



**ASEAN-AUSTRALIA DEVELOPMENT COOPERATION PROGRAM (AADCP)
PHASE II**

**TERMS OF REFERENCE
FOR
Development of Framework for Improving ASEAN Infrastructure Productivity**

The ASEAN Secretariat (ASEC) and the Australian Government, through AADCP II, invite applications from consultants for the above-referenced project.

I. Background

The ASEAN Leaders adopted the [Master Plan on ASEAN Connectivity \(MPAC\) 2025](#) at the 28th ASEAN Summit on 6 September 2016 in Vientiane, Lao PDR. ASEAN aims to build a seamlessly and comprehensively connected and integrated ASEAN that will promote competitiveness, inclusiveness, and a greater sense of Community through five strategic areas, namely, sustainable infrastructure, digital innovation, seamless logistics, regulatory excellence, and people mobility.

The strategic area of sustainable infrastructure comprises the following initiatives and their respective first projects:

MPAC 2025 Sustainable Infrastructure Initiatives	First Project
Initiative 1: <i>Establish a rolling priority pipeline list of potential ASEAN infrastructure projects and sources</i>	Establishing the Initial Rolling Priority Pipeline of Potential ASEAN Infrastructure Projects
Initiative 2: <i>Establish an ASEAN platform to measure and improve infrastructure productivity</i>	Developing a Framework for Assessing and improving ASEAN Infrastructure Productivity
Initiative 3: <i>Develop sustainable urbanisation strategies in ASEAN cities</i>	Study to Advance Sustainable Urbanisation in ASEAN

This project proposal describes the first project under MPAC 2025 Initiative 2: *Establish an ASEAN platform to measure and improve infrastructure productivity*. ASEAN is situated in a dynamic environment where it needs to address the challenge of improving overall productivity to sustain economic progress. Considering that more than 90 million people is expected to move to cities within ASEAN by 2030, there is a need to take into careful consideration the opportunities to observe efficient and sustainable use of resources in the region.

In the infrastructure sector, more than \$110 billion needs to be invested annually in ASEAN in order to meet the development needs of the ASEAN Member States. This is roughly two to six times the annual amount spent historically.

There is a need to engender productivity in the process of infrastructure development in ASEAN. Given multiple infrastructure requirements with scarce resources available, it is important for ASEAN Member States to ensure that the impact of every dollar invested is maximised by finding ways to reduce the costs and

time of developing infrastructure projects without affecting its performance. Moreover, ASEAN Member States also need to ensure continuous efficiency of existing infrastructure.

Past academic work has found opportunities to reduce the cost of infrastructure by around 40 percent and improve infrastructure productivity.¹ This approach is based on several principles, among others: better project selection process, sound engineering design, more efficient delivery, and emphasis on maximising the life span and capacity of existing assets.

In addition to investing in new projects, ASEAN Member States can address some infrastructure needs by getting more out of existing capacity. Boosting asset utilisation, optimising maintenance planning, and expanding the use of demand-management measures can generate savings. There are significant opportunities to improve the efficiency of existing infrastructure across ASEAN Member States. For example, the share of water lost due to leaking pipes may be improved through suitable engineering designs and strict adherence to maintenance schedules. Reducing transmission and distribution losses in water and power often costs less than adding the equivalent in new production capacity and can be accomplished significantly faster.

When it comes to road transport, besides addressing traffic issues by attempting to widen arterial roads into a city, some countries are adopting innovative approaches to enhancing public transport and rethinking urban planning such as implementing dynamic road pricing, congestion pricing, or vehicle quota system.

When poor project selection process occurs, infrastructure investment may lower overall economic productivity and may crowd out more efficient projects.² Sound project selection involves integrating infrastructure and land use choices into a long-term national or regional plan, having clear objectives and conducting rigorous cost-benefit analysis which considers the impact of risks and risk mitigation. Streamlining project delivery can save up to 15 percent of total investment annually while accelerating timelines materially.³ Some of the barriers in ASEAN Member States include local content requirements which are not tailored to the capabilities of the local production base, contracts have mismatches in risk allocation and rewards, and opportunity costs of delayed project implementation.

