash Position as determined in (i) above (the "Rebasing Adjustment").”

The Rebasing Adjustment, if positive, shall be added to the “C” or the percentage change in the Consumer Price Index (“CPI”) of the Philippines and the “E” or any Extraordinary Price Adjustment (“EPA”), to determine the Rates Adjustment Limit (“RAL”) for the first year of the next five-year period. The RAL for the second to the fifth years of the next five-year period shall consist only of the sum of the “C” and the “E”. If the Rebasing Adjustment is

negative, the same shall be deducted from the RAL in five (5) equal percentages over the next five- year period.

Section 9.2.1 of the CA provides that the Weighted Average Rates Increase implied by the Standard Rates proposed by the Concessionaire in respect of any Charging Year may not exceed the RAL. Thus, the rebased tariff is usually the previous tariff increased/decreased by the RAL as determined in the Rate Rebasing.

It is noteworthy that the rebased tariff shall be subject to the limitations of the Return on Rate Base (RORB) provided in Section 9.1 of the CA. The same section refers to Section 12 of the MWSS Charter (Republic Act No. 6234), which provides as follows:

“Section 12. Review of Rates by the Public Service Commission. The rates and fees fixed by the Board of Trustees for the System and by the local governments for the local systems shall be of such magnitude that the System's rate of net return shall not exceed twelve per centum (12%), on a rate base composed of the sum of its assets in operation as revalued from time to time plus two months' operating capital.”

In addition, the Rate Rebasing should include a re-examination of its broad principles to arrive at an enhanced frameworks for Rate Rebasing and for rewards and penalties. Further, the Rate Rebasing should provide a venue for the contracting parties to discuss and thresh out issues and concerns that have an impact on the Concessionaires' compliance with their contractual obligations and on tariff setting.

2. Objectives of the Consultancy Services

The Rate Rebasing is a thorough exercise that cuts across different fields of expertise such as Finance, Economics, Engineering, and Law. Thus, the MWSS Regulatory Office (“RO”) needs to procure the services (“Consultancy Services”) of various financial, economic, technical, and legal experts (“Consultants”) for the Rate Rebasing.

The general objective of the procurement of the Consultancy Services is to ensure the proper and successful conduct of the Rate Rebasing, specifically the following:

- a. The Rate Rebasing is methodical, fair, and equitable to all stakeholders;
- b. The process and the results thereof are consistent with the CA, as amended;
- c. The RO's determination of the Rebasing Adjustment is defensible in any and all fora including the Appeals Panel;
- d. A more relevant Rewards and Penalties framework and systematic Rate Rebasing methodology are arrived at;
- e. All issues and concerns between the contracting parties (MWSS and Manila Water/Maynilad) are resolved;
- f. The process, including all changes agreed upon, are fully documented;
- g. The necessary amendments and supplements to the CA and appropriate policies are identified;

- h. The compliance of the Concessionaires with the 2016 service coverage targets provided in Schedules 2, 3, and 4 of the CA are validated;
- i. Guidance and expertise in the establishment of coverage indicators that will be used to validate the service coverage performance of the Concessionaires are provided; and
- j. An appropriate methodology is designed to be adopted by the MWSS and its Concessionaires in the validation of the service coverage performance of the Concessionaires.

3. Scope of Work

The Consultancy Services shall be provided by several Consultants in each field of expertise in accordance with the attached Rate Rebasing Framework (the “RR Framework”) formulated by the RO, which may be revised from time to time to include other activities as may be necessary.

Specifically, the Consultants shall undertake the following responsibilities:

- a. Develop a detailed methodology for the conduct of the Rate Rebasing in the light of the existing RR Framework:
 - i. Prepare the process flow detailing the activities of the Rate Rebasing, including the Technical and Financial Audits that will be undertaken by identifying the dates for completion of the specific activities of the Rate Rebasing;
 - ii. Assess current information on hand and determine additional information to be required from the Concessionaires; and
 - iii. Design a standard template for reporting of accomplishments, determinations, and findings of Consultants.
- b. Review and evaluate relevant reports (e.g., Water Demand Study and CAPEX Technical Audit) previously undertaken/submitted by other Consultants that will form part of the Rate Rebasing determination inputs
- c. Audit and evaluate HCF in accordance with Annex A of the RR Framework
 - i. Determine and ascertain “efficient and prudent” cash flows to be included in the OCP. This should be based on Section 1.1 of Annex A of the RR Framework; and
 - ii. Evaluate compliance with Service Obligations targets and conduct other relevant analysis considering the costs associated with operating, maintaining, improving, and expanding the water supply and/or wastewater infrastructure that are related to expected levels of service;
- d. Establish Concessionaires’ OCP

- i. Establish the Concessionaires' OCP taking into account HCF and the adjustments/exclusions, as determined in Item c above;
 - ii. Apply the agreed economic factors to determine the NPV of the HCF;
 - iii. Present the determination of the 2017 OCP for each Concessionaire in a common format relatively similar to the format indicated in Section 1.4 of Annex A of the RR Framework; and
 - iv. Present an analysis of 2017 OCP against the projected OCP laid down in the previous Financial Model and identify major factors contributing to deviations from projections; also, identify all issues relative to OCP from the preceding Business Plan.
- e. Validate Compliance with Service Obligations in accordance with Section 2 of Annex A of the RR Framework
- f. Propose the Concessionaires' KPIs/BEMs and other targets for the period from 2018 to 2022 and the corresponding rewards and penalties, if any for exceeding or not meeting these targets
 - i. Assess effectiveness of current OPEX and Non-Revenue Water ("NRW") targets as well as other KPIs/BEMs targets and set improved and, if needed, additional KPIs/BEMs and other targets for the period from 2018 to 2022 considering the 2009 Term Extension and CA provisions; and
 - ii. Review and assess previous rewards and penalties for OPEX and NRW, and recommend, if needed, new rewards and penalties for new KPIs/BEMs and other targets.
- g. Review Concessionaires' new Business Plans as approved by Corporate Office ("CO"), specifically, Service Obligations and CAPEX contained therein, in terms of their relevance to the water and wastewater master plan of the latter.
 - i. Evaluate the Concessionaires' proposed Service Obligations and programmed CAPEX in the new Business Plans as approved by the CO for purposes of determining whether these are in substantial compliance with Concessionaires' commitments in the 2009 Term Extension and CA;
 - ii. Assess the effectiveness and prudence of the proposed CAPEX as well as the timing of the same using the criteria set by the Consultants for this purpose; and
 - iii. Based on findings in Items (i) and (ii) above, establish Concessionaires' Service Obligations and CAPEX for the period from 2018 to 2022.
- h. Provide expert advice on the determination of the ADR to be used in the FCF

Review the value determined using the ADR Framework and any alternative value proposed by the Concessionaires considering the formula and base data used for each parameter and/or any external economic factors that may affect the ADR to be used in the FCF.

- i. Evaluate and determine FCF in accordance with Annex B of the RR Framework
 - i. Verify the pre-rebased average tariff for residential, semi-business, commercial, and industrial used in the projection of revenues;
 - ii. Verify the reasonableness of assumptions on revenue projections such as billed volumes and other revenues;
 - iii. Evaluate expenditure streams for completeness and propriety of cost estimates;
 - iv. Establish ConFees for the period from 2018 to 2037; and
 - v. In the light of determinations in Items (i) to (iv) above, establish Concessionaires' FCF. Activities should include, but are not limited to, classification of OPEX, CAPEX, and ConFees into "water, wastewater or other operations" and classification of OPEX into "controllable or uncontrollable".
- j. Perform Sensitivity Analyses and provide expert advice on the following:
 - i. Breakdown revenues, water volumes or receipts, variable and fixed costs for identified key CAPEX project/s that will allow determination of the impact on the tariff of major projects that do not push through;
 - ii. Determine the effective change in tariff caused by a timing slide in identified key CAPEX project/s;
 - iii. Estimate the impact of changes in the assumed CPI and foreign exchange ("Forex"), if any;
 - iv. Identify high impact items or key drivers that need to be monitored and/or discussed further with the Concessionaires; and
 - v. Perform other sensitivity analyses that may be required by the RO, identified in the course of the Rate Rebased;
- k. Determine whether adjustment in rates are compliant with Section 9.1 of the CA, which states that adjustment in rates shall be subject to the limitation of Section 12 of the MWSS charter, viz., "rates and fees fixed by the Board of Trustees for the System ... shall be of such magnitude that the System's rate of net return shall not exceed twelve per centum (12%), on a rate base composed of the sum of its assets in operation as revalued from time to time plus two months' operating capital." This determination shall be in accordance with Annex C of the RR Framework;
- l. Recommend changes to the components of the customer bills to ensure clarity and reasonability of the charges being imposed, if any;
- m. Assess the socio-political impact of proposed rebased tariff including the latter's acceptability/affordability;

- n. Organize, conduct, and document at least four Public Consultations with customers of the Concessionaires;
- o. Establish the Rebasing Adjustment for each Concessionaire in accordance with the foregoing parameters and the relevant CA provisions and, correspondingly, the Rebased Average Tariff, in terms of the following:
 - i. The Average Basic Charge;
 - ii. All-in average Tariff; and
 - iii. All-in impact to customer bills, per customer classification and identifying several key consumption levels (e.g., 10, 20, and 30 cubic meters);
- p. Recommend enhancement/s to the RR Framework:
 - i. Give expert advice on noteworthy issues pertaining to Rate Rebasing such as, but not limited to:
 - ADR – enhancements to the framework that will be applied to the next Rate Rebasing. This shall include the data, including their sources, that would be collected and monitored by the RO in preparation for any future ADR determinations.
 - CPI – the application of CPI in the monitoring of the Cash Flows subsequent to Rate Rebasing, particularly considering other price indices or factors in adjusting the Expenditures in the Business Plan to be comparable to actual Expenditures incurred;
 - Modifications/enhancements of the guidelines used in the financial audit conducted based on Annex A of the RR Framework;
 - Assessment for the existing KPIs/BEMs activities and processes, considering the introduction of additional indicators/measures, if necessary, based on the operational data that is readily available from the Concessionaires; and
 - Such other issues as may be identified by the MWSS Board of Trustees (“BOT”) and RO.
 - ii. Develop/enhance the financial model to:
 - A more user-friendly format, in terms of the completeness of the data links;
 - A common format that will facilitate the benchmarking of historical data and future assumptions of both MWSS concessionaires with each other;
 - A model that will allow for Sensitivity Analysis on movement of various assumptions; and

- A model that will facilitate the analysis of possible non-implementation of key CAPEX projects paying attention to its overall effect on the Business Plan.
- iii. Develop a comprehensive Rewards and Penalties Framework to be used in future Rate Rebasing.
- iv. Revisit the provisions of the CA and propose amendments and / or interpretations to address the current realities of the MWSS and Concessionaires considering the prevailing laws and jurisprudence.
- q. Conduct presentations, trainings, and workshops for the RO, in line with the technology transfer aspect of the Consultancy, as supplement to the required reports below, relative to the following:
 - i. Evaluation of HCF and determination of the OCP in view of Section 1 of Annex A of the RR Framework, discussing the process undertaken and results of the following:
 - Financial audit
 - Technical audit of CAPEX; and
 - Analysis of HCF;
 - ii. Evaluation of the Service Obligations targets Section 2 of Annex A of the RR Framework;
 - iii. Evaluation and determination of cost estimates and other relevant assumptions relative to the FCF in view of Annex B of the RR Framework;
 - iv. Assessment of the compliance to the 12% RORB in view of Annex C of the RR Framework;
 - v. Determination of the ADR;
 - vi. The Sensitivity Analysis;
 - vii. Evaluation of the socio-political impact of the rebased tariff;
 - viii. Enhancement/modification of the RR Framework; and
 - ix. Development of an enhanced Financial Model.
- r. Performance of activities necessary in the conduct of the Rate Rebasing as may be assigned from time to time by the RO or the MWSS BOT, including, but not limited to, assistance in the event that the Rebased Rate is questioned in the Appeals Panel.

4. Deliverables

The following reports shall be submitted and presented as necessary to the RO and the MWSS BOT.

Deliverables	Phase of Contract	Submission Timeline
	(see scope of work)	
1. Briefings to the RO, CO, and the MWSS BOT on alternative interpretations of specific principles, CA provisions, approaches to the financial model, Sensitivity Analyses, and other financial issues/treatments that affect the outcome of tariffs at specific points of the engagement as may be specified or warranted by urgency	a-r	As required
2. Inception Report which shall include a detailed methodology for the conduct of the CAPEX Audit and Rate Rebasing including the establishment of the basic principles of Rate Rebasing	a	30 days from commencement date
3. Monthly Accomplishment Reports	a-r	60 days from commencement date and every month thereafter
4. Presentation of issues, proposed resolution to these issues, proposed policies to be adopted by MWSS for the CAPEX Audit and Rate Rebasing concerning these issues	a-p	60 days from commencement date
5. Public Consultations	n	65 days from commencement date
6. Report on the ADR arrived at for the Rate Rebasing	h	105 days from commencement date
7. Historical Cash Flows 7.1 Financial Audit Detailed Report of Historical Cash Flows (OPEX, CAPEX, Others) including discussions on adjustments (2013-2017) 7.2 Technical (CAPEX) Audit Detailed Report including discussions on adjustments (2013- 2017) 7.3 Detailed Report on the current OCP determination 7.4 Report on compliance of concessionaires with service obligations in the preceding Business Plan	c, d, e	150 days from commencement date
8. Future Cash Flows	f, g, h, i	180 days from commencement

Deliverables	Phase of Contract	Submission Timeline date
	(see scope of work)	
<p>8.1 Report on established KPIs/BEMs and other targets for 2018 to 2022 and the corresponding rewards and penalties for exceeding or not meeting these targets</p> <p>8.2 Report on the new Business Plan, specifically, the agreed service obligations and CAPEX for 2018 to 2022</p> <p>8.3 Report on established FCF with details on macro-economic and other assumptions used and changes made to projections of concessionaires</p> <p>8.4 Report on initial assessment concerning compliance with RORB requirement</p>		
9. Presentation of the required Sensitivity Analysis	j	200 days from commencement date
10. Report on final determination of compliance with RORB requirement and adjusted tariff, if applicable	k	210 days from commencement date
<p>11. Other items leading to determination of Rebasing Adjustment</p> <p>11.1 Changes to the components of the customer bills, if any</p> <p>11.2 Socio-Political impact of proposed rebased tariff</p>	l, m, n, o	210 days from commencement date
<p>12. Rate Rebasing Report</p> <p>12.1 First Draft</p> <p>12.2 Second Draft</p> <p>12.3 Final Report</p>	b-o	240 days from commencement date (on the Final Report)
<p>13. Additional Requirements</p> <p>13.1 Report and presentation on recommended enhancements of the RR Framework, including a comprehensive Rewards and Penalties Framework;</p>	p, q	270 days from commencement date
<p>13.2 Report and presentation on recommended policies to be adopted by MWSS moving forward, rules and regulations to be implemented by specified government agencies and possible amendments to the CAs and new policies; and</p>		

Deliverables	Phase of Contract	Submission Timeline
	(see scope of work)	
13.3 Trainings and Workshops conducted for MWSS RO employees.		

