

TERMS OF REFERENCE

Related to a contract to provide Sustainability Impact Assessment (SIA) in support of the negotiations for the modernization of the trade part of the Association Agreement with Chile

**Multiple Framework Contract TRADE2014/01/01; request for services
TRADE2017/C3/C09**

1. BACKGROUND INFORMATION

This request for services is sent to you in the context of the Multiple Framework Contract for the provision of evaluation services to the European Commission in the field of Trade (TRADE2014/01/01). For further details about DG Trade and its activities please refer to number 1 (background information) of the Terms of Reference for the mentioned procedure.¹

2. CONTEXT OF THE PROJECT

Chile was the first South American country to conclude an Association Agreement with the EU ('the Agreement'). The Agreement, which includes political, cooperation and trade provisions, was applied provisionally as of 1 February 2003. The Agreement entered into force on 1 March 2005.

At the margins of the EU-CELAC (Latin America and Caribbean States) Summit held in Santiago on 26-27 January 2013, leaders from the EU and Chile agreed to explore options to modernise the Agreement. In April 2015, the 6th EU-Chile Association Council endorsed the establishment of a joint working group on the modernisation of the Agreement.

On the basis of the work of the joint working sub-group on trade and investment, the EU and Chile decided to launch a scoping exercise to explore in greater detail the scope and the level of ambition the parties should aim at in a modernization of the trade part of the EU-Chile Association Agreement. The joint scoping exercise was successfully completed in January 2017.

The Commission also undertook an impact assessment (IA) of its proposal to negotiate a modernized Association Agreement with Chile. An external study carried out by Ecorys/CASE was commissioned to support the Commission's impact assessment. Both documents² accompanied the Commission decision on 29 May 2017 to request negotiating authorization and directives from the Council of the EU. The Council authorised the opening of negotiations on 13 November 2017.

The European Commission has now decided to carry out a trade sustainability impact assessment in support of the bilateral FTA negotiations with Chile. The trade sustainability

¹ Terms of Reference for TRADE2014/01/01: http://trade.ec.europa.eu/doclib/docs/2014/november/tradoc_152920.pdf

² http://trade.ec.europa.eu/doclib/docs/2017/july/tradoc_155759.pdf

http://trade.ec.europa.eu/doclib/docs/2017/july/tradoc_155758.pdf

impact assessment should complement and develop the analysis of expected economic, social, human rights and environmental impacts undertaken in the impact assessment, which accompanied the Commission's decision to request a negotiating mandate, as well as the supporting external study.

When completed, the FTA between the EU and Chile will constitute the trade part of the modernization of the EU-Chile Association Agreement.

2.1. EU trade relationship with Chile

The EU is Chile's third largest partner, after China and the US, representing 13% of Chile's total trade in goods. Chile accounts for 0.5% of total EU trade in goods.

Bilateral trade in goods in 2016 stood at €16 billion (€ 7.4 billion EU imports and € 8.6 billion EU exports). Main EU export categories in bilateral trade in goods in 2016 were machinery and transport equipment (55%), manufactured goods (13%) and chemical products (12%). Main EU import categories were food and live animals (28%), raw materials except fuels (27%), and manufactured goods (24%).

Bilateral trade in services in 2015 amounted to € 5.7 billion (€ 3.8 billion EU exports and € 2 billion EU imports).

The EU remains Chile's first Foreign Direct Investment (FDI) provider. Total EU FDI flows in 2015 stood at € 2.3 billion and EU FDI stocks amounted to € 42.8 billion.

Since the trade part of the EU-Chile Association Agreement entered provisionally into force in 2003, there have been significant trade policy developments for both the EU and for Chile. Chile has concluded numerous and important FTAs and trade agreements, including with the US (2004), China (2006) and Japan (2007). More recently, Chile has joined the Pacific Alliance and signed the Trans-Pacific Partnership, which, although currently on hold, may be reinvigorated without the US. In the Americas, since the entry into force of the EU-Chile FTA the EU has concluded ambitious and comprehensive FTAs with Central America, with Colombia, Peru and Ecuador, and more recently with Canada. Moreover, the EU is negotiating a modernisation of the EU-Mexico FTA, while negotiations for an EU-Mercosur FTA have entered in their final phase.

2.2. Sustainability Impact Assessment

A Sustainability Impact Assessment (SIA) is a trade-specific tool developed for supporting major trade negotiations conducted under the aegis of the EU Commissioner for Trade. SIAs are a key tool for the conduct of sound, evidence-based and transparent trade negotiations. They were first developed by the European Commission's Directorate-General for Trade (DG Trade) in 1999 for the World Trade Organization Doha Development Agenda (DDA) negotiations.