Strong review of the financing modality is also necessary to mobilise appropriate funding sources for infrastructure projects. Building resilience against natural disasters is also another important consideration in infrastructure development.

The above are necessary factors to be considered in developing an infrastructure productivity framework among ASEAN Member States⁴. There is a need to develop

¹ *Infrastructure productivity: How to save \$1 trillion a year*, McKinsey Global Institute, January 2013.

² Public Infrastructure, *Productivity Commission inquiry report*, volume 1, number 71, Australian Government Productivity Commission, May 2014.

³ *Infrastructure productivity: How to save \$1 trillion a year*, McKinsey Global Institute, January 2013.

⁴ A framework is defined by Oxford dictionaries as “a basic structure underlying a system, concept, or text”. <https://en.oxforddictionaries.com/definition/framework>, accessed on 1 October 2018.

a comprehensive framework to enhance future infrastructure planning and development. One of the underlying challenges which ASEAN Member States encountered in terms of improving infrastructure productivity is the lack of a comprehensive framework to understand the value of infrastructure productivity and the levels of assessing infrastructure productivity that covers the full range of aspects including infrastructure regulations, governance and implementation accountability, among others, for all ASEAN Member States. Infrastructure productivity involves a complex process management on several aspects such as project selection, structuring, design, financing, operation and management which require a programmatic and holistic approach in order to establish its importance as valuable consideration in reducing unnecessary costs in the life of a project.

The proposed framework will include assessment of systems, procedures and practices for areas such as project selection, project funding and financing, delivery of projects and efficiency in existing infrastructure projects among ASEAN Member States and designing policy and operational recommendations to improve infrastructure productivity based on regional and international lessons learnt and best practices.

It is critical to ensure that the wide range of stakeholders reach a common understanding and appreciation of the importance of infrastructure productivity at all levels of the infrastructure project cycle. Having a framework for assessing and improving infrastructure productivity will assist in designing policy and implementation recommendations to engender the efficient use of valuable resources such as time, finances, management and expertise, and reducing the opportunity costs of poor infrastructure performance (e.g. channelling important resources instead to other social services).

The project will benefit the infrastructure planners and implementers of the ASEAN Member States and the peoples of ASEAN as they will enjoy a productive and efficient delivery of critical infrastructure. The stakeholders that are relevant to the project may include the ASEAN Connectivity Coordinating Committee (ACCC), MPAC 2025's National Coordinators, Lead Implementing Body for the Strategic Area of Sustainable Infrastructure (LIB-SI), ASEAN Working Group on Environmentally Sustainable City (AWGESC), Senior Transport Officials Meeting (STOM), Senior Officials Meeting on Energy (SOME), Telecommunications Senior Officials Meeting (TELSOM), ASEAN Committee on Disaster Management (ACDM), ASEAN Committee on Science and Technology (COST), ASEAN Finance and Central Bank Governors Meeting (AF (AFCDM) planning and urbanisation agencies, city-level authorities, sub-regional arrangements, multilateral development banks (MDBs) such as the Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), and the World Bank, as well as other relevant international organisations, research institutes, state owned enterprises (SOEs) and the private sector. Due to the multi-sectoral nature of infrastructure cooperation and development, the level of ownership and influence of these stakeholders will be further clarified once priority areas of work are identified.

II. Needs and Objectives

The goal of the project is to promote and improve infrastructure productivity in ASEAN. As a result of this project, it is expected that the stakeholders and beneficiaries mentioned above will have a better understanding of approaches in conducting diagnostics of infrastructure productivity and more capable to make informed, evidence-based policy choices towards improved infrastructure productivity.

III. Outputs

This project will produce a Framework for Assessment of ASEAN Infrastructure Productivity containing scope, key principles, key actions, work streams of projects and activities, and implementation mechanism, including corresponding indicators.