Items 1 - 3 above shall be submitted in 7 hard copies and e-copies, Items 4 - 12 above shall be submitted in 20 hard copies and 1 soft copy to the RO.

5. Contract Duration

The engagement of the Consultants shall be from the receipt of the Notice to Proceed (NTP). Contract duration shall be for a period of nine (9) months to be reckoned from the receipt of the NTP.

6. Team Composition

Professional Staff	No. of	No. of Man-
Project Manager	1	9
Economic Expert (International)	1	1
Financial Expert	1	9
Financial Audit Manager	2	10
Financial Modeler	1	4
Technical Head who is also a Water Supply System Operations Expert (International)	1	4
NRW Reduction Specialist	2	12
Water Supply Specialist	2	18
Sewerage/Sanitation Expert (International)	1	2
Sewerage/Sanitation Specialist	2	12
Cost Engineer (5 for MWCI, 5 for MWSI)	10	40
Demographic/Survey Specialist	1	2
Legal Adviser	1	3
SUB-TOTAL	26	126
Administrative/Technical Support Staff	No. of	No. of Man-
Administrative Officer	1	9
Junior Engineer/Senior Researcher	10	70
Financial Auditor	12	48
Secretary/Encoder	4	36
Stenographer	2	15
Enumerators	20	60
Utility/Messenger	1	9
SUB-TOTAL	50	247
TOTAL	76	373

Project Manager (National):

The Project Manager shall act as team leader. He/she shall be responsible for the development of a detailed framework/masterplan on the methodology/conduct of the CAPEX

Audit and Rate Rebasing exercise. He/she shall likewise ensure presentation of all key findings to the RO and the BOT, as well as the timely submission of all deliverables under this engagement, shall coordinate and integrate all inputs and submit all reports, and shall facilitate all meetings among Consultants, RO, CO, MWSS BOT, Concessionaires, and other stakeholders.

He/she must have a Bachelor's degree in Economics, Finance, or Engineering, preferably with a Master's degree and must have at least ten years of solid work experience in financial, economic and technical analysis of large infrastructure projects, preferably in the water/sewerage or power sector, five years of which should be as a team leader/project manager of a multi-disciplined team with financial, legal, economic and technical expertise.

Economic Expert (International):

The Economic Expert shall be responsible for the establishment of the ADR, formulation of all economic projections and assumptions including, but not limited to, the CPI and Forex rates, and their effect on tariff, and all Sensitivity Analyses in relation to the foregoing.

He/she must have a Bachelor's degree in Economics, preferably with a Master's degree, with five years of extensive relevant professional experience in economic analysis within the context of economic regulation, preferably in the water/sewerage/power sector.

Financial Expert (National):

The Financial Expert shall be responsible for the validation of all actual and forecasted expenditures/costs including all relevant assumptions used in their determination. He/she shall also be responsible for the application of the financial principles involved in the Rate Rebasing exercise including, but not limited to, computations of the indicative RORB, approaches to capital expenditure recovery, all analyses and assessment of HCF (including the OCP) and FCF, and provide financial information for the Sensitivity Analyses required. He/she shall be responsible for summarizing and presenting, together with the Project Manager, all key financial issues for the RO and MWSS BOT.

He/she must have a Bachelor's Degree in Finance, Accountancy, Economics or Business administration, preferably a Certified Public Accountant and/or a Master's degree in Finance, Economics, or Business Administration or related courses, with at least five years of extensive work experience and exposure in financial analysis, financial valuation and/or financial planning, with special focus on, project costing and revenue forecast for large infrastructure projects, preferably of the water/sewerage/power sector.

Financial Audit Manager (National)

The Financial Audit Manager shall be responsible for application of the financial and accounting principles and parameters involved in the regulatory financial audit including interpretation and all analyses and assessment of HCF. He/she shall assist the Financial Expert in the validation of HCF by managing the financial audit process in an organized and timely manner, and shall be initially responsible for summarizing and presenting financial audit issues and findings.

He/she must have a Bachelor's Degree in Accountancy, a Certified Public Accountant and preferably with a Master's degree in Finance, Economics, or Business Administration or

related courses, preferably with at least ten years of extensive work experience and exposure in financial audit, financial analysis, financial valuation, and/or financial planning, for rate setting and/or due diligence audit required for valuation such as merger and acquisition of companies with large infrastructure projects preferably in the water, sewerage, power, and/or telecommunications.

Financial Modeler (National)

The Financial Modeler shall be responsible for programming the actual model scenarios or sensitivity runs and tests required by MWSS BOT and RO.

He/she must have a Bachelor's degree in Economics, Accountancy or Finance with at least five years of extensive work experience and exposure in financial modeling, financial analysis, financial valuation, and/or financial planning for companies with large infrastructure/CAPEX projects, preferably in the water and sewerage sector.

Technical Head - Water Supply System Operations Expert (International)

The Technical Head shall be responsible for assessing reasonableness of all costs and capacities assumed, CAPEX, technical designs and standards that drive major CAPEX or cost items relating to water supply. He/she must provide, where necessary, benchmarks to costs and assumptions that drive costs and CAPEX.

He/she must have a Bachelor's degree in Engineering, preferably with a Master's degree, with at least ten years of relevant professional experience as an Engineer in water supply and sewerage system design, implementation and management of water supply and sewerage projects as well as operation and management of water supply and sewerage systems, five years of which as project manager/team leader.

NRW Specialist (National)

The NRW Specialist shall be responsible for recommending the appropriate manner or approach to measuring NRW in a way that will help track real efficiencies and enable the Concessionaires to measure their effectiveness in this area. He/she shall also handle the determination of the prudence and efficiency of completed and proposed CAPEX projects including determination of accuracy of cost estimates relating to NRW. He/she shall likewise be responsible for determining rewards and penalties to be given to the Concessionaires, if applicable.

He/she must have a Bachelor's degree in Engineering with at least ten years of professional experience as an Engineer in the water and sewerage sector, five years of which as a NRW Expert. He/she must have experience in the reduction of physical losses and the rehabilitation of distribution networks for NRW reduction, preferably with exposure in performance-based contracts for NRW reduction.

Water Supply Specialist (National)

The Water Supply Specialist shall be responsible for evaluating and validating the Concessionaires compliance with their service obligations, specifically on water supply service area coverage and population, 24-hour water availability and pressure, water quality standards, and customer service standards. He/she shall also handle the determination of the

prudence and efficiency of completed and proposed CAPEX projects including determination of accuracy of cost estimates.

He/she must have a Bachelor's degree in Engineering with at least ten years of experience in the water and sewerage sector, five years of which should be in water supply systems design and operation.

Sewerage and Sanitation Expert (International)

The Sewerage and Sanitation Expert shall be responsible for assessing reasonableness of all capacities assumed as well as the technical designs and standards that drive major CAPEX or cost items relating to sewerage and sanitation. He/she must benchmark CAPEX proposals with international best practices. He/she will also be responsible for evaluating and validating the Concessionaires compliance with their Service Obligations in the light of wastewater quality standards and customer service standards.

He/she must have a Bachelor's degree in Engineering, but preferably with Master's degree with at least ten years of experience in the water and sewerage sector, five years of which should be in the analysis, planning, design and management of sewerage and sanitation facilities.

Sewerage and Sanitation Specialist (National)

The Sewerage and Sanitation Specialist shall be responsible for evaluating cost estimates of CAPEX or cost items relating to sewerage and sanitation. He/she shall also handle the determination of the prudence and efficiency of completed and proposed CAPEX projects including determination of accuracy of cost estimates. He/she shall likewise determine compliance of Concessionaires with their Service Obligations, specifically on sewerage and sanitation coverage and population.

He/she must have a Bachelor's degree in Engineering with at least ten years of experience in the water and sewerage sector, five years of which should be in the analysis, planning, design and management of sewerage and sanitation facilities.

Demographic/Survey Specialist (National)

The Demographic/Survey Specialist must be responsible for evaluating and validating compliance on water supply, sewerage and sanitation services population coverage and the reasonableness of population projections used in establishing water demands and future coverage targets.

He/she must have a Bachelor's degree in Statistics with at least five years of extensive experience in population/projection survey and demographic studies.

Cost Engineers (National)

The Cost Engineer shall be responsible for establishing the reasonableness of standard unit prices applied for all CAPEX and OPEX requirements for the new Business Plan relating to water supply, sewerage and sanitation. He/she must provide, benchmarks for standard costing applied in determining the CAPEX and OPEX requirements of the Concessionaires.

He/she must have a Bachelor's degree in Engineering with at least five years of experience in unit cost development/price analysis and estimates of water supply and sewerage facilities.

Lawyer (National)

The Lawyer shall be responsible for reviewing all current and long-standing issues relating to past interpretations of CA, as amended, and all accompanying historical MWSS BOT Resolutions for or against such interpretations or to current plans and financials submitted by the Concessionaires that give rise to new issues. He/she shall, thereafter, recommend a position, along with the rationale, for any interpretation, whether these constitute a change in the CAs, as amended/Term Extension Agreements or will maintain the historical interpretations.

He/she must be a member of the Philippine Bar with at least five years of extensive experience in corporate law practice in a regulated environment. He/she must be proficient in contract review and resolving legal and regulatory issues, with exposure to large infrastructure projects, preferably in the water and sewerage sector.

7. Constraints

To ensure fairness and objectivity, the following constraints shall apply:

- a. The Consultant firm and any key member of the proposed team of Consultants never had any previous professional relationship or engagement, directly or indirectly, with the East and West Zone Concessionaires of the MWSS, their parent companies and subsidiaries in the past one year immediately preceding the day of submission of offers;
- b. Any key member of the proposed team of Consultants has not been a partner, director, officer, or employee of the East and West Zone Concessionaires of the MWSS within the prohibitive period immediately preceding the day of submission of offers, prescribed as follows:
 - (i) Five (5) years for a partner, director or officer; and
 - (ii) Three (3) years for an employee;
- c. Any key member of the proposed team of Consultants has no familial relationship within the 3rd civil degree of consanguinity or affinity with any of the employees or officers of the CO, the RO or any of the East and West Zone Concessionaires, or current members of the Bids and Awards Committee of the CO or the RO; and
- d. The provision of Section 47 (Disclosure of Relations) of the Implementing Rules and Regulations (IRRs) of Republic Act No. 9184 ("RA 9184") shall apply to all personnel of the Consultant

All other provisions of RA 9184 and its IRRs shall also apply to the Consultant firm and any key member of the proposed team of Consultants.

8. Terms of Payment

8.1. Remuneration:

Deliverables/Milestones	Percent of Contract Value
a. Advance Payment	15%
b. Presentation of issues, proposed Resolution to these issues, proposed policies to be adopted by MWSS for the CAPEX Audit and Rate Rebasing exercise concerning these issues	5% of total remuneration less recovery of advance payment
c. Historical Cash Flows <ul style="list-style-type: none"> i. Financial Audit Detailed Report of HCFs (OPEX, CAPEX, Others) including discussions on adjustments (2013-2017) ii. Technical (CAPEX) Audit Detailed Report including discussions on adjustments (2015-2017) iii. Detailed Report on the current OCP determination iv. Report on compliance of Concessionaires with Service Obligations in the preceding Business Plan 	20% of total remuneration less recovery of advance payment
d. Report on the ADR arrived at for the Rate Rebasing Exercise	10% of total remuneration less recovery of advance payment
e. Future Cash Flows <ul style="list-style-type: none"> i. Report on established KPIs/BEMs and other targets for 2018 to 2022 and the corresponding rewards and penalties for exceeding or not meeting these targets ii. Report on the new Business Plan, specifically, the agreed Service Obligations and CAPEX for 2018 to 2022 iii. Report on established FCF with details on macro- economic and other assumptions used and changes made to projections of Concessionaires iv. Report on initial assessment concerning compliance with RORB requirement 	20% of total remuneration less recovery of advance payment
f. Presentation of the required Sensitivity Analysis	10% of total remuneration less recovery of advance payment
g. Report on final determination of compliance with RORB requirement and adjusted tariff, if applicable	10% of total remuneration less recovery of advance payment
h. Other items leading to determination of <ul style="list-style-type: none"> i. Changes to the components of the customer bills, if any ii. Socio-Political impact of proposed rebased tariff 	5% of total remuneration less recovery of advance payment

Deliverables/Milestones	Percent of Contract Value
iii. Public Consultations	
i. Rate Rebasing Report <ul style="list-style-type: none"> i. First Draft ii. Second Draft iii. Final Report 	10 % of total remuneration less recovery of advance payment (on the Final Report)
j. Additional Requirements <ul style="list-style-type: none"> i. Report and presentation on the recommendations for the enhancement of the RR Framework, including a comprehensive Rewards and Penalties Framework ii. Report and presentation on recommended policies to be adopted by MWSS moving forward, rules and regulations to be implemented by specified government agencies and possible amendments to the CAs Policies iii. Attendance of participants and materials for the trainings or workshops conducted 	10% of total remuneration less recovery of advance payment

8.2. Reimbursable:

The Consultant may include certain Reimbursable, as part of the Contract cost. The Reimbursable for the Contract shall be limited to the following:

- a. International Airfare for International Consultants
- b. Miscellaneous Travel Expenses for International Consultants
- c. Housing and Per Diem for International Consultants
- d. Transportation
- e. Equipment / Material Testing
- f. Consumable Office Supplies
- g. Printing and Report Reproduction
- h. Communication Expenses
- i. Public Consultations' Expenses
- j. Pantry Supplies
- k. Meeting Expenses
- l. Laptop Computer with Operating Systems to be used exclusively for the project
- m. Heavy Duty Colored Printer to be used exclusively for the project
- n. Computer Software to be used exclusively for the project

All reimbursable shall be claimed on a monthly basis. Expenses actually spent on a month may only be reimbursed within the following month, otherwise deemed waived. These must be supported by proof of payments, e.g. Official Receipt. The Laptop computer with

operating systems, printers and Computer Software, subject to reimbursement shall be turned over to the RO upon the conclusion of the engagement.

