

REQUEST FOR PROPOSAL (Individual Consultant)

1. The Philippine Institute for Development Studies (PIDS) invites all eligible consultants to submit proposals for the provision of consultancy services entitled “**Assessment of the TRAIN’s coal and petroleum excise taxes: Environmental benefits, and impacts on sectoral employment and household welfare**”
2. The study aims to evaluate the impact of the excise taxes on environmental outcomes, including carbon emissions in the country. It will measure impacts on household welfare, and measure impacts on macroeconomic indicators in the economy, including GDP growth, prices, income, investment, and savings. Details of the project are contained in the attached Terms of Reference.
3. The approved budget for the abovementioned research project is PhP450,000.00 and will be implemented for approximately 4.5 months.
4. To be registered and eligible to be included in the PIDS’ database of research consultants, interested proponents must submit the following documents:
 - a) Curriculum Vitae;
 - b) Technical and Financial proposals using the PIDS-prescribed form (see attached);
 - c) PhilGEPS registration number;
 - d) Mayor’s/Business Permit and DTI/SEC/CDA registration (for consultancy firms);
 - e) Omnibus Sworn Statement in accordance with Section 25.3 of the 2016 Revised Implementing Rules and Regulations of the Republic Act No. 9184 IRR;
 - f) Filled-up registration form, which includes information on completed contracts and all on-going government and project contracts, including contracts awarded but not yet started (see attached); and
 - g) BIR Certificate of Registration (may be submitted prior to the issuance of Notice of Award).
5. Interested consultants may obtain further information from the Procurement Management Division c/o Sharold B. Magallones at 18/F Three Cyberpod Centris – North Tower, EDSA cor. Quezon Ave., Quezon City, or via email at smagallones@mail.pids.gov.ph.
6. The Institute shall adopt the Quality-Based Evaluation Procedure in the selection of consultants.
7. Deadline for the submission of eligibility requirements and technical and financial proposals for the abovementioned research project is on **May 28, 2018** at 2:00 p.m. addressed to:

Sonny N. Domingo – Chairperson, BAC for Consultancy Services
c/o The BAC Secretariat (Consultancy Services)
18/F Three Cyberpod Centris – North Tower, EDSA cor. Quezon Ave., Quezon City
8. PIDS reserves the right to reject any or all the proposals, or declare a failure of bidding, or not award the contract, if there is evidence of collusion including any act which restricts, suppresses or nullifies competition, or if there is a failure to follow the prescribed bidding procedures. PIDS also reserves the right to waive any required formality in the proposals received, and select the proposal which it determines to be the most advantageous to PIDS.

SONNY N. DOMINGO
Chairperson
PIDS-BAC for Consultancy Services

TERMS OF REFERENCE

Assessment of the TRAIN's coal and petroleum excise taxes: Environmental benefits, and impacts on sectoral employment and household welfare

1. Background and Rationale

Last year, the Philippine government has launched a series of tax reform schemes designed to increase public revenues to fund critical infrastructure projects and broaden the base for revenue collection in the country. The last of the six fiscal reform packages aims to raise revenues in emerging areas where efficiency and equity can be improved with taxation, including luxury items and fatty foods, gambling and lottery; the last package also includes the imposition of a coal/petroleum excise taxes, which also aim to reduce fossil fuel consumption and carbon emissions to achieve the country's emission reduction goals.

However, the imposition of these taxes would also have adverse impacts on industries because of their expected increase in fuel costs. It can also have an impact on the sectoral employment and household welfare. Therefore, analyzing the extent of the costs of these excise taxes on the economy vis-à-vis the benefits from fiscal and environmental perspectives is significantly important.

Starting January 2018, the first package of the TRAIN will be implemented. Taxes related to carbon include the petroleum excise tax and the coal tax. The full reform related to the petroleum/coal excise taxes will be realized in 2020 (see tables below) and the study can still contribute inasmuch as it will provide directions to craft policies that will mitigate the possible adverse effects of the increase in the taxes.