The project will be implemented by a selected contractor, preferably an entity, who will be responsible for producing outputs. The consultant will be required to produce the following reports:

- i) Project Inception Report
- ii) Interim Report
- iii) Workshop Report(s)
- iv) Final Report
- v) Project Completion Report

Activities to be undertaken for the production of outputs and reporting may include the following:

- Drafting of an Inception Report outlining the framework of assessment, overall approach, the work plan, management plan and budget.
- Stocktake and mapping of existing frameworks, measures and diagnostics. This activity will take stock of existing infrastructure frameworks, assess advantages, disadvantages and limitations, opportunities and challenges of developing and sustaining such frameworks to reduce the cost and improving the quality of infrastructure delivery. It should also determine whether ASEAN Member States have developed and used past or current measures for infrastructure productivity, who are doing these measures (academe, private sector, govt.), how are they measured, how often, among others. It should consider enhancing the capacity of various agencies in collecting data. This activity could complement the work of other institutions in this area such as the Global Infrastructure Hub (GIH).
- Identification of proposed key measures for assessment. There will be discussion of indicators to measure improvements in infrastructure productivity, data sources and inventory, and analytics to be done, as well as approach for data collection, data use, and data custody. In identifying the proposed key measures for assessment, stakeholder consultations will be conducted with relevant national authorities, officials from relevant ministries/agencies, relevant ASEAN sectoral bodies, relevant international organisations, private sector, etc.

- Development of Framework for Assessment of ASEAN Infrastructure Productivity. This activity will involve drafting of the initial framework taking into consideration principles such as turnaround time, benchmarks and sustainability. The framework may consider the following aspects:
 - Define the scope/areas of infrastructure to be covered under the framework (ongoing and proposed/future projects, infrastructure sub-sectors, infrastructure performance and/or delivery, etc.);
 - Articulate key principles and practices for enhancing infrastructure productivity to identify opportunities to improve the planning, delivery, and operation of infrastructure to get more high-quality capacity (for example, improved project selection, more streamlined delivery, making most of existing infrastructure, robust financing and funding framework or regulations, and strong governance and capacity);
 - Identify key “actions for infrastructure productivity improvements” in ASEAN;
 - Develop work streams (sets of projects and activities) for each “productivity actions”, leveraging on existing work undertaken in those areas; and
 - Propose regional key measurement elements, approach and toolkits to evaluate the improvement to infrastructure productivity, including internal indicators and external indicators.

- Identification of implementation mechanism. This activity will put forward a mechanism to implement the key actions and corresponding work streams of the said framework to assess ASEAN infrastructure productivity in different stages of project implementation.

- Assessment of capacity building needs to implement the framework.

- Conducting a Forum on Infrastructure Productivity. A forum would be convened to discuss the proposed framework as well as approaches to and methodology to develop such a framework. The forum, to be participated by all relevant stakeholders, would also review the relevant infrastructure regulations, governance, the opportunities and challenges of infrastructure productivity, as well as deliberate on policy recommendations on infrastructure productivity in ASEAN.

- Drafting the Final Report “Framework for Improving ASEAN Infrastructure Productivity” which includes the main insights from the assessment of infrastructure productivity and value in ASEAN Member States, covering various relevant aspects including infrastructure regulations, governance and implementation accountability, among others. The Final Report would also discuss the proposed framework as well as recommendations on potential focused areas and a roadmap for initial activities of the focused areas.

- Drafting a Project Completion Report on the Framework for Improving ASEAN Infrastructure Productivity. The report finalises all project activities completed, capture learnings from the project, and provide ideas for follow-on projects.

IV. Tasks/Activities

The following activities will need to be undertaken to achieve the outputs presented above. The bidder should provide details on its approach to each activity in its bid and is free to recommend additional activities.