9. Assistance to be Provided by RO

The RO shall provide the following assistance to the Consultants:

- a. The RO shall provide fully furnished office space with telephones/internet access;
- b. The RO shall make its personnel available to support this undertaking;
- c. The RO shall provide additional logistics required; and
- d. The RO shall assist the Consultants in securing data needed from the Concessionaires and the MWSS.

RATE REBASING FRAMEWORK

1. Prefatory Statement

In Rate Rebasing that occurs every five (5) years, the Concessionaires (Manila Water and Maynilad) are required to submit to the MWSS Regulatory Office (RO) their respective Business Plans, which shall embody their respective plans and programs for the remaining term of their concessions in accordance with the Concession Agreement (CA) and the Water Security Legacy Road Map.

Rate Rebasing exercise is composed of three parts: 1) review and evaluation of the previous approved Business Plans (2012 Business Plan and 2009 Term Extension Investment Plan of Manila Water and Maynilad) vis-à-vis the Historical Cash Flows (HCF) -actual expenditures incurred during the last five years of each Concessionaire to determine whether the said expenditures were efficiently and prudently incurred and were in accordance with the previous approved Business Plans; 2) review

and evaluation of the Future Cash Flows (FCF) of the new Business Plans of both Concessionaires to determine whether the FCF are geared towards meeting the contractual obligations in the CA and the Water Security Legacy Road Map; and 3) determination of the Rebased Tariff.

2. Evaluation of Historical Cash Flows and Determination of the Opening Cash Position (Previous Approved Business Plans)

This involves the evaluation of the 2012 Business Plans' Financial Model projected expenditure and revenue streams vis-à-vis actual expenditure and revenue streams from CY 2013 to CY 2017.

This includes:

- a. the identification of expenditure (e.g., OPEX, CAPEX, ConFees, etc.) items to be subjected to:
 - i. efficiency and prudence tests; and
 - ii. evaluation of the same to determine the inclusions, exclusions/disallowances and reasonableness of amount for the period CY2013 to CY2017.

This is to ascertain that the expenditures to be included in the Opening Cash Position as part of the rate determination are efficiently and prudently incurred by the Concessionaires; and

- b. determination of the Opening Cash Position (OCP).

Evaluation shall be based on the framework set under Annex "A" [Evaluation of Historical Cash Flows (Previous Approved Business Plans)].

3. Evaluation of Future Cash Flows (New Business Plans)

This involves the evaluation of the FCF (i.e. CY 2018 to CY 2037) as submitted by each Concessionaire.

This includes the assessment and/or verification of the operational/technical project plans, assumptions, cost drivers and basis used in forecasting the receipts and expenditures (e.g., OPEX, CAPEX, ConFees, etc.) included in the rate determination. This is to ensure that the Concessionaires' forecast made on receipts and expenditures (e.g., OPEX, CAPEX, ConFees, etc.) are realistic and valued using fair and reasonable assumptions.

Evaluation shall be based on the framework set under Annex "B" [Evaluation of Future Cash Flows (New Business Plans)].

4. Other Components of the Rate Rebasing Exercise

- a. Determination of the Appropriate Discount Rate (ADR) and Foreign Exchange (FOREX) Rates to be applied to the 2017 Business Plans' Financial Model
 - i. Assistance in the determination of the ADR; and
 - ii. Determination of the appropriate FOREX Rates to be applied to foreign denominated future cash flows
- b. Rate Structure Adjustments when requested by the Concessionaires in accordance with Article 9.2.2 of the CA

The determination procedures are outlined in Section 9.2.2 of the CA, which states:

"Other than adjustments pursuant to Section 9.2.3 below, all Standard Rates will be revised annually by the same percentage adjustment; provided, however, that the Concessionaires may, subject to the overall Rates Adjustment Limits, propose to the Regulatory Office that certain Standard Rates be revised by different percentage adjustments. In proposing different percentage adjustments, the Concessionaire shall have regard to the following:

- i. the impact of the proposed adjustment upon the ability of low income domestic households to afford such charges;
 - ii. the desirability of sending economically efficient price signals to Customers;
 - iii. the desirability of reducing cross-subsidies between different Customers or groups of Customers (including cross-subsidies between water and sewerage Customers); and
 - iv. the desirability of removing any cross-subsidy between domestic Customers, as a group, and non-domestic Customers, as a group, as soon as practicable."
- c. Evaluation of the Electronic Financial Model and Determination of the Rebased Tariff

- i. Where necessary, reformulation of the electronic financial model to a user friendly format with links to all data worksheets that are used in the data/model calculations;
 - ii. Adjustments in the FCF or assumptions in the light of the Business Plan evaluation above; and
 - iii. Determination of the Rebased Tariff effective January 2018 until end of 2037
- d. Socio-political Impact Assessment of the Tariff
 - i. Evaluation of acceptability/affordability of the tariff; and
 - ii. Socio-political impact assessment of the Rebased Tariff
- e. Determination of Compliance with the 12% Return on Rate Base (RORB)
 - i. Examination of the possibility of adjusting the Service Obligations if the RORB limit is breached;
 - ii. Review Expiration Payment as an option if the RORB limit is breached; and
 - iii. Redetermination of the Rebased Tariff considering the adjustments to the Service Obligations or an Expiration Payment, if the RORB is exceeded.

Evaluation of the 12% return on rate base limit shall be in accordance with Annex “C” (Return on Rate Base).
- f. Review of the Key Performance Indicators (KPIs) and Business Efficiency Measures (BEMs) Information Requirements for the Rebasing Period
 - i. Review of the existing draft KPIs/BEMs and Guidelines for possible improvement and enhancement;
 - ii. Introduction of additional KPIs/BEMs, if necessary; and
 - iii. Development of a system or mechanism on how to establish the Overall Performance Assessment (OPA) of the Concessionaires based on KPIs/BEMs

5. Other Rate Rebasing Activities

These involve the discussion with different RO units to enhance technology transfer, and, include the following:

- a. Update and discussion of the various methodologies adopted by the Consultants with the objective of enhancing the RO’s capacity, knowledge and skills;
- b. Presentation and submission of the Report on the Review of the previous Penalty/Reward Mechanism on OPEX and Benchmarking, which shall include among others, the description of the review/study, recommendations, significant findings or comments and conclusions made;

- c. Assistance to any request of the RO in relation to the Rate Rebasing exercise, including among others, proposed CA amendments;
- d. Assistance to any request of the RO in case a Concessionaire questions the Rebased Tariff in the Appeals Panel relative to the Consultants' findings and recommendations; and
- e. Other activities necessary in the conduct of the Rate Rebasing.

ANNEX A: Evaluation of Historical Cash Flows (Previous Approved Business Plans)

1. Evaluation of Historical Cash Flows

1.1. Financial Audit of the Historical Operating Expenditures (OPEX), Capital Expenditures (CAPEX) and Concession Fee Payments (ConFees) for the period CY 2013 to CY 2017

At the outset, it bears stressing that the RO is conducting a “regulatory audit” as compared to an ordinary “financial audit.” This means that the RO does NOT only look into the legitimacy of expenses and the correctness of the entries in the financial statements of the Concessionaires. More importantly, the RO also looks into the propriety of charging expenses in the Opening Cash Position (OCP). In other words, the RO passes judgment on the propriety of “passing on” the expenses being charged by the Concessionaires to the Customers by way of tariff. Thus, while certain expense items are ordinarily considered as legitimate business expenses, not all of these are allowed by the CA to be charged to the OCP.

It must also be emphasized that the RO cannot simply assume that the expenses being charged to the OCP are all legitimate and accurate expenses. The RO must actually look at the necessary supporting documents for the subject transactions. In its ordinary meaning, an audit is defined as “an examination of records or financial accounts to check their accuracy.”

This requirement to look into the necessary supporting documents finds greater significance in the context of a regulatory audit. As stated earlier, the expenses the RO are examining are no ordinary expenses. These are expenses that are ultimately passed on to the Customers. Moreover, the Concessionaires are given premium in the form of the Appropriate Discount Rate (ADR) for these expenses.

In the absence of supporting documents, acceptable alternative auditing procedures may be resorted to. However, where the legitimacy, accuracy and propriety of these expenses could not be established through alternative auditing procedures, the RO has no choice but to disallow those unsupported expense items.

The responsibilities of the auditors shall be:

- a. To review, and challenge, where necessary, the actions and judgements of the Concessionaires relative to the submitted Historical Cash Flows (HCF) and, paying particular attention to:
 - i. critical accounting policies and practices, and any changes in them, that affect the HCF;
 - ii. possible impact of the change stated in (i) on the OCP;
 - iii. decisions requiring a major element of judgement;
 - iv. the extent to which the financial statements and its HCF are affected by any unusual transactions in the Rate Rebasing period and how they are disclosed;

- v. the clarity of disclosures;
 - vi. significant adjustments (i.e., inclusions and exclusions) resulting from the audit;
 - vii. appropriate parameters relevant to the adjustments under (vi); and
 - viii. the calculation of the Concessionaire's cash flows and OCP;
- b. To reconcile audited financial statements to Cash Flow of Receipts and Expenditures and review of the effects of the International Financial Reporting Interpretations Committee (IFRIC) 12;
 - c. To perform audit procedures (i.e., vouching, benchmarking and other appropriate procedures to ascertain the appropriate adjustments to the HCF based on the agreed scope and approach) taking into consideration previous regulatory financial audit performed relative to July 2012 to June 2016.
 - d. To adopt the parameters defined in the Concession Accounting and Auditing Guidelines; however, the auditors are not precluded to adopt new/additional parameters as they may deem necessary, in accordance with regulatory best practices, subject to initial discussions with the Concessionaires and disclosure of the same in the earliest progress/accomplishment report to the RO;
 - e. To review the Concessionaires' "ring-fencing" approach and assess its correctness and reasonableness; and to provide expert opinion / recommendation relative to the appropriate "ring fencing" approach;
 - f. To recommend and discuss to the RO the contents of the audited HCF used to calculate the recommended OCP, particularly:
 - i. Any change in accounting policies and practices that affects the HCF;
 - ii. Significant proposed adjustments; and
 - iii. Audit Team counter response relative to the Concessionaires' arguments.
 - g. Document and submit to the RO a detailed Financial Audit Report relative to Concessionaire's historical data. The Report shall, (i.e., for each regulatory account audited during the entire audit process), contain at least the following:
 - i. Balance submitted by the Concessionaire;
 - ii. Adjustments or differences which should be classified as exclusions, inclusions, reclassifications, errors, etc.;
 - iii. Audited or the Recommended Value (OCP);
 - iv. Description of the adjustment or differences identified in (ii) stating, among others, the rationale of the adjustment, key considerations adopted, audit parameters adopted, analytical procedures performed, etc.;

- v. Initial responses/arguments of the Concessionaires relative to the adjustments identified in (ii) and the audited or Recommended Value identified in (iii);
- vi. Audit Team's counter response/arguments and its recommendation relative to the Concessionaires' initial responses identified in (v);
- vii. Arguments of the RO relative to the Draft Detailed Audit Report and the Audit Team's corresponding response;
- viii. Summary of the audit findings and issues, audit parameters adopted; proposed resolution to these issues, and proposed policies to be adopted by MWSS for the 2017 Rate Rebasing exercise concerning these issues, if any;
- ix. Auditor's recommendations for future audit, which includes among others, discussion on the enhancement of the Regulatory Financial Audit Design, Approach, and Methodology and preparation of a detailed audit program and procedures on a per account basis, and if warranted, alternative procedures, taking into account the audit findings and issues encountered; and
- x. The Detailed Audit Report shall also contain the complete compilation of the schedules, worksheets, audit plan and other data that supports the figures/calculations, analysis, evaluation etc. relative to the conduct of the regulatory financial audit.