SIAs are independent *ex ante* assessments carried out by external consultants during major trade negotiations. They feed into and steer the negotiations, assessing the changes that are

likely to be caused by the trade agreement, helping to identify possible trade-offs, and ensuring that the related policy choices are optimized.

SIA's consist of two equally important and complementary components:

- (i) a robust analysis of the potential economic, social, human rights and environmental impacts that the trade agreement under negotiation could have, in the EU, in the partner country(ies) and in other relevant countries;
- (ii) a continuous and wide-ranging consultation process which ensures a high degree of transparency and the engagement of all relevant stakeholders in the conduct of the SIA inside and outside the EU.

SIA's are:

- Integrated. SIA's are based on a comprehensive approach which looks at both benefits and costs; and covers economic, social, human rights and environmental considerations all in a single document.
- Independent. SIA's are carried out by external consultants in a neutral and unbiased manner, under strict rules on the absence of conflicts of interest.
- Evidence-based. SIA's should be based on the best available research, information and data presented in a transparent manner.
- Transparent. SIA's contribute to the transparency of the analysis and of the ongoing trade negotiations by providing stakeholders with comprehensive information on the possible impacts of the agreement.
- Participatory. SIA's work as a platform for systematic dialogue between stakeholders and trade negotiators, through in-depth consultation in which all stakeholders are given an opportunity to participate.
- Proportionate. The scope and the depth of SIA's should be calibrated to the importance and the type of trade measures being negotiated, as well as to the magnitude of the expected impacts.

Once the SIA is finished, the Commission services set out their views on the consultants' findings and recommendations by means of a position paper. The position paper explains how the SIA has and will contribute to the negotiations; it highlights the Commission services' views on the impacts identified in the SIA and on the measures proposed by the consultants and explains how the SIA findings have or will be used.

Please refer to the DG Trade section on the Europa website for more information on conducted and ongoing SIA's:

<http://ec.europa.eu/trade/analysis/sustainability-impact-assessments/assessments/>

Relevant guidance for carrying out this SIA includes:

- The *Handbook for trade sustainability impact assessment* (2nd edition)³;
- The *Better Regulation* package, notably the guidelines⁴ and the accompanying toolbox⁵;
- The *Guidelines on the analysis of human rights impacts in impact assessments for trade-related policy initiatives*⁶.

3. OBJECTIVES OF THE PROJECT

The project is intended to deliver an SIA in support of negotiations to modernize the trade part of the EU-Chile Association Agreement. The SIA shall be carried out during the negotiations and completed before (or in any case not later than) the end of the negotiations, so that its results can inform the negotiations and the decision-making process.

This SIA complements and builds upon the IA which accompanied the Commission's decision to request negotiating authorization from the Council. It should provide the Commission with a more in-depth analysis of the potential economic, social, human rights and environmental impacts of the trade agreement under negotiation; and should facilitate a wider outreach to stakeholders in both the EU and Chile.

The SIA shall assess how the trade and trade-related provisions under negotiation could affect economic, social, human rights and environmental issues in the EU and in the partner country, as well as in other relevant countries (and notably in developing and least developed countries (LDCs)). Furthermore, it shall make recommendations to maximize the expected benefits of the modernization of the existing agreement and to prevent or minimize potential negative impacts.

This assessment is necessary to enable the EU to pursue an approach which brings the greatest overall welfare gains, thereby helping the EU meet its objectives of creating economic growth, enhancing social inclusion and promoting sustainable development throughout the world. Assessing the possible economic, social, human rights and environmental impacts of the modernization of the existing agreement also contributes to the design of the right accompanying policies.

4. WORK TO BE CARRIED OUT / SERVICES TO BE RENDERED

The SIA shall be carried out in accordance with the following indications.

³ SIA Handbook 2nd edition: http://trade.ec.europa.eu/doclib/docs/2016/april/tradoc_154464.PDF

⁴ Better Regulation Guidelines: http://ec.europa.eu/smart-regulation/guidelines/toc_guide_en.htm

⁵ Better Regulation Toolbox: http://ec.europa.eu/smart-regulation/guidelines/toc_tool_en.htm

⁶ Human rights guidelines for trade: http://trade.ec.europa.eu/doclib/docs/2015/july/tradoc_153591.pdf

4.1. Overall analysis of the sustainability impacts arising from the negotiations to modernize the free trade agreement between the European Union and Chile

The purpose of the SIA is to provide for a deep assessment of the potential economic, social, human rights and environmental effects of the anticipated modernized trade agreement between the EU and the relevant partner country. It should build upon the earlier impact assessment⁷ (IA) and its supporting external study⁸. The analysis in the SIA shall cover impacts in the EU and the respective partner country and third countries where relevant, particularly developing and least developed countries (LDCs), as well as Turkey which is linked to the EU by a customs union agreement.

