



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

### TERMS OF REFERENCE FOR *ASEAN Business Sentiment Study 2020*

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

#### **I. Background**

As a key stakeholder, the participation and involvement of the private sector is crucial to the creation of a strong foundation for the successful implementation of the ASEAN Economic Community (AEC). Greater involvement and more structured participation of the private sector can contribute to the success of ASEAN in designing regional strategies and initiatives as well as in identifying impediments to deepen regional economic integration. The AEC, in turn, will also benefit the private sector, both large enterprises as well as small and medium enterprises (SMEs). This is in line with an integrated economic region with greater liberalisation and freer movements of goods, services, investment and skilled labour as envisioned in the AEC.

The success of the AEC is highly reliant on the overall intra-ASEAN investment environment for the ASEAN indigenous enterprises.<sup>1</sup> ASEAN-based multinational enterprises (MNEs) are active in the agricultural activities, particularly companies from Singapore and Malaysia, which included companies such as Wilmar (Singapore) and Sime Darby (Malaysia). Aside from MNEs, ASEAN's economy is strongly supported by micro, small and medium-sized enterprises (MSMEs). These businesses contribute 30% to 53% of the GDP of the region, account for 95% to 99% of all business establishments and provide more than half of the total employment of ASEAN member states. There is much to be gained by MSMEs from the ASEAN integration efforts.

The AEC Blueprint 2025 stressed that greater involvement and more structured participation of the private sector will be beneficial to the implementation of AEC. Furthermore, it is imperative to regularly solicit feedback from the private sector as one of the key stakeholders in implementing AEC as well as the key actor who understands the progress at the ground level.

The ASEAN Business Sentiment Study aims to gauge the ongoing sentiment of the ASEAN indigenous enterprises towards the AEC, particularly the implementation of the AEC Blueprint 2025, thereby creating a necessary feedback loop and better understanding of the expectations of the private sector. The study will target the ASEAN indigenous enterprises across all industry sectors to assess the ongoing sentiment towards the AEC.

In addition, this study will also delve deeper into the sentiment on services trade liberalisation and the removal of barriers in services trade as facilitated through initiatives such as the ASEAN Framework Agreement on Services (AFAS), focusing on three key sectors, namely financial services, tourism

<sup>1</sup> ASEAN indigenous enterprises refer to the companies that were founded by at least one ASEAN national and first registered in one of the ASEAN Member States as well as operating in at least one ASEAN Member State.

services, and distribution services.

Services is a continuously expanding contributor to Gross Domestic Product (GDP) of ASEAN economies. In 2018, it represented between 38% and 69% of individual AMS' GDP. Travel services dominate the ASEAN's export of services while import is dominated by transport services. These are followed by financial services and charges for the use of intellectual property, in terms of contribution to services exports and imports, respectively.

The ASEAN Services Integration Report (ASIR) published in 2015, recognised the increasing importance of services to the AEC and to global value chain participation. It took stock of ASEAN's achievements in services integration, including an assessment of ASEAN services policies; delineated the potential gains from further integration; and highlighted remaining challenges. ASIR also put forward recommendations for further development of the ASEAN services agenda.

Similarly, another AADCP II supported project in 2016, "Review and Strengthening of AFAS Scheduling Commitments," looked at schedules prepared under the AFAS 8 package and revealed a number of ways in which commitments may be strengthened through the application of WTO Scheduling Guidelines. The report presented 40 general recommendations for the AMS to take into account as part of the scheduling process. Both reports could provide baseline information for the current project.

## **II. Needs and Objectives**

In the short to medium term, the study is expected to provide valuable insights to the ASEAN policymakers on the ASEAN indigenous enterprises' general sentiment on the perceived impacts of ASEAN economic integration under the AEC on their businesses and industries, as well as their views and recommendations on how ASEAN can further develop and improve the AEC. Assessing the business sentiment of ASEAN indigenous enterprises (ranging from large to small ones) towards the AEC will likewise provide insights on how to strengthen public-private engagement. With private sector input and feedback, the concerns of businesses, especially the SMEs will put forward. As such, policy makers will be able to make better, more informed policy choices and develop initiatives to better respond to the needs of the business community. In the long run, the project will contribute towards a more supportive policy environment enabling the successful implementation of AEC initiatives.

In terms of the focus area of trade in services, AMS are expected to benefit from further liberalisation and elimination of barriers to trade through the implementation of AFAS. Understanding the views of ASEAN enterprises may become a catalyst for a more productive and fruitful discussion among AMS to successfully implement AFAS.

The result of the study will be reported to the AEM and Leaders for their consideration and will also be used as inputs for the Mid-Term Review (MTR) of the AEC Blueprint 2025, and ultimately feed into ASEAN policymaking processes. This is to ensure that the policies developed in ASEAN will actually be beneficial for the private sector operating in ASEAN.

