Request for Quotation (RFQ)

Activity Proposal: IA-CEPA Impact Research Method Design

Activity Summary	
RFQ Activity title:	IA-CEPA Impact Research Method Design
RFQ Issue Date:	10 May 2021
Activity proposed start date:	1 July 2021
Activity proposed end date:	31 September 2021
Services to be Supplied:	To develop the research methodology to measure the social and economic benefits of IA-CEPA implementation for Indonesia. Please refer to the Annex A of this document.
Location:	Services to be delivered in Jakarta (mix of remote work and face to face meetings in Jakarta)
Direct beneficiary/beneficiaries (business, businesses, sectors):	Indonesian Government – Bappenas, Ministry of Trade, Ministry of Agriculture, BKPM, Coordinating Ministry of Economic Affairs, BPS (Statistics Indonesia), Ministry of Cooperatives and SME Development. The research methodology will also benefit the Australian Government and Katalis by indicating how IA-CEPA implementation is being maximised to deliver mutual benefit.
Total beneficiary co-contribution (AUD), including in-kind support:	In-kind support from Bappenas and BPS to provide coordination, data and information
Implementing Partners:	An economic research firm will be engaged and work in partnership with Katalis and Bappenas to develop the research methodology. Bappenas and Katalis will implement the research.
Indirect/broader benefits for Indonesia and Australia (is the activity catalytic?):	Builds advocacy for ongoing trade liberalisation, market access, skills development and economic integration amongst key Indonesian stakeholders.
Gender and Social Inclusion Impact(s):	The research methodology will include an analysis of the social and economic benefits of gender and social inclusion under IA-CEPA and Katalis.
Advisory Team details and costs	The bidder will provide a detailed list of positions and estimated number of input days per person:

Name	Position	Daily/Monthly Rate (International ARF/Local)	Number of Days/Months

The bidder's proposal must meet the following criteria:

	- Bidders should list all key positions and people (name on position) that form part of this bid in the format of the table above; - Bidders may add as many or as few consultant positions as required to meet the requirements of the terms of reference; and - Bidders must attach a detailed CV of all listed/nominated persons). *These inputs must cover sufficient inputs for designing and carrying out all activity tasks. Overheads, administration, and other costs do not need to be listed here (other costs can be listed as reimbursable or as part of management fee overhead).*
Reimbursable Costs:	Katalis will pay to the bidder reimbursable expenses incurred by the bidder for the delivery of the Services. The bidder should detail these costs in their cost proposal.
Total funds requested:	Katalis funding maximum budget is AUD $50,000.
Evaluation Methodology:	Katalis will conduct an initial assessment of Technical Proposals. The Technical Proposal will be evaluated against the Selection Criteria listed below: - The Organisational Capacity of the bidder to deliver the Services - Weighting **[10%]**. This will include past experience relevant to the required scope of work, including a minimum of ten years of experience designing and carrying out research activities for a variety of governmental and non-governmental clients. - The relevant expertise, qualifications and experience of the proposed personnel to perform the Services to a satisfactory standard – Weighting **[20%]**. This will require a proven track record of high-quality, policy-research reports and presentation of research results that meet clients' standards. Those with a proven track record of high-quality data management and contribution to research results that meet clients' standards will be prioritised. - Bidders should highlight in their proposal their methodological approach to this research including how they plan to address a lack of data availability in a cost-effective manner – Weighting **(20%)** - Ability to operate under strict time limits and apply high production and technical standards for the purpose of maintaining high level of professionalism and confidentiality – Weighting **[5%]**. - Jakarta-based, native Indonesian speakers with excellent command of written and spoken English. – Weighting **[5%]**. - The bidder will deliver a 20-minute pitch to Katalis outlining why they should be chosen as the preferred bidder. This will include outlining the bidder's approach to delivering the services – Weighting **[20%]**. This will be done as part of an online meeting. The bidder's financial rates including organisational management fee and individual adviser rates – Weighting **[20%]**.