1.2. Technical Audit of OPEX and CAPEX for the period CY 2013 to CY 2017

a. OPEX

The OPEX audit will establish whether the Concessionaires have pursued minimum costs or maximized the benefits of incurred costs. The primary activities in the OPEX Technical Audit shall include the following:

- i. Disaggregation of OPEX into water, wastewater and administrative OPEX with major OPEX classification into: Direct, Other Direct, Indirect, and Miscellaneous OPEX;
- ii. Conduct of a trend and variance analysis of OPEX and compare with Business Plan Forecast;
- iii. Conduct of an ocular inspection to validate or investigate significant variances resulting from the comparison of OPEX forecast assumptions through facility ocular inspection or evaluation of operational reports;
- iv. Conduct of a validation of insurance, repair and maintenance and other assumptions, which are dependent on CAPEX level or value of assets; and

- v. Conduct of an energy audit for all Water Treatment Plants (WTPs), Sewerage Treatment Plants (STPs), water and wastewater pumping stations, and wastewater lift stations, to identify opportunities for reducing energy consumption and help determine if investments in energy efficiency will generate life cycle savings.

b. CAPEX

The CAPEX audit will cover a facility audit for both water supply and sewerage/sanitation and shall cover an in-depth investigation of the operations of the plants/facilities to evaluate efficiency and the reasonableness (prudence) and appropriateness of the incurred CAPEX. The following activities shall be undertaken:

- i. Audit of all CAPEX, including among others:
 - Facilities and infrastructures denominated as CAPEX under the CA;
 - Other CAPEX not part of the facilities under the CA (i.e. Overseas training classified as CAPEX, etc.);
 - IT software / systems; and
 - Administrative / Operational CAPEX (i.e. service vehicles, office buildings etc.);
- ii. Determination if the CAPEX programs and projects are being implemented effectively and prudently to ensure that the Concessionaires are meeting the agreed targets and objectives spelled out in their respective approved Business Plans;
- iii. Detailed audit of the Concessionaires' CAPEX programs and projects to include among others, the following:
 - Validation of CAPEX disbursements and analysis on how over or under spending has affected the Concessionaires' Service Obligations performance;
 - Analysis of the effect of unimplemented CAPEX to KPIs/BEMs and Service Obligations;
 - Establishment of the level of operations resulting from existing, as well as additional CAPEX (additional wastewater flows treated, additional capacity) and additional areas served;
 - Reconciliation of the results of the CAPEX audit with the operational performance of new infrastructure; and
 - Benchmarking of unit cost prices of CAPEX materials and projects with comparative water supply or wastewater service providers, whether local or foreign;

- iv. Examination of the books of accounts of both Concessionaires to ascertain that the carrying cost included in the actual book value of the CAPEX to be included in the OCP as part of the rate determination conforms to certain parameters, which include among others, the following:
 - CAPEX that are necessary in the operation of the Concessionaires;
 - CAPEX that are merely discretionary and voluntary in nature should be disallowed;
 - CAPEX that redound to the benefit of the Customers of both Concessionaires after subjecting it to efficiency and prudence test; and
 - Concessionaires' transactions with their affiliates are comparable with industry standards;
- v. Establishment of pertinent and relevant criteria in the evaluation of the reasonableness of the CAPEX being considered as an allowable expense;
- vi. Assessment of pertinent jurisprudence and applicable laws relevant in the determination of disallowed CAPEX;
- vii. Examination of the books of both Concessionaires to ascertain that certain CAPEX related to the turnover of subdivisions, particularly gated subdivisions, are not included pursuant to P.D. No 1345;
- viii. Ring-fencing of Concessionaires' other CAPEX for MWSS service area to ascertain that the CAPEX being included in the OCP relate only to the operations of the MWSS Service Area; and
- ix. Review and evaluation of the actual Concession Fees Payment relating to both foreign and local denominated loans by both Concessionaires.

1.3. Analysis of HCF

The analysis of HCF will establish whether the Concessionaires have pursued minimum costs or maximized the benefits of incurred costs based on their approved 2012 Business Plans. The analysis of HCF shall include the following:

- a. Update of the 2012 Cash Flows
 - i. The 2012 Rate Rebasing Model includes a projected 2012 cash flows. The auditors should update the assumed 2012 cash flows and the OCP in the third Rate Rebasing based on the evaluation/audit of the HCF. This should contain the inclusions and/or exclusions as determined during the audit and evaluation of actual cash flows; and

Name of Concessionaire					
Calculating the Adjusted 2013 OCP					
ADR					
In millions	2008	2009	2010	2011	2012
Revenue					
Expenditures					
Unadjusted Total Net Cash Flow					
Adjustments:					
1.					
2.					
3.					
4.					
2008 OCP					
Adjusted Total Net Cash Flow					
Inflation					
Price Index					
Real Cash Flow					
Discount Factor					
Discounted Cash Flows					
NPV Cash Flow					
Add: Discounted (Rewards)					
Penalty, if applicable					
Adjusted 2013 OCP					
Unadjusted 2013 OCP					

- ii. The auditors should also present an analysis of actual increases in 2012 OCP versus the OCP determination laid down in the previous Financial model and pinpoint major factors contributing to deviations from projections. Moreover, they should identify all issues relative to OCPs from the previous approved Business Plans;
- b. Review and evaluation of the operating and financial performance of the Concessionaires, which should cover the analysis of OPEX, CAPEX and Revenues/Receipts. The financial and operation performance of the Concessionaires are assessed to establish the historical trend that will serve as guide in the evaluation of projections made in the FCF;

Analysis of the OPEX and CAPEX by relating them both to other financial and non-financial information (i.e. cost drivers vis-a-vis the relationships established in the approved 2012 Business Plans). This activity shall include:

- i. Identifying the relationships between financial and non-financial values (i.e. insurance expense and asset values, production costs and volume produced, etc.);
- ii. Comparing historical trends to targeted trends;
- iii. Analyzing the causes of significant variances; and

- iv. Establishing the basis for the FCF projections.

1.4. Benchmarking of OPEX

- a. Between Concessionaires;
- b. With other water utilities; and
- c. With other companies.

Determination of the OCP. Establish the Concessionaires' OCP taking into account HCF, including all adjustments resulting from the audits and analyses conducted using a common format relatively similar to the table below:

Name of Concessionaire					
Calculating of Adjusted 2017 OCP					
ADR					
In millions	2013	2014	2015	2016	2017
Revenue					
Water					
Environmental					
Sewer					
Miscellaneous Revenue					
Expenditures					
Unadjusted Total Net Cash Flow					
Operating Expenditures					
Capital Expenditures					
Concession Fee					
Corporate Income Tax					
(Loss) Gain on disposal of PPE					
+/- Working Capital					
Total Net Cash Flow					
Adjusted 2013 OCP					
Inflation					
Price Index					
Real Cash Flow					
Discount Factor					
Discounted Cash Flows					
NPV Cash Flow					
Add: Discounted (Rewards) Penalty, if applicable					
2017 OCP					

2. Concessionaires' Compliance with Service Obligations

2.1 Validation of Service Coverage (Water, Sewerage and Sanitation)

The Consultant will validate the compliance of the Concessionaires with the 2016 service coverage targets. The task includes the following activities:

- a. Proposal of an approach/methodology in validating the compliance of the Concessionaires with the 2016 service coverage targets. Towards this end, the Consultant will:
 - i. Design a methodology to validate the compliance of the Concessionaires with the 2016 service coverage targets, such as, but not limited to a population survey and/or a study of the water network system of the Concessionaires, and/or an estimate of water service coverage using the 2015 population census of the PSA;
 - ii. Present the proposed validation methodology to the MWSS and the Concessionaires for confirmation; and
 - ii. Revise the proposed methodology to incorporate the relevant comments and suggestions of the MWSS and the Concessionaires, as may be necessary;
- b. Validation of the Concessionaires' compliance with the 2016 service coverage targets. To achieve this, the Consultant will:
 - i. Conduct field validation of the Concessionaires' compliance with their 2016 service coverage targets;
 - ii. Validate the number of reported service connections and establish an accurate breakdown of connections based on agreed categorization criteria;
 - ii. Prepare a draft report on the validation of the Concessionaires' compliance with their 2016 service coverage targets;
 - iii. Present the findings to the MWSS and the Concessionaires; and
 - iv. Incorporate the relevant comments and suggestions of the MWSS and the Concessionaires in the final report, as may be necessary;
- c. Determination of the Average Number of Persons per Connection per City/Municipality. To achieve this, the Consultant will:
 - i. Design and conduct a methodology such as, but not limited to, population survey, where the outputs would include the average number of persons per connections per city/municipality. The survey shall cover: Residential, Semi- Business (mixed used), Urban Poor, Subdivisions, and High-rise establishments; and
 - ii. Present the proposed determination and the result of the survey to the MWSS and the Concessionaires for confirmation;

- d. Correlation of the reported limits of service coverage of the Concessionaire (service area maps) with related data from population statistics, demography, records of land developments, new subdivisions, new buildings, institutions and/or facilities within the service area concerned;

2.2 Validation of compliance with Service Obligations (Article 5 of the CA) targets based on KPIs/BEMs approach, as revised in the approved Business Plans of both Concessionaires.

The technical aspects of economic regulation include the guidelines on the levels of service received by the customers, the operational performance of the water utility, and the performance of the water supply and wastewater assets. The objective of technical regulation includes ensuring that the Concessionaires deliver the expected levels of service, maintain and improve the operational efficiency of the systems and maintain the asset base so that the assets continue to perform throughout their expected useful life. The technical aspects of regulation underpin the tariff setting process in that the cost associated with operating, maintaining, improving and expanding the water supply and/or wastewater infrastructure to meet the expected levels of service is the basis for determining the tariff charged to the Customers.

Key Performance Indicators (KPIs) are defined as “quantitative measures of a particular aspect of the Concessionaire’s performance or standard of service”. The RO monitors several KPIs and Business Efficiency Measures (BEMs) of the Concessionaires to be able to determine how well the Concessionaires are performing and whether they are on the right track in achieving their promises as envisioned in their approved Business Plans.

The Service Obligations audit will review and evaluate the performance of the Concessionaires with focus on service coverage, among others. This activity is important in analyzing the efficiency of the Concessionaires’ Cash Flow in relation to their performance in attaining their Service Obligations and service level commitments for the period 2013 to 2017 as contained in the approved 2012 Business Plans.

The audit will also validate the number of reported service connections and establish the accurate breakdown of connections based on agreed categorization criteria. The consumption pattern will be reviewed and evaluated as to accuracy of reported data on average consumption per category of connection as this is an important basis for projecting revenues in the Business Plans.

The audit and evaluation will cover the following:

- a. Water supply service area coverage, end of CY 2016;
- b. Compliance with population coverage, end of CY 2016 (Schedules 2, 3 and 4 of the CA);
- c. Compliance with 24-hour water availability coverage, end of CY 2016;
- b. Compliance with 7 psi water pressure coverage, end of CY 2016;
- c. Attainment of non-revenue water targets, end of CY 2016;

- d. Compliance with customer service standards;
- e. Compliance with water and wastewater quality standards;
- f. Sewerage coverage, end of CY 2016;
- g. Combined sewer coverage, end of CY 2016; and
- h. Sanitation coverage, end of CY 2016.

ANNEX B: Evaluation of Future Cash Flows (New Business Plans)

1. Evaluation of Concessionaires' Compliance with Service Obligations

Evaluation of the technical assumptions, service obligation forecasts and the required capital works program to meet 2017 Business Plan objectives in accordance with the Water Security Legacy Road Map

a. Water Supply

- i. Existing and future production assumptions vis-à-vis capacities of existing and future water sources;
- ii. Non-Revenue Water (NRW) Volume annual reduction targets including NRW Reduction Program cost from 2018 to 2037;
- ii. Assumed Billed Volumes vis-à-vis NRW Volume reduction targets;
- iii. Assumed Billed Volumes assumptions vis-à-vis target number of service connections per customer classification and assumed average consumption per connection per customer classification;
- iv. Average consumption per connection per customer classification vis-à-vis historical data including effect of tariff on consumption;
- v. Population forecasts and calculation of population coverage vis-à-vis 2017 Business Plan Schedule 2 targets per city/municipality;
- vi. 24-hour water availability area coverage by end of CY 2021 vis-à-vis capital works program;
- vii. 16 psi pressure area coverage target by end of CY 2021 vis-à-vis capital works program;
- viii. Customer service standards targets;
- ix. Water quality standards targets;
- x. Service Area coverage expansion program by end of CY 2021;
- xi. Programs for the presently served and unserved municipalities in Rizal and Cavite provinces up to end of CY 2021; and
- xii. Other capital works programs of the Concessionaires relating to asset management and security, among others:
 - CAPEX programs to secure raw water and treated water aqueducts right-of-way;
 - Common Purpose Facilities (CPF) programs, including raw water flow instrumentation devices;

- Raw water and treated water production flow instrumentation devices, including redundancies;
- Umiray Angat Transbasin Project (UATP) O&M / CAPEX program;
- CAPEX program to convert bulk billed areas/subdivisions to individual connection billing;
- CAPEX program for raw water sources initiated by the Concessionaires; and
- CPF CAPEX program to secure Bicti to La Mesa Portal raw water aqueducts right-of-way.

b. Sewerage and Sanitation

- i. Population forecasts and calculation of population coverage vis-à-vis 2017 Business Plan Schedules 3 and 4 targets per city/municipality;
- ii. Sewerage capital works programs and sanitation programs vis-a-vis Schedules 3 and 4 population coverage targets;
- ii. Forecasted annual new sewer connections; and
- iii. Forecasted annual sewage volume and septage volume for treatment against capital works program and cost per unit volume.

2. Evaluation of the Financial Model for the 2017 Business Plan

2.1. Evaluation of expenditure streams for completeness and propriety of cost estimates (water, wastewater, others)

a. Economic assumptions used in estimating the FCF.

This includes the relevant macro-economic indicators to be used in sensitivity analysis, FCF and future tariff projections, such as, but not limited to, changes in Consumer Price Index (CPI) and FOREX;

b. Direct CAPEX and OPEX streams (direct costs with technical requirements to meet the Service Obligations), including the following:

- i. Technical data used as bases and correctness of technical assumptions and projections;
- ii. Technical necessity and timing (vis-à-vis population increase) of CAPEX Program (water, wastewater and others) components/scope and cost estimate to service obligation targets;
- ii. UATP O&M costs;
- iii. O&M costs of water and wastewater, combined drainage/sewer and sanitation facilities/treatment plants;

- iv. Maintenance cost estimates for water and wastewater and drainage/sewer networks;
 - v. Maintenance cost estimates for sanitation equipment and facilities;
 - vi. Water meters and service connection materials costs for targeted new service connections and for planned water meter and service connection replacement program;
 - vii. Pipe and pipe appurtenances replacement program vis-à-vis Asset Condition Report (ACR) recommendations (exclude those included in the NRW reduction program);
 - viii. Chemicals and power costs; and
 - ix. Other annual direct costs.
- c. Future regular OPEX, CAPEX and Concession Fee streams, which will include, among others:
- i. Assessment for completeness and propriety of the required levels and cost estimates of the OPEX based on the amounts and historical trend resulting from the audit;
 - ii. Development, review and analysis of operational variables (e.g. size of manpower and level of capital expenditures in relation to billed water volume);
 - ii. Review of the correlation of OPEX levels to other financial and non-financial historical trend and assumptions (i.e. Billed Volume, service connections, CAPEX, etc.)
 - iii. Verification of OPEX (operational and administrative) and CAPEX assumptions to ascertain the reasonableness of the inclusion and amount forecasted (i.e. for personnel cost, present and future organizational structure and annual personnel requirement assumptions, personnel per 1000 connections, salaries and wages scale and estimate of average labor cost per personnel, etc.);
 - iv. Verification of the FOREX rate, interest rates and other charges in forecasting Concession fees, taking into consideration relevant Loan Agreements, previous FCDA submissions, BSP data and other relevant documents;
 - v. Establishment of Concession fee payments for the period from CY 2018 to CY 2037;
 - vi. Assessment and discussion of the factors/drivers that contribute to the estimates of future OPEX and CAPEX:
 - Compare the OPEX projections submitted for 2017 Rate Rebasing from those of 2012 Rate Rebasing Financial Model, note the factors

that contributed to the differences and make an assessment on the efficiency and prudence on these expenditures;

- Compare the OPEX projections of both Concessionaires, note the assumptions that contributed to the differences and make an assessment on these expenditures;
- Propose the parameters and methods to be used in forecasting OPEX; and
- Identify risk factors that may contribute to the change of the behavior of the expenditure, e.g., major CAPEX;

vii. Establishment of the Concessionaires' FCF in the light of determinations in view of those in (i) to (vii) above, which should include, among others: classification of OPEX, CAPEX, and concession fees as "water, wastewater or other operations" and classification of OPEX as "controllable or uncontrollable".