A number of sustainability issues to be analysed in the SIA are cross-cutting and should therefore be mainstreamed throughout the analysis. The analysis of the identified impacts for these issues should be summarized in subsections of the report. Those issues are:

EU's Outermost regions (ORs)

In line with the European Commission's new strategy towards the outermost regions (ORs) as announced in Commission communication (COM (2017) 623), the SIA shall analyse the impact which the modernized agreement may have on ORs, paying particular attention to their sensitive products.

Least developed countries (LDCs)

In line with the EU's *Trade for All* communication, and building on the analysis of the external study conducted in support of the Commission impact assessment, the SIA shall analyse in depth the impact which the modernized agreement may have on LDCs, and shall propose flanking measures if necessary to ensure that the modernized agreement contributes to sustainable growth and job creation and minimizes any negative impact on LDCs. The analysis of impacts on LDCs shall be streamlined both in the overall analysis as well as in the sectoral analysis.

Small and Medium Enterprises (SMEs)

Due to their size and limited resources, SMEs are arguably more affected by regulatory costs than their larger competitors. The SIA shall assess, building on the analysis of external study conducted in support of the Commission impact assessment, the impact of the modernization of the agreement on SMEs (the 'SME test'), reflecting the 'think small first' principle in each analytical step to the extent data allows.

Consumer impacts

⁷ http://trade.ec.europa.eu/doclib/docs/2017/july/tradoc_155759.pdf

⁸ http://trade.ec.europa.eu/doclib/docs/2017/july/tradoc_155758.pdf

Building on the analysis of the external study conducted in support of the Commission impact assessment, the Contractor shall assess the likely effect of the modernized agreement on consumers, on their rights and protection: including the likely impacts on consumer prices, quality, availability, choice and safety of goods and services, consumer information, knowledge and trust. In doing so, the Contractor shall make use of the relevant Commission guidance⁹. The analysis shall be conducted by providing, where relevant, a breakdown by broad product/service categories, also with the aim of estimating the overall impact of the modernized agreement on different consumers' profiles. Indicators and other tools for measuring and/or quantifying consumer impacts shall be suggested, where possible, and explained.

Corporate Social Responsibility/Responsible business conduct

The Contractor shall also assess how the potential modernized trade agreement could contribute to the uptake of internationally agreed principles and guidelines on corporate social responsibility (CSR) and on responsible business conduct (RBC): such as the Organization for Economic Co-operation and Development (OECD) *Guidelines for Multinational Enterprises*¹⁰, the UN's *Global Compact*¹¹ and its *Guiding Principles on Business and Human Rights*¹², as well as the ILO *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*¹³.

(1) Economic analysis

(1.1) Modelling

The economic analysis should be based on the Computable General Equilibrium (CGE) modelling (for trade in goods and services, including tariff and non-tariff barriers for the different scenarios) which the Commission undertook for the EU-Chile impact assessment. The full set of results is available in Annex 4 of the Impact Assessment carried out by the Commission available online¹⁴.

The Contractor should not re-perform the CGE modelling, nor expect the Commission to produce additional modelled results. The modelling results provided by the Commission shall feed into the analysis to be carried out by the Contractor.

⁹ 'Better regulation' tool #28: impacts on consumers (http://ec.europa.eu/smart-regulation/guidelines/tool_28_en.htm)

¹⁰ The OECD guidelines for multinational enterprises: <http://www.oecd.org/corporate/mne>

¹¹ The United Nations global compact: www.unglobalcompact.org

¹² The United Nations guiding principles on business and human rights: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

¹³ The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy: http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf

¹⁴ <http://ec.europa.eu/transparency/regdoc/rep/other/SWD-2017-173-F1-EN-0-0.pdf>

It is essential that the team proposed by the Contractor for the assignment possesses the technical capability to understand and interpret the results of CGE modelling in the trade area, and has experience of such modelling exercises.