RFQ Format:	The Tender must be provided in the following format:
	Technical Proposal
	• A written proposal of no more than [15] pages individually addressing each of the selection criteria detailed above.
	• A Contractor Personnel Register, nominating an adviser for each of the positions specified above;
	• A CV of no more than [2] A4 pages for each adviser nominated;
	• IF INVITED TO INTERVIEW, bidders will need to deliver a 20-minute pitch online presentation.
	Price Proposal (for Indonesian company, submission must be in IDR):
	1. **A Management Fee**, expressed as a percentage of adviser remuneration.
	2. **A remuneration rate** for each of the nominated adviser specified for each position.
	3. **A full list of reimbursable expenses** highlighting the number of units to be used and a unit cost for each cost category type (e.g. accommodation, per diem, flights, meeting expenses, communication costs etc.)
Quote Due Date and Time	All proposals and quotes must be received **by 5 pm on Monday, 31 May 2021.**
Instructing Officer	Please submit quotes and any questions/communications by email to: Name: Jeane Anata Panannangan Email: Jeane.Anata@prospera.or.id For any questions regarding this RFQ/activity, please submit is before 25 May 2021.
Due Diligence	As part of DFAT Risk Assessment, Cardno will conduct due diligence assessment for the preferred bidder in accordance with the DFAT's Due Diligence Framework. Detailed information can be found via the link: https://dfat.gov.au/about-us/publications/Documents/due-diligence-framework.pdf

Activity Objective, Description and Rationale

Activity objective(s):

The objective is to develop the research methodology to measure the social and economic benefits of IA-CEPA implementation for Indonesia, with the longer term aim that Bappenas can apply the methodology to other Preferential Trade Agreements (PTAs).

The intended outcome is to build stronger advocacy for PTAs within the Indonesian government by demonstrating the social and economic benefits of IA-CEPA. This should lead to greater government and business sector engagement with Katalis and longer-term support for maximising the benefits of implementing IA-CEPA and other PTAs.

Activity description:

IA-CEPA is considered one of the most comprehensive trade agreements signed by the Indonesian Government[1]. It goes beyond traditional PTAs to encompass broader economic cooperation and relations. As well as significant tariff reductions on goods for both countries, the agreement also covers cooperation in vocational education training and higher education as well as supporting significant investment in services. The agreement provides pathways for increased Australia-Indonesia economic partnerships through greater investment opportunities, more business certainty and increased potential for skill development and knowledge transfer.[2] It provides more certainty for Australian businesses to bring capital, practical knowledge and technical expertise to important sectors in Indonesia such as education, tourism, communications, health, aged care, legal, financial, infrastructure, transport and mining.[3] These opportunities have the potential to expand trade and increase social and economic growth in both countries.

Despite the optimism around the ratification of IA-CEPA within Indonesia and Australia, consultation with many government stakeholders[4] also identified a degree of scepticism about the economic and social benefits of PTAs to Indonesia. During the program design phase it was agreed that the Australian Government would support Bappenas to monitor and evaluate the benefits of IA-CEPA implementation, including how IA-CEPA contributes towards the fulfillment of Indonesia's National Medium -Term Development Plan 2020-2024[5] (RPJMN 2020-2024). The objective is to demonstrate the tangible benefits of IA-CEPA and build broad-based support for PTAs within Indonesia using an evidence base.

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[1] A New Platform for Deepening Economic Ties: The Indonesia-Australia Comprehensive Economic Partnership Agreement. September 2019. Perth USA Centre

[2] Indonesia-Australia Comprehensive Partnership Agreement Fact Sheet on Services – www.dfat.gov.au/fta/iacepa

[3] Ibid

[4] This refers to consultation during the design of the Economic Cooperation Program in late 2019.

[5] Under the agreed Plan of Action for the Indonesian-Australia Comprehensive Strategic Partnership 2020-2024 Australia and Indonesia agreed to work together to ensure the bilateral development cooperation reflects the priorities of Indonesia's Medium Term Development Plan 2020-2024.