2.2. Evaluation of revenue streams for completeness and correctness of bases or assumptions and estimates

a. Production, NRW volume and billed volume assumptions;

b. Treated water sales;

- i. domestic connections;
- ii. commercial connections;
- iii. industrial connections;
- iv. bulk connections; and

- Water District
- Condominiums
- High Rise Buildings
- Subdivisions
- Public faucets
- Military camps
- Other bulk connections

v. other sales;

c. Environmental and Sewerage charges;

- d. Other fees and charges in the water bill; and
- e. Raw water sales;
- f. Other sources of revenue
 - i. Connection Fees;
 - ii. Temporary Disconnection / Reconnection Fees; and
 - ii. Other revenue received for the use of the facilities (e.g. laboratory fees).

2.3. Determination of the Rebased Tariff for the new (2017) Business Plan

Based on the determination of the HCF and FCF and other technical assumptions, establish the Rebased Tariff for the new Business Plan.

2.4. Determination of the ADR

- a. Assess the ADR derived from the framework used by the RO and the Concessionaires in terms of the appropriateness of the assumptions and base data used for per parameter; and
- b. Ensure that the ADR shall balance the interest of protecting the public while ensuring that the Concessionaires are able to attract good funding rates.

2.5. Business Plan and Financial Model Design

- a. Provide expert advise on how best to design a model to allow assessment of tariff effects of key drivers and/or provide advice on the possible non-realization / non-implementation of such drivers;
- b. Perform Sensitivity Analyses for the following:
 - i. Breakdown revenues, water volumes or receipts, variable and fixed costs for identified key CAPEX project/s that will allow determination of the impact on the tariff of major projects that do not push through;
 - ii. Determine the effective change in tariff caused by a timing slide in identified key CAPEX project/s;
 - iii. Estimate the impact of changes in the assumed CPI and FOREX, if any; and
 - iv. Identify high impact items or key drivers that need to be monitored and/or discussed further with the Concessionaires;
- c. Identification of risk factors to key drivers (e.g., CAPEX projects) of the Business Plan; and

- d. Develop a common format for forecasted OPEX, CAPEX and Concession fees for both Concessionaires to classify them as water, sewerage and other operations and classifying the operating expenditures as controllable and uncontrollable.

2.6. Tariff Increase Mitigation and Cross-Subsidy (if necessary)

- a. Provide expert advice on tariff increase mitigation principle, i.e. by spreading across areas and tariff concession/collection years; and
- b. Provide expert advice on any proposed unequal Rebasing Adjustment, in accordance with Article 9.2.2 of the CA.

ANNEX C: Return on Rate Base

1. Determine whether adjustment in rates are compliant with Section 9.1 of the CA, which states that adjustment in rates shall be subject to the limitation of Section 12 of the MWSS charter, viz: “rates and fees fixed by the Board of Trustees for the System ... shall be of such magnitude that the System's rate of net return shall not exceed twelve per centum (12%), on a rate base composed of the sum of its assets in operation as revalued from time to time plus two months' operating capital.”
 - a. Based on the Consultants’ initial determination of the System’s net return and rate base, initially assess compliance with Section 9.1 of the CA; and
 - b. Based on the findings of the Commission on Audit on the System’s net return and the determination made by the ACR/Valuation Consultants on the System’s rate base, determine compliance with Section 9.1 of the CA and adjust tariffs, if necessary.
2. Determine and analyze the indicative Return on Rate Base (RORB) for CY 2017 to CY 2022
 - a. Each Concessionaire is treated as separate entity;
 - b. Both Concessionaires, together with MWSS, is taken as one – system;
 - c. Analyze the factors that contributed to the behavior of the indicative RORB determination i.e. the difference between computing the RORB for each Concessionaire against a one system calculation; and
 - d. Define the assets in view of the RORB determination.
3. Give expert advice relative to the following:
 - a. Rationale and application of the 12% RORB limitation vis-à-vis the use of the same in similarly regulated countries;
 - b. Recommendation on its effective implementation, bridging the understanding of RORB in relation to the ADR; and
 - c. Legal opinion on how to interpret and clarify various issuances, rules and regulations, especially those in the MWSS Charter and those pertaining to NWRB interpretation, on how to apply the 12% RORB limitation on the income of the Concessionaires.
4. In case the RORB determined under (b) above exceeds the 12% limitation;
 - a. Explore the possibility of adjusting the Service Obligations;
 - b. Consider Expiration Payment as an option; and
5. Re-determine the Rebased Rate considering the adjustments to the Service Obligations or an Expiration Payment.

Section VI. Consultant's Confidential Application for Eligibility

**Consultancy Services for the Fourth Rate Rebasing
Contract No. RO-CS2017-001**

Date: _____

**The Chairperson
MWSS-RO Bids and Awards Committee (MWSS-RO BAC)**

Gentlemen:

I _____ of legal age, with postal address at _____
_____, under oath, hereby deposes and states:

1. That I am the _____ of _____ duly authorized to make this statement, as evidence by the attached written authority from the proprietor/governing board of the firm;
2. I understand that any information found to be false or misrepresentation of my firm/company would constitute grounds for disqualification; and
3. That I hereby present the attached Information for Eligibility and to Bid with the Metropolitan Waterworks and Sewerage System – Regulatory Office (MWSS-RO).

IN WITNESS WHEREOF, I hereby affix my signature this ____ day of _____, 2017 at _____, Philippines.

AFFIANT

SUBSCRIBED AND SWORN TO before me this ____ day of _____, 2017, affiant exhibiting to me his/her Community Tax Certificate No. _____ issued on _____ at _____, Philippines.

NOTARY PUBLIC

Until _____
PTR No. _____
Date _____
Place _____
TIN _____

Doc. No.: _____
Page No.: _____
Book No.: _____
Series of _____

A. GENERAL INFORMATION

A.1 Name of Primary Firm/Company:_____

- a. Acronym : _____
- b. Year Established : _____
- c. Main Office Address :Street#:_____Street Name _____
Town/City Name:_____
- Postal Code:_____ Region: _____
- d. Phone Number : _____ e. Email Address _____
- f. Fax Number : _____ g. Telex Number _____
- h. Former Names of the Firm/Company:_____

i. Type of Organization (please check all that apply):

- ☐ Sole Proprietorship ☐ Corporation
- ☐ Partnership ☐ Others _____

j. Type of Consulting Services Offered (please check all that apply)

- ☐ Advisory and Review Services ☐ Pre-Investment or Feasibility Study
- ☐ Design ☐ Construction Supervision
- ☐ Management and Related Services ☐ Other Technical Services or Special Studies

A.2 Contact Person 1

- a. Name : _____
- b. Designation : _____
- c. Phone Number : _____
- d. Specimen Signature : _____

A.3 Contact Person 2

- a. Name : _____
- b. Designation : _____
- c. Phone Number : _____
- d. Specimen Signature : _____

B. ASSOCIATE FIRMS

B.1 Firm 1

- a. Acronym : _____
- b. Year Established : _____
- c. Main Office Address : Street#: _____ Street Name _____
Town/City Name: _____
Postal Code: _____ Region: _____
- d. Phone Number : _____ e. Email Address _____
- f. Fax Number : _____ g. Telex Number _____
- h. Former Names of the Firm/Company: _____

i. Type of Organization (please check all that apply):

- ☐ Sole Proprietorship ☐ Corporation
☐ Partnership ☐ Others _____

j. Type of Consulting Services Offered (please check all that apply)

- ☐ Advisory and Review Services ☐ Pre-Investment or Feasibility Study
☐ Design ☐ Construction Supervision
☐ Management and Related Services ☐ Other Technical Services or
Special Studies

B.2 Firm 2

- e. Acronym : _____
- f. Year Established : _____
- g. Main Office Address : Street#: _____ Street Name _____
Town/City Name: _____
Postal Code: _____ Region: _____
- h. Phone Number : _____ e. Email Address _____
- g. Fax Number : _____ g. Telex Number _____
- i. Former Names of the Firm/Company: _____

k. Type of Organization (please check all that apply):

- ☐ Sole Proprietorship ☐ Corporation
☐ Partnership ☐ Others _____

l. Type of Consulting Services Offered (please check all that apply)

- ☐ Advisory and Review Services ☐ Pre-Investment or Feasibility Study
☐ Design ☐ Construction Supervision
☐ Management and Related Services ☐ Other Technical Services or

Special Studies

C. OWNERSHIP (complete a separate form for the Primary Firm and each Associate Firm)

Name of Firm/Company: _____

Name(s) of Owner / Stockholders / Partners	Tax ID Number*/PRC No.* /Passport No.** TIN *Local **Foreign	Nationality

D. PERSONNEL (complete a separate form for the Primary Firm and each Associate Firm)

Name of Consultant : _____

Business Address : _____

a. Number of Key Technical Personnel by Professional Category:		b. Number of Technical Support Personnel by Professional Category:			
1. Civil Engineer:		1. Civil Engineer:			
2. Structural Engineer:		2. Structural Engineer:			
3. Electrical Engineer:		3. Electrical Engineer:			
4. Mechanical Engineer:		4. Mechanical Engineer:			
5. Architects:		5. Architects:			
6. Economist:		6. Economist:			
7. Others (please specify):		7. Others (please specify):			
		c. Number of Administrative Staff:			
		TOTAL NO. OF PERSONNEL: (a+b+c)			
a. Proposed Position / Names of Professional Staff that may be Assigned to this Project	Tax ID No.*/PRC No.*/Passport No.** * Local ** Foreign	Professional Category	Status*	Nationality	
Project Manager					
Economic Expert (International)					
Financial Expert					
Financial Audit Managers (2)					
Financial Modeler					
Technical Head, Water Supply System Operations Expert (International)					
NRW Reduction Specialists (2)					
Water Supply Specialists (2)					
Sewerage/Sanitation Expert (International)					
Sewerage/Sanitation Specialists (2)					
Cost Engineers (10)					
Demographic/Survey Specialist					
Legal Adviser					

Note: International refers to experience of at least three (3) projects outside of the Philippines.

E. CLASS “A” DOCUMENTARY REQUIREMENTS

E.1 Legal Documents

E.1.1 Registration/Licenses

	Registration/ License #	Place of Registration	Date of Reg. (mm/dd/yy)	Expiration Date (mm/dd/yy)
PhilGEPS Registration and Platinum Membership (Required for each Member of the Joint Venture)				

Note: In case of foreign consultants, the above requirements may be substituted by the appropriate equivalent documents issued by the foreign consultant's country.

Percentage of ownership of the firm's assets:

Filipino : _____ %
Other Nationalities : _____ %

E.2 Technical Documents

E.2.1 Experience (complete a separate form for the Primary Firm and each Associate Firm)

a. Consultant's **Comparable** Work Experience - List of (maximum of 5 for all firms for each project sub-category) government and private consulting services contracts of size, complexity and technical specialty comparable to the project under consideration completed by the Firm/Company. Cost must be in Philippine Pesos computed on the date of the signing of the contract.

a.1 Financial planning, rate/price determination and structuring and/or financial audit for large infrastructure projects/companies/entities, preferably in water, sewerage, power, and/or telecommunications sector

Name of Firm/Company : _____

Contract Name	Location	Name of Client	Contract Date (mm/dd/yy)		Cost of Consultancy Contract	% Participation	Primary or Associate Firm P or A	Category of Service Rendered
			Start	Actual Completion				
1.								
2.								
3.								
4.								
5.								

Category of Services Rendered: A – Advisory and Review Services, P – Pre-Investment or Feasibility Studies, D – Detailed Design,
C – Construction Supervision, O – Other Technical Services or Special Studies

Note: Attach certified copy of Certificate of Satisfactory Completion issued by the Client and/or Document/Receipt indicating proof of Final Payment (Annex C)

a.2 Technical review and evaluation or technical planning and development of complex infrastructure systems involving water and sewerage

Name of Firm/Company : _____

Contract Name	Location	Name of Client	Contract Date (mm/dd/yy)		Cost of Consultancy Contract	% Participation	Primary or Associate Firm <u>P or A</u>	Category of Service Rendered
			Start	Actual Completion				
1.								
2.								
3.								
4.								
5.								

*Category of Services Rendered: A – Advisory and Review Services, P – Pre-Investment or Feasibility Studies, D – Detailed Design,
C – Construction Supervision, O – Other Technical Services or Special Studies*

Note: Attach certified copy of Certificate of Satisfactory Completion issued by the Client and/or Document/Receipt indicating proof of Final Payment (Annex C)

b. Consultant's **Related Work** Experience – List of (maximum of 10 for all firms) government and private consulting services contracts related to the project under consideration completed by the Firm/Company. Cost must be in Philippine Pesos computed on the date of the signing of the contract.