(1.2) Analysis

Based on existing sources, and on the external study conducted in support of the Commission impact assessment, the Contractor shall identify, describe and analyse the tariff and non-tariff obstacles affecting trade relations between the EU and Chile, including trade in goods and market access, national treatment and regulatory limitations for services and investment/establishment. Given the significant tariff liberalization which has been achieved by the implementation of the Global Agreement, few tariffs remain. Therefore, the analysis should pay particular attention to Non-Tariff Barriers (NTBs), including obstacles to EU investment. The focus in the analysis of NTBs shall be qualitative. In particular, no re-estimation of sectoral NTBs shall be performed. That does not preclude the case studies (section 4.2) to engage in a quantification of specific barriers for a specific sector or subsector.

Based on the results of the CGE modelling, and building on the analysis of the external study conducted in support of the Commission impact assessment, the SIA shall assess the wider economic impact of possible effects of the modernization of the existing FTA (for both parties) on output, trade flows, prices, fiscal revenues (including revenues foregone), income and welfare, and impact on value chain integration. Attention shall also be paid to other cross-cutting analyses such as the expected impacts on competitiveness of the EU economy, on EU SMEs and on gender equality. Where available, the analysis shall be based on gender-differentiated data.

SMEs are often disproportionately affected by non-tariff barriers. The SIA should assess if the liberalization of these barriers would be beneficial to SMEs, big companies and/or both these groups and examine the possible impact of the FTA on the SME's competitiveness. The factors for an optimal utilisation by SMEs of the FTA's trade opportunities should be explained.

The Contractor shall evaluate, to the extent possible and using the most appropriate methodology, the potential for increased investment and international procurement between the EU and Chile. The proposed research method for these ex-ante analyses should be well established in recent policy-relevant research, and it will have to be presented to and approved by the Commission.

The contractor shall, on the basis of existing sources, analyse the potential impact that recent and future conclusions of other regional free-trade agreements involving one of the partners may have on the outcome of these negotiations.

The Contractor shall further evaluate the capacity of the customs authorities of the relevant partner country to properly apply, implement and administer the modernized preferential rules of origin applied in trade in goods with the EU. Such assessment may be based on the existing experience of the partner country in applying the agreed

rules of origin including the system of establishing the proofs of origin, subsequent verification of origin and administrative cooperation with the EU Member States' customs authorities, in consultation with the relevant Commission services.

The Contractor shall also assess to what extent modernization of the free trade agreement could have an impact on the informal economy. Although data on the informal economy may not be sufficiently reliable to be used in a quantitative analysis, a best attempt should be made at estimating the effect that the modernized trade agreement may have on the informal economy in both the EU and in the partner country.

Efforts should also be made to determine the impact that the modernized trade agreement under negotiation may have on the fight against corruption and promotion of good governance, particularly in sensitive areas (e.g. public procurement). Consideration could also be given to assessing the potential impact of the modernized trade agreement under negotiation on possible tax avoidance strategies.

(2) Social analysis

Building on the analysis of the external study conducted in support of the Commission impact assessment, the Contractor shall carry out a detailed analysis of different types of potential social impacts, both direct and indirect, of the future modernized agreement. In addition, as part of the overall assessment of social impacts, the Contractor shall review potential impacts in the area of social policies such as education and public health.

Building on the external study conducted in support of the Commission impact assessment, the analysis shall specifically assess the potential impacts of trade opening (and hence the potentially increased trade flows between the EU and Chile) on employment and decent work. The analysis shall also assess the potential impacts on employment (overall job creation or losses, job creation or losses for specific sectors, professions or skill levels), on working conditions as well as distributional impacts and welfare effects (poverty income inequalities, disposable income, vulnerable consumer groups), both overall and in the specific sectors selected for more detailed analysis (section 4.2.), including through potentially induced restructuring of certain sectors. Examined working conditions should include, but not be limited to (eg) wage levels, duration and type of labour contracts, working time and periods of rest, health and safety at work, provision of training, social dialogue (see ILO Manual on Decent Work Indicators, and also the study on ex-post social impacts evaluation of the trade pillar of the EU Association Agreement with Chile *Making effective use of trade sustainability impact assessments and monitoring mechanisms*, Ergon Associates Limited 2011).

Furthermore, the interaction between the modernized FTA and the effective implementation of the international Core Labour Standards (CLS) set out in the 1998 *Declaration on Fundamental Principles and Rights at Work* and in the Fundamental Conventions of the International Labour Organization (ILO), as well as the realization

of the other strategic objectives of the ILO Decent Work Agenda (job creation, social protection and social dialogue) shall be investigated. Other conventions from the ILO and other UN bodies should also be taken into consideration, where relevant, in particular the Governance (Priority) Conventions of the International Labour Organization.