The first step in being able to monitor and evaluate the benefits of IA-CEPA is to develop a practical research methodology that can be implemented by Bappenas, with the support of Katalis, over a four-year period to capture the tangible and intangible benefits of IA-CEPA implementation to Indonesia including to its businesses and consumers as well as bilateral relations. The research methodology must consider the benefits of gender equality and social inclusion in trade and investment as part of the framework.

The research methodology needs to be able to address the following three key evaluation questions:

1. *What are the potential social and economic benefits of IA-CEPA to Indonesia?*

2. *To what extent are the social and economic benefits of IA-CEPA being realised by Indonesia?*

3. *How can the social and economic benefits of IA-CEPA be maximised?*

This research methodology will need to consider current data availability and the capacity of Bappenas, BPS and other government institutions to provide up to date data and information to support the research. Where data is lacking, the methodology will need to advise on cost effective approaches to address data gaps.

The research methodology must be able to be successfully implemented by Bappenas, in partnership with Katalis, covering the period October 2021 to January 2025. The research methodology should also be adaptable to other PTAs being implemented by the Government of Indonesia.

The finalisation of the research methodology will be followed by a participatory training program to assist M&E staff in Bappenas to implement the approach using government systems and resources.

The methodology will be trialled between October-December 2021 with the initial results inputting to the first Katalis annual report.

Direct and indirect beneficiaries:

The direct beneficiaries of this research methodology will be Bappenas and the Government of Indonesia. It will provide the Government of Indonesia with an evidence base to advocate for IA-CEPA and other PTAs while optimising the implementation of IA-CEPA.

Preconditions and related activities:

This activity will require support from Bappenas and other GoI ministries to provide data collection and coordination.

The research firm will need access to IA-CEPA documentation and access to Indonesian Government officials to understand existing data sources and capacity.

The results of the research will input to the Katalis mid-term review and end of program review.

Strategic Approach and Activity Logic

Strategic approach:

The research methodology will be proposed by an economic research consultancy firm with experience in analysing the impact of PTAs and an ability to work with the Government of Indonesia. They will work in close partnership with Bappenas and Katalis when developing the methodology to ensure it is practical and fit for purpose.

The strategic approach will involve analysing the potential social and economic benefits of IA-CEPA for Indonesia, its businesses and consumers. This will be used to develop a theoretical framework indicating what and when benefits (or outcomes) could be expected if the opportunities under IA-CEPA are maximised.

The research methodology will be designed to track the contribution of IA-CEPA to social and economic growth in Indonesia (contribution analysis) and also compare the actual benefits delivered to those expected by the theoretical framework. This approach will provide a metric to determine overall performance while identifying areas that could be strengthened.

Activity logic:

The logic is that if a robust research methodology can be developed for IA-CEPA, that is fit for purpose, then Bappenas can apply this to other PTAs to analyse overall benefits.

If the research methodology can be successfully applied to IA-CEPA then Katalis can also use this as an evidence base to promote the program to government and the business community to attract broad based support. In this sense it will have catalytic properties in triggering interest in investment and leveraging from the benefits IA-CEPA has to offer.

Gender and social inclusion strategy and focus:

The benefits of gender equality and social inclusion delivered through IA-CEPA will be included in the research methodology. These will be highlighted to build advocacy amongst government and the business community for a stronger focus on gender equality and social inclusion in business decisions and trade.

Sustainability strategy:

The research methodology will be developed for Bappenas to implement. During the first phase of the program, Bappenas will be supported by Katalis to ensure the approach can be implemented in the long term. Initially Katalis will support Bappenas with training, tools and templates once the research methodology has been developed.   Findings will also inform the review of IA-CEPA and the Katalis program going forward.

Identification of alternative options or strategies:

The alternative considered is to not undertake this research and focus on monitoring and evaluating specific outputs and outcomes from Katalis investments. This is being done as part of the normal MEL process. While this will demonstrate the performance of Katalis, it will not indicate whether IA-CEPA is delivering the broader social and economic benefits indicated under the agreement.

To build advocacy and support for IA-CEPA and PTAs in general, it will be important to clearly demonstrate the broader social and economic benefits of IA-CEPA; and provide the Indonesian Government with the tools and techniques to evaluate other PTAs in the longer term.