Name of Firm/Company : _____

Contract Name	Location	Name of Client	Contract Date (mm/dd/yy)		Cost of Consultancy Contract	% Participation	Primary or Associate Firm <u>P or A</u>	Category of Service Rendered
			Start	Actual Completion				
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								

Category of Services Rendered: A – Advisory and Review Services, P – Pre-Investment or Feasibility Studies, D – Detailed Design,
C – Construction Supervision, O – Other Technical Services or Special Studies

Note: Attach certified copy of Certificate of Satisfactory Completion issued by the Client and/or Document/Receipt indicating proof of Final Payment (Annex C)

c. List of on-going government and private contracts including contracts already awarded but not yet started. Cost must be in Philippine Pesos computed on the date of the signing of the contract.

Name of Firm/Company : _____

Contract Name	Location	Name of Client	Contract Date (mm/dd/yy)		Cost of Consultancy Contract	% Participation	Primary or Associate Firm P or A	Category of Service Rendered
			Start	Actual Completion				
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								

Category of Services Rendered: A – Advisory and Review Services, P – Pre-Investment or Feasibility Studies, D – Detailed Design,
C – Construction Supervision, O – Other Technical Services or Special Studies

Note: Attach certified copy of Notice of Award and/or Notice to Proceed issued by the Client (Annex D)

E.2.2 Statement On Citizenship & Professional Registration

Date of Issuance

JOEL C. YU

Chief Regulator

MWSS Regulatory Office

Katipunan Road, Balara, Quezon City

Attention : The Chairperson
Bids and Awards Committee

Dear Sir/Madame:

In compliance with the requirements of the MWSS Regulatory Office BAC for the bidding of the Consultancy Services for the Fourth Rate Rebasing – Contract No. RO-CS2017-001, I hereby certify that:

- I am (Nationality) citizen wishing to participate in the bidding.
- I have the technical and financial capabilities to satisfactorily render the required services.

I certify further that all of the owners/principals/partners and key staff of _____ (Name of the Bidder) possess the required professional licenses issued by the Professional Regulation Commission or other appropriate regulatory body.

Very truly yours,

Name and Signature of Authorized Representative

Position

Name of the Bidder

E.3 Financial Document (complete a separate form for the Primary and each Associate Firm)

Name of Firm/Company : _____

Summary of the Consultant's audited financial statements, showing, among others, the Consultant's total and current assets and liabilities, stamped "RECEIVED" by the Bureau of Internal Revenue (BIR) or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of bid submission.

		Year 20__
1.	Total Assets	
2.	Current Assets	
3.	Total Liabilities	
4.	Current Liabilities	
5.	Net Worth (1-3)	
	Net Working Capital (2-4)	

Annual volume of gross fees for the last five (5) years in Philippine Pesos

- Year 2012: _____
- Year 2013: _____
- Year 2014: _____
- Year 2015: _____
- Year 2016: _____

Bank Information

Name of Bank and Branch	Present Credit Line Amount	<u>EFFECTIVE PERIOD</u>	
		From Date mm/dd/yy	To Date mm/dd/yy

Submitted by:

Name and Signature of Authorized Representative

Position

Date : _____

Note: Attach latest audited Financial Statement stamped received by the BIR

F. CLASS “B” DOCUMENTARY REQUIREMENTS

F.1 Valid Joint Venture Agreement (JVA)

KNOW ALL MEN BY THESE PRESENTS:

That this JOINT VENTURE AGREEMENT is entered into By and Between _____, of legal age, _____ (civil status), owner/proprietor of _____ and a resident of _____.

- and -

_____ of legal age, _____ (civil status) owner/proprietor of _____ a resident of _____.

That both parties agree to join together their manpower, equipment, and what is needed to facilitate the Joint Venture to participate in the Eligibility, Bidding and Undertaking of the here-under stated project to be conducted by the MWSS Regulatory Office.

NAME OF PROJECT

CONTRACT AMOUNT

That both parties agree to be jointly and severally liable for the entire assignment.

That both parties agree that _____ and/or _____ shall be the Official Representative of the Joint Venture, and is granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the Joint Venture in the bidding as fully and effectively and the Joint Venture may do and if personally present with full power of substitution and revocation.

That this Joint Venture Agreement shall remain in effect only for the above stated Project until terminated by both parties.

Done this _____ day of _____, in the year of our Lord _____.

WITNESSES

ACKNOWLEDGEMENT

BEFORE ME, A Notarial Public in and for _____, this _____ day of _____ personally appeared the following:

NAME:

EVIDENCE OF IDENTITY

Known to me to be the same person who executed the foregoing instrument acknowledge the same to their own free and voluntary act and deed as well as that of the entity/corporations herein represented. They were identified by me by competent evidence of identity as defined in the 2004 Rules on Notarial Practice (A.M. No. 02-8-13-SC).

WITNESS MY HAND AND NOTARIAL SEAL on the date and place above written.

NOTARY PUBLIC

Until _____

PTR No. _____

Date _____

Place _____

TIN _____

Doc. No.: _____

Page No.: _____

Book No.: _____

Series of _____

INSTRUCTIONS

- 1.0 The Applicant shall accomplish/answer all items in the Application using the English language. Answers must be given to all questions in the aforesaid statement. All blanks shall be properly filled up. If necessary, additional sheets may be added to the form or if the form has limited space, it can be reproduced and enlarged to suit the Applicant's needs. Documents submitted on forms or in any format other than that prescribed in the aforesaid Statement shall be considered non-complying and will be rejected outright. Forms that may require attachments shall be clearly marked, and provided with "dog ear", i.e., Annex A, Annex B, etc.
- 2.0 The information/data submitted by the interested Firm/Company are to be used by the MWSS-RO in determining, according to its judgement and discretion, the eligibility and qualification of prospective Firm/Company. In view thereof, the interested Firm/Company is encouraged to communicate with the MWSS-RO for any clarification or interpretations on the documents as request for reconsideration will not be entertained on any erroneous interpretations or conclusions made by the Applicant. An interested Firm/Company submitting its qualifications as prospective Firm/Company for review and consideration waives any claim against any decision thereon. The signing by the Firm/Company or his duly authorized representative of the Registry Application Statement acknowledges the truth and correctness of all statements made thereon; otherwise, the Firm/Company shall be liable for perjury as provided in the Revised Penal Code.
- 3.0 The following documents shall, among others, comprise the Consultant's Application for Eligibility:

General Information

- Annex A:** Original copy of the appointment/designation of the Authorized Person to sign and submit application for eligibility from the Owner/Governing Board of the firm with specimen signature and photographs (2x2). If Corporation, it should be in the form of a Board Resolution certified by the Board Secretary.
- Annex B:** PhilGEPS Registration and Membership
- Annex C:** Prospective Bidder's certified copy of Certificate of Satisfactory Completion issued by the Client and/or Document/Receipt indicating proof of final payment (attachment to Sections E.2.1.a and E.2.1.b)
- Annex D:** Prospective Bidder's certified copy of Notice of Award and/or Contract and Notice to Proceed issued by the Client (attachment to Section E.2.1.c)

- 4.0 Each page of the annexes, attachments and other supporting documents shall be marked in the right top corner, i.e. Annex A, page 1 of 5; Annex A page 2 of 5; etc, as the case may be.

5.0 The MWSS-RO reserves the right to accept or reject any application without any liability to the affected applicants or any obligation to inform the applicants of the grounds for the action taken thereon.

6.0 Definitions and terms

Acronym

Abbreviation of the firm/company's name.

Annual volume of gross fees

The gross annual fees earned by the firm for the previous five (5) years.

Associate Firms

Information about firms/companies joining with the primary firm/company listed in Section B for purposes of eligibility application for the contract in question.

Category of Service Rendered

The nature of service rendered whether A-Advisory and Review Services, P-Pre-Investment or Feasibility Studies, D-Detailed Design, C-Construction Supervision, O-Other Technical Services or Special Studies

Name of Client

The name of the client firm.

Consultant's On-Going and Awarded Contracts

A list of all on-going contracts including private contracts already awarded but not yet started.

Consultant's Comparable Work Experience

A list of the firm's most comparable contracts (maximum of 5 for all firms combined) successfully completed by the firm/company. "Comparable" means consulting services of size, complexity and technical specialty, comparable to the job under consideration including quality of performance.

Consultant's Related Work Experience

A list of the most related contracts (maximum of 5 for all firms combined) successfully completed by the firm/company. "Related" means consulting services related to the job under consideration.

Contact Person 1

The name, designation and telephone number of an employee who can answer questions concerning the application statement.

Contact Person 2

The name, designation and telephone number of an additional employee who can answer questions concerning the application statement.

Contract Date Actual Completion

The month, day, year of the contract's actual completion.

Contract Date Start

The month, day, year the contract started.

Contract Name

The name of each contract listed.

Cost of Consultancy Contract

The cost in Philippine Peso of the consultancy contract computed on the date of the contract signing.

Date Degree Awarded

The month, day and year the degree was awarded to the employee.

Date of Assignment

The month, day and year when the employee began working on the contract and the month, day and year when the employee finished working in the contract.

Degrees

A list of all degrees earned by the employee.

Description of Project

A narrative description of the project giving a summary explanation of the size, purpose, objectives and benefits of the project.

Description of Actual Services Provided/Being Provided

A narrative description of the work done for the contract assignment. It is very important to complete this item thoroughly and in detail. Descriptions should be detailed and specific with regard to what was done and how it was done.

Email Address

The email address of the head office.

Estimated Completion

The month, day and year the contract is scheduled to be complete.

Experience

This section must be completed for the primary firm and all associate firms listed in Section B.

Fax Number

The fax number of the head office.

Former Names of the Firm/Company

A list of all names the firm has previously used in conducting business.

Main Office Address

The address of the firm/company's head office.

Institution

The name of the institution where the degree was earned.

Key Staff Assigned

The name, identification number and assignment dates for each employee assigned to the contract.

Location

The name of the location where the contract took place.

Name of Associate Firm/Company

The associate consultant firm name.

Name of Primary Firm/Company

The firm name of the primary consultant submitting the application.

Names of Key Personnel that May Be Assigned

The names of key personnel of the firm/company that will possibly be appointed for the particular contract in question.

Names of Owners/Stockholders/Partners

The names of all persons who have ownership in the firm/company.

Nationality

The name of the country of citizenship for the person concerned.

Number of Administrative Staff

The number of administrative staff employed by the firm/company.

Number of Key Technical Personnel by Professional Category

The number of principal technical personnel employed by the firm/company categorized by professional category.

Number of Technical Support Personnel by Professional Category

The number of technical support personnel employed by the firm/company categorized by professional category.

Percentage Participation

The firm's percent participation in the contract in the case of associate firms working together on the contract based on cost.

Primary or Associate Firm

For the listed contract indicate if the firm/company was the prime consultant or the associate consultant.

Professional Category

The nature or professional expertise of each employee listed using the categories listed in items "a" and "b" under Section D.

Tax ID Number/PRC Number/Passport Number

A unique number identifier for each name listed.

Telephone Number

The telephone number of the head office.

Type of Organization

The category that describes the ownership of the firm/company.

Work Experience

The list of contract/employment the employee has been assigned.

Year Established

The year the firm/company was established.

Years with Firm

The number of years the employee has worked for the firm.

Section VII. Bidding Forms

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ELIGIBILITY DOCUMENTS SUBMISSION FORM

[Date]

[Name and address of the Procuring Entity]

Ladies/Gentlemen:

In connection with your Request for Expression of Interest dated *[insert date]* for *[Title of Project]*, *[Name of Consultant]* hereby expresses interest in participating in the eligibility and short listing for said Project and submits the attached eligibility documents in compliance with the Eligibility Documents therefor.

In line with this submission, we certify that:

- a) *[Name of Consultant]* is not blacklisted or barred from bidding by the GoP or any of its agencies, offices, corporations, LGUs, or autonomous regional government, including foreign government/foreign or international financing institution; and
- b) Each of the documents submitted herewith is an authentic copy of the original, complete, and all statements and information provided therein are true and correct.

We acknowledge and accept the Procuring Entity's right to inspect and audit all records relating to our submission irrespective of whether we are declared eligible and short listed or not.

We further acknowledge that failure to sign this Eligibility Document Submission Form shall be a ground for our disqualification.

Yours sincerely,

Signature
Name and Title of Authorized Signatory
Name of Consultant
Address

TECHNICAL PROPOSAL FORMS

Notes for Consultants

The following summarizes the content and maximum number of pages permitted for the Technical Proposal. A page is considered to be one printed side of A4 or letter sized paper.

Cover Letter

Use TPF 1. Technical Proposal Submission Form.

Experience of the Firm

Maximum of three (3) pages introducing the background and general experience of the Consultant, including its partner(s) and subconsultants, if any.

Maximum of twenty (20) pages completed projects in the format of TPF 2. Consultant's References illustrating the relevant experience of the Consultant, including its partner and subconsultants, if any. No promotional material should be included.

General approach and methodology, work and staffing schedule

Use TPF 4. Description of the Methodology and Work Plan for Performing the Project, TPF 5. Team Composition and Task, TPF 7. Time Schedule for Professional Personnel, and TPF 8. Activity (Work) Schedule.

Curriculum Vitae (CV)

Use TPF 6. Format of Curriculum Vitae (CV) for Proposed Professional Staff.

Comments on the terms of reference and data and facilities to be provided by the Procuring Entity

Not more than two (2) pages using TPF 3. Comments and Suggestions of Consultant on the Terms of Reference and on Data, Services, and Facilities to be Provided by the

TPF 1. TECHNICAL PROPOSAL SUBMISSION FORM

[Date]

[Name and address of the Procuring Entity]

Ladies/Gentlemen:

We, the undersigned, offer to provide the consulting services for [Title of Project] in accordance with your Bidding Documents dated [insert date] and our Bid. We are hereby submitting our Bid, which includes this Technical Proposal, and a Financial Proposal sealed under a separate envelope.

In accordance with **ITC** Clause 21.1, we confirm that the information contained in the eligibility documents submitted earlier together with the Expression of Interest remain correct as of the date of bid submission.

If negotiations are held during the period of bid validity, *i.e.*, before [insert date], we undertake to negotiate on the basis of the proposed staff. Our Bid is binding upon us and subject to the modifications resulting from contract negotiations.