	Output	Activity	Person working weeks**	Completion Date	Person(s) responsible
1	Inception Report	Determine coverage of framework; define infrastructure productivity; develop overall approach, work plan, management plan and budget.	2 person weeks	1 weeks after signing of a Special Services Agreement (SSA)	Consultants to draft the report, with inputs from ASEC and AADCP II
		Presentation of the inception report to the LIB-SI			
		Circulate, revise and finalise the Inception Report based on feedback, if any			
<i>Approval of Output 1: Inception Report by LIB-SI/ASEC (4 working weeks)</i>					
2	Interim Report	Take stock, study, and review existing infrastructure frameworks and diagnostics	28 person weeks	Week 13	Consultants to lead and arrange for stock-taking, reviews, and consultations, facilitated by ASEC
		Identify and review proposed key measures for assessment, indicators and possible data sources and analytics, define data collection approach			
		Consult with key stakeholders, including officials from relevant ministries/ agencies, relevant ASEAN Sectoral Bodies, relevant international organisations, private sectors, etc			
		Draft and submit interim report summarising results of the above activities.			
		Circulate, revise and finalise the Interim Report based on feedback, if any			
<i>Approval of Output 2: Interim Report by LIB-SI/ASEC (4 working weeks)</i>					

	Output	Activity	Person working weeks**	Completion Date	Person(s) responsible
3	Forum Report on Infrastructure Productivity	Organisation of a Forum/Workshop on Infrastructure Productivity to discuss primary outcomes of the study, review proposed key measures for assessment, and further deliberate on ideas to develop framework for assessment of ASEAN Infrastructure Productivity.	2 person weeks	Week 15	Consultants to make all programmatic (content) and logistical arrangements, facilitated by ASEC
		Draft and submit a Forum/Workshop Report containing the event's proceedings, lessons learned, issues discussed, and next steps.		Two weeks after the Forum	Consultants
		Circulate, revise, and finalise the Forum Report based on feedback, if any			
<i>Approval of Output 3: Forum Report by LIB-SI/ASEC (2 working weeks)</i>					
4	Final Report: ASEAN Infrastructure Productivity	Draft, submit, revise (if required), and finalise the "Framework for Assessment of ASEAN Infrastructure Productivity", drawing on the main insights from the study and outcomes/recommendations from the Forum on Infrastructure Productivity in ASEAN. The framework should elaborate its proposed key actions and work streams, implementation mechanism/roadmap, and assessment of capacity building needs to implement the framework. The framework should also include regional key measurement elements, approach, and toolkits to evaluate the improvement to infrastructure productivity, including internal indicators and external indicators.	36 person weeks	Week 31	Consultants
		Conduct presentation to LIB-SI/ACCC to collect further feedback and inputs for the finalisation of the Framework and Roadmap	2 person weeks	Week 32	
<i>Approval of Output 4: Final Report by LIB-SI/ASEC (4 working weeks)</i>					

	Output	Activity	Person working weeks**	Completion Date	Person(s) responsible
5	Project Completion Report	Draft, submit, revise (if required), and finalise the Project Completion report which records the project achievements against the project's original intended purpose, work plan and outputs. It should assist in assessing impact, draw out conclusions and lessons learned that may be valuable in designing new related initiatives.	6 person weeks	2 weeks after approval of final report (Week 46)	Consultants
<i>Approval of Output 5: Project Completion Report by LIB-SI/ASEC (4 working weeks)</i>					
<p><i>** The number of person working weeks is intended to indicate the amount of relative effort required to deliver the corresponding outputs. The calculation is based on assumption of 5 person days per week. Actual time will be agreed in negotiation with the successful bidder.</i></p>					

V. Reporting

The consultant is expected to produce reports in accordance with Section III and IV above, including a) Inception Report; b) Interim Report; c) Workshop/Forum Report; d) Final Report; and e) Project Completion Report. The timing of delivery is indicative and can be adjusted when the consultant's work plan is developed, subject to mutual agreement.

All reports will be submitted based on AADCP II Guidelines for Contractors in draft format to the ASEAN Connectivity Division of ASEC (with a copy to AADCP II) and, following ASEC approval, in final form. All outputs and reports must be suitable for publication, although the decision on publication lies with the ASEAN.

The contractor will also provide regular (bi-weekly or monthly, or as agreed with ASEC) summation of activities undertaken and issues that have arisen. These will be submitted to ASEAN Connectivity Division and AADCP II via email.

Financial reports will be submitted at invoicing in line with a payment schedule to be specified in the Special Services Agreement (SSA).