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Activity tasks:

The following is a suggested approach. Alternative approaches can be proposed by the selected consultants.

1. Literature review on approaches to PTA impact analysis to understand the types of quantitative and qualitative methods used. (5 days).

2. Analysis of IA-CEPA and expected benefits. This will involve a review of IA-CEPA documentation and may require interviews with key proponents of IA-CEPA in Indonesia. It will form the basis of a background study on the expected benefits of IA-CEPA in order to identify sectors where social and economic benefits are expected. The analysis of benefits will include a focus on gender equality and social inclusion (15 input days)

3. Based on the above tasks, develop a theoretical framework illustrating the social and economic benefits of IA-CEPA overall and by sector in the short (1-2 years), medium (2-5 years) and long term (5-10 years). (5 input days)

4. Review the RPJMN for areas where IA-CEPA may impact GoI KPIs (either positively or negatively). This may involve discussions with Bappenas and other Indonesian Government agencies (5 input days)

5. Develop initial research methodology based on the background study and the theoretical framework for when and where benefits should be delivered. The research methodology may involve a combination of contribution analysis, economic modelling, mixed method research (quantitative and qualitative), case study analysis and tracer studies. (10 days)

6. Identify data needs to undertake the research. Include the sampling methodology and time frame for a phased approach to the research. (5 days)

7. Based on the data needs, collaborate with the Government of Indonesia on data sources, data sharing requirements, data gaps and requirements for interagency collaboration. (10 days)

8. Develop the draft research methodology, including any data collection requirements, tools and templates, based on a 4-year monitoring program (October 2021-October 2025) with annual reporting. (10 days)

9. Based on the draft research methodology, identify any capacity gaps in Bappenas and make recommendations on training requirements. (5 days)

The training program will be the subject of a separate activity and is not part of the requirements for this activity proposal.

Outputs and timeline:

	Output	Timing
1	Inception Report – approach and schedule to undertaking the activity	End of Week 2
2	Background study – expected social and economic benefits of IA-CEPA to Indonesia by sector and indicative time frame	End of Week 5
3	Theoretical framework for benefits delivery	End of Week 6
4	Expected contributions to RJPMN	End of Week 7
5	Draft Research Methodology	End of Week 9
6	Final Research Methodology	End of Week 12

It is expected all outputs will be delivered as MS Word documents in English. Katalis will organise for the outputs to be translated in Bahasa Indonesia as required.

Budget and Resources

Katalis Budget requested:

Up to a maximum of AUD $50,000

Resources required (staff, equipment etc):

Indonesian research/consultant firm specialising in economic modelling and forecasting with experience in analysing the social and economic benefits of PTAs.

Expertise required would include economic modelling, forecasting, monitoring, evaluation and research design.

Co-contributions (in-kind support):

Katalis and Bappenas will contribute time and resources to support the consultants develop a research methodology that is fit for purpose.

It is expected that Bappenas will be part of a steering committee to oversee the activity and provide access to staff, data and information to support the activity and liaise with relevant government agencies, such as BPS and MoT when required.

Communication and activity/output socialisation requirements (if any):

The activity should be promoted to relevant government agencies to raise awareness of the activity and to encourage collaboration.

One of the objectives is to build government, business and consumer advocacy for PTAs. The results should be promoted as a sound evidence base to support the broader understanding of the impact of PTAs.

Once the research methodology has been applied the results should be progressively released to government and the business sector to build ongoing support for IA-CEPA implementation and business engagement through Katalis.

Procurement

Procurement plan:

Procurement will be targeted to local (Indonesian) economic research consultancy firms. Three to four firms will be targeted through an open procurement process.

Monitoring and Evaluation

Activity monitoring:

The outputs will be reviewed progressively by a steering committee comprising representatives from Bappenas and Katalis. Milestone payments will be tied to the delivery and quality of the outputs.