Schedule in the increase of petroleum excise tax

Fuel	2018	2019	2020
Diesel (per liter)	P2.50	P4.50	P6
LPG (per kg)	P1	P2	P3
Regular and Unleaded Premium Gasoline (per liter)	P7	P9	P10

Schedule in the increase of coal excise tax (per metric ton)

	2018	2019	2020
	P50	P100	P150

2. Objectives

This study will use a computable general equilibrium model (CGE) calibrated to the latest (hopefully, the 2012 version) input-output table in the country. Among different economic methodologies that can be used to assess the macroeconomy-wide effects of policy changes, the CGE model provides consistent framework to analyze the economic impacts of policy and a complete description of the economy, including the direct and indirect effects of such policy changes. The study will also adopt the methodologies utilized in several studies such as Orlov and Greth (2012) and Guo, Zhang, Zheng and Rao (2013) that assess different levels of carbon taxes on the Russian and Chinese economy, respectively.

This study will, first and foremost,

- a) Evaluate the impact of the excise taxes on environmental outcomes, including carbon emissions in the country.

In addition, it will

- b) Measure impacts on household welfare and
- c) Measure impacts on macroeconomic indicators in the economy, including GDP growth, prices, income, investment, and savings.

References:

Orlov, Anton and Harald Grethe (2012). “Carbon taxation and market structure: A CGE analysis for Russia”, *Energy Policy* 51 (12), pp. 696- 707.

Guo, Zhengquan, Xingping Zhang, Yuhua Zheng and Rao Rao (2013). “Exploring the impacts of a carbon tax on the Chinese economy using a CGE model with a detailed disaggregation of energy sectors”, *Energy Economics* 45 (9), pp. 455- 462.

3. Scope of Work, Deliverables and Schedule of Payment Releases

To carry out this work, PIDS will engage the services of a Consultant with expertise in CGE. Under the guidance and technical oversight of a PIDS Senior Research Fellow who serves as Project Director, the Consultant shall be the Principal Investigator for this study.

He/She is expected to work and perform the following tasks:

- a. Write a paper with the following objectives
 - i. Measure the impact of a carbon tax on key macroeconomic indicators in the economy, including GDP growth, prices, income, investment and savings;
 - ii. Assess the sectoral and household welfare impacts of a carbon tax, given differing scenarios of the carbon tax.
 - iii. Evaluate the impact of the carbon tax on environmental outcomes, including carbon emissions in the country.
- b. Write a Discussion Paper (See “General Guidelines in Preparing and Formatting a PIDS Discussion Paper” and template)
- c. Write at least two Policy Notes covering issues pertaining to at least two of the three items mentioned in (a);
- d. Conduct one research seminar at PIDS in order to present the results of the study and get feedback

The Consultant will prepare the following outputs based on the schedule below:

Activities and Deliverables	Due Dates	Payment Tranches
Upon submission of Inception Report describing in detail the methodology, work plan, and schedule of activities, acceptance and approval of PIDS	July 15, 2018	10%
Upon submission of Preliminary or Progress Report , acceptance and approval of PIDS	September 3, 2018	25%
Upon submission of Draft Report (Discussion Paper) and presentation in an internal Research Workshop , acceptance and approval of PIDS	October 1, 2018	25%
Submission of Final Report (Discussion Paper) addressing comments to the Draft Report and comments from the Research Workshop, two Policy Notes and turnover of data and materials used , acceptance and approval of PIDS	November 5, 2018	40%

- NOTE: Payments will be based on the acceptance and approval by PIDS of the corresponding outputs

4. Qualifications of the Consultants

The Consultant should have the following qualifications:

- Ph.D. in Economics
- At least 5 years of relevant experience in CGE modeling
- Desirable Qualifications: good track record of delivering high quality products

5. Project Duration

The engagement is for four and a half (4.5) months, from the issuance of the Notice to Proceed (NTP) until November 15, 2018, on a part-time basis. The Consultant’s work must be completed by November 15, 2018 at the latest, and no man days will be chargeable after this date.

6. Project Cost

A total of Four hundred fifty thousand pesos (Php450,000) will be paid as professional fee. The payment will be done in tranches.

7. Evaluation Criteria

Consultants will be evaluated based on the following criteria:

Consultant’s Qualifications: a. Postgraduate degree in Economics b. At least 5 years of relevant experience in CGE modeling c. Good track record of delivering high quality products	50%
Plan of approach and methodology: a. clarity, feasibility, innovativeness, and comprehensiveness of the approach b. incisive interpretation of problems and suggested solutions	50%

Please view/download forms from the link below:

Forms:

<https://drive.google.com/drive/folders/0B-nQegr5GN5MUduUH4cDZIMTA>