VI. Project Management

The project will be funded by the AADCP II and managed by the ASEAN Connectivity Division of ASEC. The consultant should be responsible for organising and conducting the scheduled activities in collaboration with the host countries and ASEC.

VII. Scope of Services

The consultancy will be undertaken over a **continuous effective period of twelve (12) calendar months** with approximately **76 person weeks** of professional services. Work will commence immediately after contract signing.

VIII. Qualifications

In its proposal the bidder/bidding team should demonstrate:

- Thorough understanding and in-depth knowledge of ASEAN, ASEAN Community and ASEAN Connectivity;
- Thorough understanding of infrastructure issues, trends, and related recent developments preferably in the ASEAN context;
- Experience working with and having established network amongst urban planners as well as infrastructure cooperation and development stakeholders across ASEAN, including MDBs, SOEs, and/or the private sector;
- Proven track record in working with multi-stakeholder in a participatory manner, including with high-level government officials, bilateral and multilateral institutions, civil society and NGOs, particularly in consensus building and work plan facilitation;
- Proven track record in data collection and analysis on regional and global survey/research;

- Extensive knowledge and experience in project management;
- Thorough understanding of monitoring and evaluation of development projects, particularly in outcome setting and identification of performance indicators;

A thorough understanding of ASEAN, ASEC and AADCP II procedures will be considered of added value.

IX. Bidding

Interested consulting firms are invited to submit a proposal in response to these Terms of Reference. This proposal should be in two parts: **Technical** and **Financial components**.

The Technical component should present the following information:

- A brief discussion indicating the bidder's understanding of the needs of the project;
- A brief analysis of key issues;
- A methodological discussion of how the bidder proposes to address those needs including assessment of key issues, analytical strategies that will underlie the project, specific techniques to be utilised, and practical discussion of possible limitations in carrying out the project;
- A detailed work plan that specifies activities to be undertaken, expected outputs and deliverables, resources to be utilised and timing;
- Staffing and management plan;
- A discussion on how to address and ensure the future sustainability of the outcomes of the project;
- Detailed CVs of all proposed experts;
- Brief discussion of the firm's past experience in undertaking similar work and brief summaries of all projects undertaken; and
- Examples of previous work as Annexes to the proposal.

The Financial component should specify professional fees of experts.

Other costs for experts and participants such as reimbursable expenses for airfares, other travel costs and daily subsistence allowance for workshops, meetings, and all other agreed activities will be discussed with the preferred contractor during the finalisation of the scope of services. Costs will be based on prevailing ASEC rates.

X. Submission of Application

Applicants should send via email **tender@aadcp2.org** and mail/courier four (4) printed copies of their application, along with a cover letter, materials specified in **Section IX** above and other supporting documents, to the ASEAN-Australia Development Cooperation Program Phase II, ASEAN Secretariat, 2nd Floor, Jl. Sisingamangaraja 70A, Jakarta 12110, Indonesia, indicating "**Development of Framework for Improving ASEAN Infrastructure Productivity**" as the subject. Applications should be received no later than **12 November 2018 5:00pm (Jakarta time)**. Please note that only short-listed candidates will be notified.

For Frequently Asked Questions (FAQ), please visit <http://aadcp2.org/aadcp-ii-tender-frequency-asked-questions/>. Any queries on the TOR should be sent to contact@aadcp2.org with the subject line: **Query 'Development of Framework for Improving ASEAN Infrastructure Productivity'**.

IX. Additional Notes on Terms and Conditions of the Project

1. Any future studies/reports/analysis in any form of intellectual property rights (including but not limited to patents, copyright and any related rights) submitted by the Contractor to ASEAN arising out of or in connection to the services performed by the Consultant to ASEAN shall belong to ASEC under the name of **ASEAN** only;
2. Successful bidder shall agree to be bound and sign the Special Services Agreement (SSA) with all requirements under the terms and conditions provided therein, including but not limited to the AADCP II Guidelines for the Contractors attached to the SSA.
3. As an intergovernmental organisation, ASEAN shall not be responsible for any tax(es), levy, tax claim or any tax liability which may be imposed by any law in relation to any amount payable by ASEC.