Indicators and other tools for measuring and quantifying social development (including reference to decent work indicators such as those proposed in the above mentioned ILO manual, ILO sources such as the reports of the ILO monitoring bodies and information on labour standards) shall be suggested, where possible, and explained. The quantitative analysis shall be complemented by case studies whenever relevant and by a detailed qualitative analysis, and shall include the impact on women¹⁵ and vulnerable groups (e.g. low income, children, people with disabilities, ethnic minorities, indigenous peoples, unskilled workers and older or less educated consumers).

It has been proposed that a modernized trade agreement between the EU and Chile should for the first time pilot gender-specific provisions in a trade agreement. Trade liberalisation may affect women and men differently; and therefore particular attention shall also be paid to the effect that the modernized agreement under negotiation could have on gender equality when analysing economic, social and human rights impacts¹⁶. The report should include a separate sub-section devoted to this analysis.

The analysis shall also rely on thorough stakeholder consultations, including consultations of employers' and workers' organizations (social partners) – see 4.3. The results will be summarized in a specific section of the executive summary.

(3) Human rights

Building on the analysis of the external study conducted in support of the Commission impact assessment, the Contractor shall analyse the potential impacts of the modernized agreement on human rights, as set out in the *Charter of Fundamental Rights of the European Union* and in the core UN treaties and conventions¹⁷, and the European Convention on Human Rights and other regional human rights conventions as well as, where relevant, customary international law. To that end, the Contractor shall use the guidance on the analysis of human rights impacts in impact assessments as developed by Commission services, in particular the *Guidelines on the analysis of*

¹⁵ A possible approach here might be to examine the specificities of women's employment within the Chilean economy, and in particular women's share of employment in different sectors of the economy.

¹⁶ Following documents can provide guidance in this regard: (1) European Institute for Gender Equality (EIGE) manual for gender impact assessment: <http://eige.europa.eu/gender-mainstreaming/methods-tools/gender-impact>, and (2) UNCTAD trade and gender toolbox: http://unctad.org/en/PublicationsLibrary/ditc2017d1_en.pdf

¹⁷ The list can be found in the SIA Handbook 2nd edition: http://trade.ec.europa.eu/doclib/docs/2016/april/tradoc_154464.PDF

*human rights impacts in impact assessments for trade-related policy initiatives*¹⁸ as well as other relevant Commission guidance.¹⁹ The Contractor shall in particular:

- identify the specific human rights most likely to be affected by particular measures included in the modernized agreement under negotiation;
- analyse the extent to which the particular measures foreseen in the modernized agreement may enhance or impair the enjoyment of the relevant rights and/or may strengthen or weaken the ability of the EU and partner countries to fulfil or progressively realize their human rights obligations²⁰;
- identify individuals or specific groups of people or those living in a particular territory that are likely to be specifically affected by those impacts.

In doing so, attention shall be given to the pre-existing legal situation in the EU and in Chile (e.g. in terms of the human rights arising either from the human rights treaties by which the EU and the partner countries have consented to be bound – taking into account any reservations expressed – or from constitutional or other domestic law); pre-existing conditions of stress or vulnerability shall be highlighted, including in relation to particular vulnerable groups, and to indigenous people or others living in a particular territory.

Particular attention shall also be paid to women's rights and the effect that the modernized agreement under negotiation could have on gender equality²¹, including possible differential effects on men and women.

Existing human rights dialogue mechanisms led by the EEAS (where human rights issues are discussed with the partner country) and issues discussed in the context of the Partnership and Cooperation Agreement with the relevant trade partner shall also be taken into account, and the consultants shall consider how these mechanisms could be used..

The analysis shall combine both quantitative and qualitative approaches. Figures generated by the economic modelling shall be used, as well as qualitative analyses complemented by relevant case studies. To the extent possible, available quantitative

¹⁸ Human rights guidelines for trade: http://trade.ec.europa.eu/doclib/docs/2015/july/tradoc_153591.pdf

¹⁹ 'Better Regulation' tool #24: fundamental rights & human rights (http://ec.europa.eu/smart-regulation/guidelines/tool_24_en.htm)

²⁰ The Contractor may refer in particular to *Human Rights Indicators: A Guide to Measurement and Implementation* (OCHCR, 2012)

²¹ DG Employment, Social Affairs and Inclusion's manual for gender mainstreaming can provide guidance in this regard: <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=70&type=2&furtherPubs=yes>

European Institute for Gender Equality (EIGE) manual for gender impact assessment: <http://eige.europa.eu/gender-mainstreaming/methods-tools/gender-impact>

UNCTAD trade and gender toolbox: http://unctad.org/en/PublicationsLibrary/ditc2017d1_en.pdf

information on affected groups of people or actors in relevant sectors shall be presented.