In accordance with **GCC** Clause 51, we acknowledge and accept the Procuring Entity's right to inspect and audit all records relating to our Bid irrespective of whether we enter into a contract with the Procuring Entity as a result of this Bid or not.

We understand you are not bound to accept any Bid received for the selection of a consultant for the Project.

We acknowledge that failure to sign this Technical Proposal Submission Form and the abovementioned Financial Proposal Submission Form shall be a ground for the rejection of our Bid.

We remain,

Yours sincerely,

Authorized Signature:

Name and Title of Signatory:

Name of Firm:

Address:

TPF 2. CONSULTANT'S REFERENCES

Relevant Services Carried Out in the Last Five Years That Best Illustrate Qualifications

Using the format below, provide information on each project for which your firm/entity, either individually, as a corporate entity, or as one of the major companies within an association, was legally contracted.

Project Name:		Country:
Location within Country:		Professional Staff Provided by Your Firm/Entity(profiles):
Name of Client:		Nº of Staff:
Address:		Nº of Staff-Months; Duration of Project:
Start Date (Month/Year):	Completion Date (Month/Year):	Total Project Costs (in PhP): Approx. Value of Services (in PhP):
Name of Associated Consultants, if any:		Nº of Months of Professional Staff Provided by Associated Consultants:
Name of Senior Staff (Project Director/Coordinator, Team Leader) Involved and Functions Performed:		
Narrative Description of Project:		
Description of Actual Services Provided by Your Staff:		

Consultant's Name: _____

**TPF 3. COMMENTS AND SUGGESTIONS OF CONSULTANT ON THE TERMS OF
REFERENCE AND ON DATA, SERVICES, AND FACILITIES TO BE PROVIDED BY
THE PROCURING ENTITY**

On the Terms of Reference:

- 1.
- 2.
- 3.
- 4.
- 5.

On the data, services, and facilities to be provided by the Procuring Entity:

- 1.
- 2.
- 3.
- 4.
- 5.

TPF 4. DESCRIPTION OF THE METHODOLOGY AND WORK PLAN FOR PERFORMING THE PROJECT

TPF 5. TEAM COMPOSITION AND TASK

1. Technical/Managerial Staff		
Name	Position	Task

2. Support Staff		
Name	Position	Task

3 Where applicable, indicate relationships among the Consultant and any partner and/or subconsultant, the Procuring Entity, the Funding Source and other parties or stakeholders.

--

TPF 6. FORMAT OF CURRICULUM VITAE (CV) FOR PROPOSED PROFESSIONAL STAFF

Proposed Position: _____

Name of Firm: _____

Name of Staff: _____

Profession: _____

Date of Birth: _____

Years with Firm/Entity: _____ Nationality: _____

Membership in Professional Societies: _____

Detailed Tasks Assigned: _____

Key Qualifications:

[Give an outline of staff member's experience and training most pertinent to tasks on project. Describe degree of responsibility held by staff member on relevant previous projects and give dates and locations. Use about half a page.]

Education:

[Summarize college/university and other specialized education of staff members, giving names of schools, dates attended, and degrees obtained. Use about one quarter of a page.]

Employment Record:

[Starting with present position, list in reverse order every employment held. List all positions held by staff member since graduation, giving dates, names of employing organizations, titles of positions held, and locations of projects. For experience in last ten years, also give types of activities performed and client references, where appropriate. Use about two pages.]

Languages:

[For each language, indicate proficiency: excellent, good, fair, or poor in speaking, reading, and writing.]

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.

Commitment:

I also commit to work for the Project in accordance with the time schedule as indicated in the contract once the firm is awarded the Project.

[Signature of staff member and authorized representative of the firm] Date: _____
Day/Month/Year

Full name of staff member: _____

Full name of authorized representative: _____

SUBSCRIBED AND SWORN to before me this ____ day of [month] [year] at [place of execution], Philippines. Affiant/s is/are personally known to me and was/were identified by me through competent evidence of identity as defined in the 2004 Rules on Notarial Practice (A.M. No. 02-8-13-SC). Affiant/s exhibited to me his/her [insert type of government identification card used], with his/her photograph and signature appearing thereon, with no. _____.

Witness my hand and seal this ____ day of [month] [year].

NAME OF NOTARY PUBLIC

Serial No. of Commission _____

Notary Public for _____ **until** _____

Roll of Attorneys No. _____

PTR No. ___, [date issued], [place issued]

IBP No. ___, [date issued], [place issued]

Doc. No. ____

Page No. ____

Book No. ____

Series of ____.

TPF 7. TIME SCHEDULE FOR PROFESSIONAL PERSONNEL

			Months (in the Form of a Bar Chart)														
Name	Position	Reports Due/Activities	1	2	3	4	5	6	7	8	9	10	11	12	Number of Months		
																Subtotal (1)	
																Subtotal (2)	
																	Subtotal (3)
																	Subtotal (4)

Full-time: _____
Reports Due: _____
Activities Duration: _____
Location _____

Part-time: _____

Signature:_____
(Authorized representative)

Full Name: _____
Title: _____
Address: _____

TPF 8. ACTIVITY (WORK) SCHEDULE

A. Field Investigation and Study Items

	<i>[1st, 2nd, etc. are months from the start of project.]</i>												
	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	
Activity (Work)													

B. Completion and Submission of Reports

Reports	Date
1. Inception Report	
2. Interim Progress Report (a) First Status Report (b) Second Status Report	
3. Draft Report	
4. Final Report	

OMNIBUS SWORN STATEMENT

REPUBLIC OF THE PHILIPPINES)
CITY/MUNICIPALITY OF _____) S.S.

AFFIDAVIT

I, *[Name of Affiant]*, of legal age, *[Civil Status]*, *[Nationality]*, and residing at *[Address of Affiant]*, after having been duly sworn in accordance with law, do hereby depose and state that:

1. ***Select one, delete the other:***

If a sole proprietorship: I am the sole proprietor or authorized representative of *[Name of Consultant]* with office address at *[address of Consultant]*;

If a partnership, corporation, cooperative, or joint venture: I am the duly authorized and designated representative of *[Name of Consultant]* with office address at *[address of Consultant]*;

2. ***Select one, delete the other:***

If a sole proprietorship: As the owner and sole proprietor or authorized representative of *[Name of Consultant]*, I have full power and authority to do, execute and perform any and all acts necessary to participate, submit the bid, and to sign and execute the ensuing contract for *[Name of the Project]* of the *[Name of the Procuring Entity]**[insert “as shown in the attached duly notarized Special Power of Attorney” for authorized representative]*;

If a partnership, corporation, cooperative, or joint venture: I am granted full power and authority to do, execute and perform any and all acts necessary to participate, submit the bid, and to sign and execute the ensuing contract for *[Name of the Project]* of the *[Name of the Procuring Entity]*, accompanied by the duly notarized Special Power of Attorney, Board/Partnership Resolution, or Secretary’s Certificate, whichever is applicable;

3. *[Name of Consultant]* is not “blacklisted” or barred from bidding by the Government of the Philippines or any of its agencies, offices, corporations, or Local Government Units, foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the Government Procurement Policy Board;
4. Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;

5. *[Name of Consultant]* is authorizing the Head of the Procuring Entity or its duly authorized representative(s) to verify all the documents submitted;

6. ***Select one, delete the rest:***

If a sole proprietorship: The owner or sole proprietor is not related to the Head of the Procuring Entity, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, the head of the Project Management Office or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;

If a partnership or cooperative: None of the officers and members of *[Name of Bidder]* is related to the Head of the Procuring Entity, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, the head of the Project Management Office or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;

If a corporation or joint venture: None of the officers, directors, and controlling stockholders of *[Name of Consultant]* is related to the Head of the Procuring Entity, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, the head of the Project Management Office or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;

7. *[Name of Consultant]* complies with existing labor laws and standards; and
8. *[Name of Consultant]* is aware of and has undertaken the following responsibilities as a Bidder:
- a) Carefully examine all of the Bidding Documents;
 - b) Acknowledge all conditions, local or otherwise, affecting the implementation of the Contract;
 - c) Made an estimate of the facilities available and needed for the contract to be bid, if any; and
 - d) Inquire or secure Supplemental/Bid Bulletin(s) issued for the *[Name of the Project]*.
9. *[Name of Bidder]* did not give or pay directly or indirectly, any commission, amount, fee, or any form of consideration, pecuniary or otherwise, to any person or official, personnel or representative of the government in relation to any procurement project or activity.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of ____, 20__ at _____, Philippines.

[Bidder's Representative/Authorized Signatory]

SUBSCRIBED AND SWORN to before me this ____ day of *[month]* *[year]* at *[place of execution]*, Philippines. Affiant/s is/are personally known to me and was/were identified by me through competent evidence of identity as defined in the 2004 Rules on Notarial Practice (A.M. No. 02-8-13-SC). Affiant/s exhibited to me his/her *[insert type of government identification card used]*, with his/her photograph and signature appearing thereon, with no. _____.

Witness my hand and seal this ____ day of *[month]* *[year]*.

NAME OF NOTARY PUBLIC

Serial No. of Commission _____

Notary Public for _____ **until** _____

Roll of Attorneys No. _____

PTR No. __, *[date issued]*, *[place issued]*

IBP No. __, *[date issued]*, *[place issued]*

Doc. No. ____

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Book No. ____

Series of ____.

Bid-Securing Declaration

(REPUBLIC OF THE PHILIPPINES)

CITY OF _____) S.S.

X-----X

Invitation to Bid *[Insert reference number]*

To: *[Insert name and address of the Procuring Entity]*

I/We, the undersigned, declare that:

1. I/We understand that, according to your conditions, bids must be supported by a Bid Security, which may be in the form of a Bid-Securing Declaration.
2. I/We accept that: (a) I/we will be automatically disqualified from bidding for any contract with any procuring entity for a period of two (2) years upon receipt of your Blacklisting Order; and, (b) I/we will pay the applicable fine provided under Section 6 of the Guidelines on the Use of Bid Securing Declaration, within fifteen (15) days from receipt of written demand by the procuring entity for the commission of acts resulting to the enforcement of the bid securing declaration under Sections 23.1(b), 34.2, 40.1 and 69.1, except 69.1 (f), of the IRR of RA 9184; without prejudice to other legal action the government may undertake.
3. I/We understand that this Bid-Securing Declaration shall cease to be valid on the following circumstances:
 - a. Upon expiration of the bid validity period, or any extension thereof pursuant to your request;
 - b. I am/we are declared ineligible or post-disqualified upon receipt of your notice to such effect, and (i) I/we failed to timely file a request for reconsideration or (ii) I/we filed a waiver to avail of said right;
 - c. I am/we are declared as the bidder with the Highest Rated Responsive Bid, and I/we have furnished the performance security and signed the Contract.

IN WITNESS WHEREOF, I/We have hereunto set my/our hand/s this ____ day of *[month]* *[year]* at *[place of execution]*.

[Insert NAME OF BIDDER'S AUTHORIZED REPRESENTATIVE]
[Insert signatory's legal capacity]

Affiant

SUBSCRIBED AND SWORN to before me this ____ day of *[month]* *[year]* at *[place of execution]*, Philippines. Affiant/s is/are personally known to me and was/were identified by me through competent evidence of identity as defined in the 2004 Rules on Notarial Practice (A.M. No. 02-8-13-SC). Affiant/s exhibited to me his/her *[insert type of government identification card used]*, with his/her photograph and signature appearing thereon, with no. _____.

Witness my hand and seal this ____ day of *[month]* *[year]*.

NAME OF NOTARY PUBLIC

Serial No. of Commission _____
Notary Public for _____ **until** _____
Roll of Attorneys No. _____
PTR No. __, *[date issued]*, *[place issued]*
IBP No. __, *[date issued]*, *[place issued]*
Doc. No. ____
Page No. ____
Book No. ____
Series of _____.

FINANCIAL PROPOSAL FORMS

Notes for Consultants

The following summarizes the content of the Financial Proposal.

Cover Letter

Use FPF 1. Financial Proposal Submission Form, which is an acknowledgement that, in preparation and submission of the Technical and Financial Proposals, Consultants have:

- a) followed the applicable rules and guidelines indicated in this ITC;
- b) not taken any action which is or constitutes a corrupt, fraudulent, or coercive practice as defined in the applicable rules and guidelines; and
- c) agrees to allow the Procuring Entity and the Funding Source, at their option, to inspect and audit all accounts, documents, and records relating to the its Bid and to the performance of the ensuing contract.

Costs of Consulting Services

Use FPF 2. Summary of Costs; FPF 3. Breakdown of Price per Activity; FPF 4. Breakdown of Remuneration per Activity; FPF 5. Reimbursables per Activity; and FPF 6. Miscellaneous Expenses.

FPF 1. FINANCIAL PROPOSAL SUBMISSION FORM

[Date]

[Name and address of the Procuring Entity]

Ladies/Gentlemen:

We, the undersigned, offer to provide the consulting services for *[Title of Project]* in accordance with your Negotiated Procurement Documents dated *[insert date]* and our Best and Final Offer (Eligibility Documents, Technical and Financial Proposals). Our attached Financial Proposal is for the sum of *[amount in words and figures]*. This amount is exclusive of the local taxes, which we have estimated at *[amount(s) in words and figures]*.

Our Financial Proposal shall be binding upon us subject to the modifications resulting from Contract negotiations, up to expiration of the bid validity period, *i.e.*, *[Date]*.

In accordance with **GCC** Clause 51, we acknowledge and accept the Procuring Entity's right to inspect and audit all records relating to our Bid irrespective of whether we enter into a contract with the Procuring Entity as a result of this Bid.

We confirm that we have read, understood and accept the contents of the Instructions to Consultants (ITC), the Best and Final Offer Data Sheet (BFODS), General Conditions of Contract (GCC), Special Conditions of Contract (SCC), Terms of Reference (TOR), the provisions relating to the eligibility of Consultant and the applicable guidelines for the procurement rules of the Funding Source, any and all Bid bulletins issued and other attachments and inclusions included in the Negotiated Procurement Documents sent to us.

We understand you are not bound to accept any Bid you receive.