Impact evaluation:

The efficacy of the research methodology will be tested with Bappenas. Once the research methodology has been adopted the application of this methodology in Bappenas will be documented as part of the Katalis annual reporting process. The results of the initial trials will be reported in January 2022.

Value for money assessment:

The use of a local consulting firm with quality assurance provided by Katalis and Bappenas will ensure good value for money. Katalis and Bappenas will provide guidance and connect the consultants to organisations who specialise in this type of work to ensure the approach is robust and fit for purpose

Governance and Management

Oversight and the authorising environment:

The activity will be overseen by the Katalis MA Technical Lead and MEL Adviser and a senior official from Bappenas.

Management:

A management committee will be established to provide direction and technical guidance to the consultants engaged to undertake the research methodology and to recommend payment of milestone payments. The committee will consist of the Katalis MA Technical Lead, MEL Adviser, GESI Adviser and a senior representative from Bappenas.

Katalis Lead Adviser (Katalis Sponsor) and quality assurance:

The Katalis MEL Adviser will be the sponsor and provide overall quality assurance of results to ensure the research methodology is fit for purpose and aligns with the objectives of Katalis.

Risk assessment matrix and management plan:

Risk	Impact	Probability			Mitigation measures	Expected Risk level after mitigation	Responsibility
		L	C	R			
Management and Operating Environment							
The activity is more complicated than anticipated due to the breadth and depth of IA-CEPA.	The research methodology becomes too complicated and expensive to implement successfully. Bappenas do not implement due to limited capacity and value.	4	4	H	The research methodology will focus on specific sectors of highest potential and importance and key indicators rather than trying to cover all areas of the agreement. Case studies will also be used to demonstrate the potential benefits in key sectors. The areas of focus will be agreed upon by the steering committee.	M	MEL Adviser
Partner capacity and relationships							
Bappenas do not have any capacity to implement the research	The approach is not sustainable and Katalis assumes most of the	3	4	M	Katalis will work with Bappenas to ensure the research methodology is fit for purpose and can be implemented with existing resources. Training support will be provided if necessary,	M	MEL Adviser / Bappenas

Risk	Impact	Probability			Mitigation measures	Expected Risk level after mitigation	Responsibility
		L	C	R			
methodology within their annual work cycle.	work in order to measure the impact.				to ensure Bappenas have the capability. Katalis will provide initial support and gradually transition all responsibility to Bappenas once the research methodology has been proven to be effective.		
Insufficient data is available to demonstrate the benefits of IA-CEPA implementation	The results are unreliable and not defensible due to poor data availability.	3	4	M	The methodology will take into account existing data sources and its limitations. Case studies will supplement standard data collection functions of government. Contribution analysis will be used to demonstrate the actual contribution of IA-CEPA to changes in broader KPIs.	L	MEL Adviser / Bappenas
Political							
The research methodology fails to convincingly demonstrate any tangible benefits of IA-CEPA implementation to the Indonesian Government. Results are contested.	The Indonesian Government and business sector do not engage with Katalis due to insufficient evidence	3	4	H	Mixed methods research will be advocated to ensure benefits can be measured at many levels, including through specific case studies. A combination of success stories, contribution analysis and comparisons to baselines will be used to demonstrate benefits.	M	MEL Adviser

Risk	Impact	Probability			Mitigation measures	Expected Risk level after mitigation	Responsibility
		L	C	R			
	that benefits are being delivered.						
Gender and Social Inclusion							
The research methodology fails to demonstrate how a focus on gender equality and social inclusion delivers broader social and economic benefits.	A focus on GESI is not seen as important by government and business	3	4	H	The Katalis Gender and MEL Advisers will work with the consultants to ensure there is a focus on gender equality and social inclusion as part of the research methodology.	M	GESI Adviser / MEL Adviser

KEY

L = Likelihood of occurrence (1: Rare, 2: Unlikely, 3: Possible, 4: Likely, 5: Highly likely)

C = Consequence of occurring (1: Negligible, 2: Minor, 3: Moderate, 4: Major, 5: Severe)

R = Risk level (combination of above 2 assessments) (L = Low, M = Medium, H = High, E = Extreme