The study must ensure a well-balanced representation of large enterprises and SMEs in the survey design and related activities. Another important consideration is ensuring the participation of women-led ASEAN businesses and enterprises, and their women executives in the various data and information gathering activities, so as to find out business sentiments and views on strengthening women's entrepreneurship and women's economic empowerment in the AEC.

### III. Outputs

The main output of this project is an assessment of current business sentiment of ASEAN enterprises (both large enterprises and SMEs alike) towards the AEC and the services sector, in particular, so that insights can be obtained on how to best strengthen public-private engagement to support AEC and integrating the region into the global economy. It will have qualitative and quantitative components.

#### Quantitative Component:

- a) Identification of key elements of the AEC with the most impact on the conduct and performance of ASEAN businesses;
- b) Formulation of the questions for the survey (in consultation with the ASEAN Secretariat, and noting that for the services part, the questions may need to be tailored by sectors). Where needed, the questions should be translated to the national languages of each AMS;
- c) The pre-testing/piloting of the survey template/questions;
- d) Identification of appropriate sampling methodologies (in consultation with the ASEAN Secretariat);
- e) Rationale for and description of the method of survey and platforms to be used;
- f) Description of data analysis methods that will be used, including any software used and how data validation will be done; and,
- g) Description of how the findings will be presented and reported, preferably using infographics.

#### Qualitative Component:

This involves the conduct of Focus Group Discussion (FGD) and Key Informant Interview (KII)

- a) Description of how the focus group discussions will be conducted;
- b) Identification of key questions to be covered in the FGD and KII;
- c) Rationale for sampling and description of methods to recruit participants for the FGD and KII; and,
- d) Rationale for and description of data analysis methodology, including any software used, and how the findings will be presented and reported.

The output will be delivered in stages:

1. **Interim Report:** This includes i) Final survey questionnaire; ii) Survey results; iii) Quantitative data analysis to be reported by the ASEAN Business Advisory Council (ASEAN-BAC) at the 27th AEM Retreat.
2. **Revised Report:** A consolidated report incorporating the result of the quantitative data analysis from the interim report as well as the result of the FGD and KII. This report will be circulated to the ASEAN Coordinating Committee on MSME (ACCMSME) and relevant divisions/directorate of ASEC for review.
3. **Final Report:** A 30-40-page report with both quantitative and qualitative findings, the distillation of the information gathered, and conclusions reached. An annex containing a detailed discussion of the quantitative and qualitative analyses, including methodologies, survey results, and documentation of FGDs and KIIs will also be part of the final research report. This should also include suggested cover design of the study and set of presentation materials.
4. **Executive Summary:** A five-page summary of the study, which will be part of the final report and contains the essential elements of findings and recommendations.

In addition to the main outputs, the following reports will have to be submitted:

1. **Inception Report:** To be produced at the inception of the project outlining the conceptual framework and methodology to be used to undertake the business sentiment study, detailed work plan, management plan and budget. This should also include the outline of the study; general area to be covered in the survey questionnaire; sampling and data collection methods; and, quantitative and qualitative analysis methodologies.
2. **Key Activity/Event Reports:** In line with the various outputs which would be presented in various events (including FGDs and KIIs) reports would be prepared which would provide the event proceedings, and recommendations, if any;
3. **Project completion report,** this will establish a record of the project achievements against the project's original intended purpose and outputs. It is intended to assist in assessing impact, draw out conclusions and lessons learned that may be valuable in designing new related initiatives. to finalise all project activities completed, capture learning from the project and to handover raw data collected throughout project implementation period.

#### IV. Tasks/Activities

The following activities will need to be undertaken to achieve the outputs presented above.

1. **Literature Review/ Preliminary Desk Review** using open source/secondary data
2. **Survey** (targeting 150 respondents from each AMS; total targeted number of respondent will be 1500)
3. **Focus Group Discussions** (targeting 90 participants per AMS from the designated three key industry sectors; total targeted participants will be 900)
4. **Key Informant Interviews** (targeting 18 interviewees per AMS from the designated three key industry sectors; total targeted interviewees will be 180)

Bidders are expected to design their own work plans ensuring delivery of the desired outputs, taking into account the potential hindrances and delays posed by the COVID 19 pandemic. The bidder should provide details on its approach, specific activities (note: additional activities maybe recommend with justification), corresponding number of working days, expected completion dates and person(s) responsible. A summary will have to be presented in the form of a tabulated work plan to indicate the following information:

- Deliverable output or report
- Activities to be undertaken for each deliverable
- Person working days
- Timeline for completion/ target completion date
- Person/s responsible in the team

The eventual project implementation design will be determined in consultation between ASEC, AADCP II and the winning bidder during the inception stage.

## V. Timeframe

The consultant is expected to produce reports in accordance with Section III and IV above. The timing of delivery is indicative and can be adjusted when the consultant's work plan is developed, subject to mutual agreement.