We remain,

Yours sincerely,
Authorized Signature:
Name and Title of Signatory:
Name of Firm:
Address:

FPF 2. SUMMARY OF COSTS

Costs	Currency(ies) ¹	Amount in Philippine Peso
Subtotal		
Local Taxes		
Total Amount of Financial Proposal		_____

¹ In cases of contracts involving foreign consultants, indicate the exchange rate used.

FPF 2A. DETAILED COST ESTIMATES

Position	No. of Person/s	Input (Staff-months)	Billing Rate/Month	Total Amount
A. FOREIGN CURRENCY COST				
I. REMUNERATION FOR EXPATRIATE/INTERNATIONAL CONSULTANT				
1. Technical Head/Water Supply System Operations Expert	1			
2. Sewerage and Sanitation Expert	1			
3. Economic Expert	1			
Sub-Total for I	3			
II. OUT-OF-POCKET EXPENSES				
PARTICULAR	Unit	Quantity	Unit Price	Total Amount
1. International Travel ^{1/}	Trips			
2. Miscellaneous Travel Expenses ^{2/}	No.			
Sub-Total for II				
TOTAL FOR A				
VAT 12% (FOREIGN CURRENCY COST)				
GRAND TOTAL FOREIGN CURRENCY COST (In U.S. DOLLAR)				
Position	No. of Person/s	Input (Staff-months)	Billing Rate/Month	Total Amount
B. LOCAL CURRENCY COST				
I. REMUNERATION FOR LOCAL CONSULTANT & SUPPORT STAFF				
PROFESSIONAL STAFF				
1. Project Manager	1			
2. Water Supply Specialist	2			
3. Sewerage and Sanitation Specialist	2			
4. NRW Reduction Specialist	2			
5. Cost Engineer	10			
6. Financial Expert	1			
7. Financial Audit Manager	2			
8. Financial Modeller	1			
9. Demographic Specialist	1			
10. Legal Adviser	1			
Sub-total	23			
SUPPORT STAFF				
1. Administrative Officer	1			
2. Junior Engineer/ Senior Researcher	10			
3. Financial Auditor	12			

4. Secretary/Encoder	4			
5. Stenographer	2			
6. Utility/Messenger	1			
Sub-total	30			
TOTAL FOR I	53			
PARTICULAR	Unit	Quantity	Unit Price	Total Amount
II. OUT-OF-POCKET/REIMBURSABLE EXPENSES				
1. HOUSING AND PER DIEM (Expatriate Consultant)	Days			
Sub-total 1				
2. TRANSPORTATION				
a. Rental of Vehicle (2-units with driver)	Days			
b. Fuel (2 units x 198 days)	liters			
Sub-total 2				
3. EQUIPMENT/MATERIAL TESTING	L.S.			
Sub-total 3				
4. OTHER INDIRECT COST & MISCELLANEOUS EXPENSES				
a. Consumable Office Supplies	months			
b. Printing and Report Reproduction	months			
c. Communication Expenses	months			
d. Pantry Supplies (coffee, sugar, etc.)	months			
e. Heavy Duty Colored Printer	units			
f. Laptop Computer (with license OS & Office Application)	units			
g. Meeting Expenses	months			
Sub-total 4				
TOTAL FOR II				
TOTAL FOR B				
VAT 12% (LOCAL CURRENCY COST)				
GRAND TOTAL LOCAL CURRENCY COST (In PhP)				
TOTAL PROJECT COST (In PhP)				

FPF 3. BREAKDOWN OF PRICE PER ACTIVITY

Activity No.:_____	Activity No.:_____	Description:_____
Price Component	Currency(ies) ²	Amount in Philippine Peso
Remuneration		
Reimbursables		
Miscellaneous Expenses		
Subtotal		_____

² In cases of contracts involving foreign consultants, indicate the exchange rate used.

FPF 4. BREAKDOWN OF REMUNERATION PER ACTIVITY

Activity No. _____		Name: _____		
Names	Position	Input ³	Remuneration Currency(ies) Rate	Amount
Regular staff				
Local staff				
Consultants				
Grand Total				_____

³ Staff months, days, or hours as appropriate.

FPF 5. REIMBURSABLES PER ACTIVITY

Activity No: _____

Name: _____

No.	Description	Unit	Quantity	Unit Price In	Total Amount In
1.	International flights _____	Trip			
2.	Miscellaneous travel expenses	Trip			
3.	Subsistence allowance	Day			
4.	Local transportation costs ⁴				
5.	Office rent/accommodation/ clerical assistance				
	Grand Total				_____

⁴ Local transportation costs are not included if local transportation is being made available by the Entity. Similarly, in the project site, office rent/accommodations/clerical assistance costs are not to be included if being made available by the Entity.

FPF 6. MISCELLANEOUS EXPENSES

Activity No. _____ Activity Name: _____

No.	Description	Unit	Quantity	Unit Price	Total Amount
1.	Communication costs between _____ and _____ (telephone, telegram, telex)				
2.	Drafting, reproduction of reports				
3.	Equipment: vehicles, computers, etc.				
4.	Software				
	Grand Total				_____

FORM OF CONTRACT AGREEMENT

THIS AGREEMENT, made this *[insert date]* day of *[insert month]*, *[insert year]* between *[name and address of Procuring Entity]* (hereinafter called the “Entity”) and *[name and address of Consultant]* (hereinafter called the “Consultant”).

WHEREAS, the Entity is desirous that the Consultant execute *[name and identification number of contract]* (hereinafter called “the Works”) and the Entity has accepted the bid for *[insert the amount in specified currency in numbers and words]* by the Consultant for the execution and completion of such Consulting Services and the remedying of any defects therein.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In this Agreement, words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract hereinafter referred to.
2. The following documents shall be attached, deemed to form, and be read and construed as part of this Agreement, to wit:
 - (a) General and Special Conditions of Contract;
 - (b) Terms of Reference
 - (c) Request for Expression of Interest;
 - (d) Instructions to Consultants;
 - (e) Best and Final Offer Data Sheet;
 - (f) Addenda and/or Supplemental Bulletins, if any;
 - (g) Bid forms, including all the documents/statements contained in the Bidder’s bidding envelopes, as annexes, and all other documents/statements submitted (*e.g.*, bidder’s response to request for clarifications on the bid), including corrections to the bid, if any, resulting from the Procuring Entity’s bid evaluation;
 - (h) Eligibility requirements, documents and/or statements;
 - (i) Performance Security;
 - (j) Notice of Award of Contract and the Bidder’s conforme thereto;
 - (k) Other contract documents that may be required by existing laws and/or the Entity.
3. In consideration of the payments to be made by the Entity to the Consultant as hereinafter mentioned, the Consultant hereby covenants with the Entity to execute and complete the Consulting Services and remedy any defects therein in conformity with the provisions of this Consultant in all respects.

4. The Entity hereby covenants to pay the Consultant in consideration of the execution and completion of the Consulting Services, the Contract Price or such other sum as may become payable under the provisions of this Contract at the times and in the manner prescribed by this Contract.

IN WITNESS whereof the parties thereto have caused this Agreement to be executed the day and year first before written.

Binding Signature of Procuring Entity

Binding Signature of Consultant

[Addendum showing the corrections, if any, made during the bid evaluation should be attached with this agreement]

Section VIII. Appendices

I. Description of Services

Give detailed descriptions of the Services to be provided, dates for completion of various tasks, place of performance for different tasks, specific tasks to be approved by Client, etc.

II. Reporting Requirements

List format, frequency, and contents of reports; persons to receive them; dates of submission; etc. If no reports are to be submitted, state here “Not applicable.”

III. Key Personnel and Subconsultants

List under:

1. Titles [and names, if already available], detailed job descriptions and minimum qualifications, and staff-months of service, and estimated periods of engagement for each, including a copy of a satisfactory medical certificate.
2. Same information as in no. 1 for Key foreign Personnel to be assigned to work outside the Government’s country.
3. Same information as in no.1 for Key Local Personnel.
4. List of approved Subconsultants (if already available) and Counterpart personnel (if allowed); same information with respect to their Personnel as in no.’s 1 and 2.

IV. Breakdown of Contract Price

List here the elements of cost, including expenditures in foreign currency(ies) denominated and payable in Philippine Peso, used to arrive at the itemized breakdown of the contract price:

1. Monthly rates for Personnel (Key Personnel and other Personnel)
2. Reimbursable expenditures
3. Applicable taxes

V. Services and Facilities Provided by the Client

Give detailed description of the services and facilities made available to the Consultant, and the time and manner of its availment.

VI. Consultant's Representations Regarding Costs and Charges

Breakdown of Remuneration Rates, WB funded projects using Quality Based Selection, Selection Based on the Consultant's Qualifications and Single Source Selection.

1. Review of Remuneration Rates

1.1 The remuneration rates for staff are made up of salary, social costs, overheads, fee that is profit, and any premium or allowance paid for projects away from headquarters. To assist the Consultant in preparing for financial negotiations, a sample form giving a breakdown of rates is attached (no financial information should be included in the Technical Proposal). Agreed breakdown sheets shall form part of the negotiated contract.

1.2 The Procuring Entity is charged with the custody of Government funds and is expected to exercise prudence in the expenditure of these funds. The Procuring Entity is, therefore, concerned with the reasonableness of the firm's Financial Proposal, and, during negotiations, it expects to be able to review audited financial statements backing up the Consultant's remuneration rates, certified by an independent auditor. The Consultant shall be prepared to disclose such audited financial statements for the last three years, to substantiate its rates, and accept that its proposed rates and other financial matters are subject to scrutiny. Rate details are discussed below.

(i) Salary

This is the gross regular cash salary paid to the individual in the Consultant's home office. It shall not contain any premium for work away from headquarters or bonus (except where these are included by law or government regulations).

(ii) Bonus

Bonuses are normally paid out of profits. Because the Procuring Entity does not wish to make double payments for the same item, staff bonuses shall not normally be included in the rates. Where the Consultant's accounting system is such that the percentages of social costs and overheads are based on total revenue, including bonuses, those percentages shall be adjusted downward accordingly. Where national policy requires that thirteen (13) months' pay be given for twelve (12) months' work, the profit element need not be adjusted downward. Any discussions on bonuses shall be supported by audited documentation, which shall be treated as confidential.

(iii) Social Costs

Social costs are the costs to the Consultant of staff's non-monetary benefits. These items include, *inter alia*, pension, medical and life insurance costs, and the cost of a staff member being sick or on vacation. In this regard, the cost of leave for public holidays is not an acceptable social cost nor is the cost of leave taken during the Contract if no additional staff replacement has been provided. Additional leave taken at

the end of the Contract in accordance with the Consultant's leave policy is acceptable as a social cost.

(iv) Cost of Leave

The principles of calculating the cost of total days leave per annum as a percentage of basic salary shall normally be as follows:

$$\text{Leave cost as percentage of salary}^5 = \frac{\text{total days leave} \times 100}{[365 - w - ph - v - s]}$$

It is important to note that leave can be considered a social cost only if the Procuring Entity is not charged for the leave taken.

(v) Overheads

Overhead expenses are the firm's business costs that are not directly related to the execution of the project and shall not be reimbursed as separate items under the Contract. Typical items are home office costs (partner's time, non-billable time, time of senior staff monitoring the project, rent, support staff, research, staff training, marketing, etc.), the cost of staff not currently employed on revenue-earning projects, and business promotion costs. During negotiations, audited financial statements, certified as correct by an independent auditor and supporting the last three years' overheads, shall be available for discussion, together with detailed lists of items making up the overheads and the percentage by which each relates to basic salary. The Procuring Entity does not accept an add-on margin for social charges, overhead expenses, etc., for staff who are not permanent employees of the firm. In such case, the firm shall be entitled only to administrative costs and fee on the monthly payments charged for subcontracted staff.

(vi) Fee or Profit

The fee or profit shall be based on the sum of the salary, social costs, and overhead. If any bonuses paid on a regular basis are listed, a corresponding reduction in the profit element shall be expected. Fee or profit shall not be allowed on travel or other reimbursable expenses, unless in the latter case an unusually large amount of procurement of equipment is required. The Consultant shall note that payments shall be made against an agreed estimated payment schedule as described in the draft form of the Contract.

(vii) Away from Headquarters Allowance or Premium

Some consultants pay allowances to staff working away from headquarters. Such allowances are calculated as a percentage of salary and shall not draw overheads or profit. Sometimes, by law, such allowances may draw social costs. In this case, the amount of this social cost shall still be shown under social costs, with the net allowance shown separately. For concerned staff, this allowance, where paid, shall cover home education, etc.; these and similar items shall not be considered as reimbursable costs.

(viii) Subsistence Allowances

⁵ Where w = weekends, ph = public holidays, v = vacation, and s = sick leave.

Subsistence allowances are not included in the rates, but are paid separately and in local currency. No additional subsistence is payable for dependents — the subsistence rate shall be the same for married and single team members.

UNDP standard rates for the particular country may be used as reference to determine subsistence allowances.

2. Reimbursables

2.1 The financial negotiations shall further focus on such items as out-of-pocket expenses and other reimbursables. These costs may include, but are not restricted to, cost of surveys, equipment, office rent, supplies, international and local travel, computer rental, mobilization and demobilization, insurance, and printing. These costs may be either fixed or reimbursable in foreign or local currency.

3. Bank Guarantee

3.1 Payments to the Consultant, including payment of any advance based on cash flow projections covered by a bank guarantee, shall be made according to an agreed estimated schedule ensuring the firm regular payments in local and foreign currency, as long as the services proceed as planned.

VII. BREAKDOWN OF AGREED FIXED RATES⁶

[Currencies: _____⁷]

Consultants		1	2	3	4	5	6	7
Name	Position	Basic Rate ⁸	Social Charge (__% of 1)	Overhead (__% of 1)	Subtotal	Fee (__% of 4)	Away from Headquarters Allowance (__ % of 1)	Total Agreed Fixed Rate
Philippines								
Home Office								

Signature of Consultant: _____

Date: _____

Authorized Representative: _____

Name: _____

Title: _____

⁶ This model form is given for negotiation purposes only. It is not part of the proposals (technical or financial).

⁷ If different currencies, a different table for each currency should be used.

⁸ Per month, day, or hour as appropriate.