No.	Reports	Target Delivery Date
1	<b>Inception report</b>	2 weeks after signing of SSA
2	<b>Interim report</b>	Week 24
3	<b>Revised report</b>	Week 42
4	<b>Final report</b>	Week 48
5	<b>Executive summary</b>	Week 49
6	<b><u>Key Activity/Event Reports</u></b>	Up to one week after the conduct of each event
7	<b><u>Project completion report</u></b>	Within two weeks of completion of outputs

All reports will be submitted based on AADCP II Guidelines for Contractors in draft format to the ASEAN Secretariat, Enterprise and Stakeholder Engagement Division (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 (weekly, bi-monthly or as agreed with ASEC) summation of activities undertaken and issues that have arisen. These will be submitted to the Enterprise and Stakeholder Engagement 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 ASEAN-Australia Development Cooperation Program II and managed by the Enterprise and Stakeholder Engagement Division of the ASEAN Secretariat, in consultation with the AADCP II Program Planning and Monitoring Support Unit (PPMSU).

The ESED, with oversight support from AADCP II, will be responsible for the overall management of the project. It will work closely with AADCP II PPMSU in the selection of external consultant(s) for the project, in ensuring the timely delivery of planned activities and key deliverables of the project, and in ensuring efficient reporting and disbursement of funds.

The Division will act as the ASEC key focal point for the project. It will:

- manage project implementation, and together with AADCP II, monitor progress of the

consultancy work;

- provide technical supervision to the project;
- assist/facilitate introductory consultation meetings with key Member States focal points; and
- provide over-all guidance on the presentations and meetings.

The consultant should be responsible for organising and conducting the scheduled activities in collaboration with the host countries and the ASEAN Secretariat.

## **VII. Scope of Services**

The consultancy will be undertaken over a **continuous effective period of 64 calendar weeks** with approximately **37 person weeks** of professional services. Work will commence immediately after contract signing.

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.

## **VIII. Qualifications**

Consulting firms/entities/team of experts with the appropriate qualifications are invited to apply for this consultancy. In its proposal, the bidders should demonstrate experience and availability of the following skills and competencies:

### **Minimum qualifications**

- 10 years' experience in developing and undertaking business sentiment studies and/or market research in a regional context, preferably with good local networks of researchers and industry connections in ASEAN countries;
- Ability to speak and write in English fluently and idiomatically, including competency in report writing and design;
- Extensive knowledge of ASEAN, more specifically on the ASEAN Economic Community (AEC), which will be important in identifying the key elements of the AEC with the most impact on the conduct and performance of ASEAN indigenous enterprises;
- Deep understanding of the initiatives under the AEC, more specifically on the ASEAN Framework Agreement on Services (AFAS) and issues pertaining to trade in services in the ASEAN region and globally;
- Experience in working in the area of trade in services and an understanding of the critical issues affecting AMS in the process of liberalisation in this area;
- Understanding and experience across sectoral and cross-cutting issues affecting ASEAN in tourism, financial and distribution services development;
- Awareness of the gender context and social inclusion into socio-economic development programs and plans, particularly in entrepreneurship programs in ASEAN;
- Experiences and strong ability in managing survey processes, which include: identifying appropriate sampling methodologies; developing and managing an online survey platform; analysing the data collected from the survey; presenting the findings based on the analysis of the data to; and finalising the reports and developing relevant info-graphics;
- Extensive experience in moderating focus group discussion and developing questions for key informant interview.

- Able to manage multiple parallel activities at the same time, accommodate delays and deliver results in a short timeframe.

#### **Preferred qualifications**

- Possesses a strong network with the national chambers of commerce and business associations in each ASEAN Member State.
- Ability to speak and write in one or more ASEAN countries' language/s fluently and idiomatically.
- A thorough understanding of ASEAN, ASEC and AADCP II procedures will be considered 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 separate 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 measures to ensure the future sustainability of the outcomes of the project will be addressed;
- CVs of all proposed experts;
- Brief discussion of firm's past experience in undertaking similar work and brief summaries of all projects undertaken.

The Financial component should specify:

- 1) Professional fees of expert(s);
- 2) Management and/or operational fees (if any), which include all costs incurred by the person/entity/company for internal coordination, communication, travels and any other associated project management cost;
- 3) Applicable taxes such as VAT, GST, PPN. See Section XI point 3 for an additional note on tax liability.

Activity costs for experts and participants such as reimbursable expenses for airfare, other travel costs and daily subsistence allowance for workshops, meetings, and all other agreed activities do not need to be included in the Financial Component. These items 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**

Bidders should send their proposals with a cover letter, materials specified in Section IX above and other supporting documents with "**ASEAN Business Sentiment Study 2020**" as the subject via email to [tender@aadcp2.org](mailto:tender@aadcp2.org), no later than **15 June 2020 at 05:00pm Jakarta time**.

For Frequently Asked Questions (FAQ), please visit <http://aadcp2.org/aadcp-ii-tender-frequently-asked-questions/>

Any queries on the TOR should be sent to [contact@aadcp2.org](mailto:contact@aadcp2.org) with the subject line:” **Query – ASEAN Business Sentiment Study 2020’**.

#### **XI. 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 the ASEAN Secretariat.