In its work, and building on the external study conducted in support of the Commission impact assessment, the Contractor can use as sources the reports and recommendations of the European Union Agency for Fundamental Rights and of the Council of Europe; or refer to international work in this area, such as the output of UN human rights treaty bodies, the universal periodic review (UPR), or the work of the special rapporteurs on the various countries and/or themes.

Stakeholders' consultations are a particularly important source of information. They shall ensure inclusive participation with a view to contributing to the identification of potential impacts as well as of individuals or groups of people likely to be affected. Consultants are given a wide mandate to conduct consultations with all relevant stakeholders including women and vulnerable groups (e.g. low income, children, people with disabilities, ethnic minorities, indigenous peoples and unskilled workers) in the EU and the partner countries.

(4) Environmental analysis

Building on the analysis of the external study conducted in support of the Commission impact assessment, the Contractor shall carry out a detailed analysis of potential environmental impacts, both direct and indirect, of the future modernized agreement.

The Contractor shall, in particular, take into account the potential interaction between the modernization of the exiting FTA and relevant multilateral environmental agreements (MEAs), as well as assess the impacts on the environment. The Contractor shall identify and analyse recent developments in environment, climate and energy policies in the relevant partner country and in the EU as part of the overall analysis.

The Contractor shall, where appropriate, break down the impact of the modernized trade agreement so as to identify scale, structural, technology and product effects. Scale effects refer to environmental impacts resulting from trade-induced economic growth (e.g. increased resources for environmental protection, impacts on biodiversity); structural effects refer to changes in production or consumption patterns at the microeconomic level (e.g. changes in cost of raw materials or cost of labour); technology effects are those impacting the processes or production methods used in product supply (e.g. potential for facilitated access to environmental technologies); product effects refer to the changes in the use of specific goods and services following liberalization.

The analysis shall cover at least the emissions of the most energy-intensive sectors and of primary energy producing sectors. The resulting potential domestic environmental impacts and global climate change impacts shall be expressed in units of welfare (if feasible) as well as in million tonnes of GHG emissions (CO₂ equivalent).

The analysis shall also include, to the extent feasible, possible impacts of the modernized future agreement on air quality, greenhouse gas emissions, water quality and resources, land use, soil quality, waste and waste management, marine litter, biodiversity, ecosystems services and protected areas. The SIA shall also identify how the modernized agreement under negotiation could contribute to greening the economy and to resource efficiency objectives, notably through the promotion of sustainable production and consumption.

Indicators for assessing these impacts shall be suggested and explained in their value for the overall environmental analysis.

The analysis shall also rely on thorough stakeholder consultations; including consultations of environmental interest groups (see 4.3). The results will be summarized in a specific section of the executive summary.

4.2. Sectoral analysis for the modernized free trade agreement between the European Union and Chile: detailed analysis of specific sectors

Based on the overall assessment mentioned in section 4.1, the Contractor shall carry out a detailed analysis on a list of sectors to be decided in coordination with the Commission (as explained in more detail below) at the latest by the approval of the inception report.

The analysis of the impact on the most significant sectors (approximately five to six sectors) shall include an overview of the current state of the industry, an identification of challenges and untapped future opportunities as well as an investigation of the likely impact of the modernized agreement under negotiation.

(1) General Approach

The in-depth sectoral analyses shall identify and analyse the impact of the FTA on specific subsectors, activities, products, vulnerable social groups and geographical areas that are most likely to be affected, either positively or negatively, by the outcome of the negotiations. Particular attention shall be given to non-tariff measures and behind the border measures affecting trade and investment, the likely impact of the FTA on the functioning of the market, competitiveness, job creation or losses, employment and decent work and welfare effects, SMEs, consumers and gender equality. To the extent possible, non-tariff measures should be broken down into types of barriers such as customs, administrative procedures and technical regulations issues (technical barriers to trade (TBTs)). As part of these sectoral analyses, the Contractor should map the most important/critical sectors and areas in terms of impact on women in Chile and the EU. Other potential economic, social, human rights and environmental impacts shall also be analysed in depth at sectoral level. Sectoral analyses may also contribute to analysing the impact that the modernized trade agreement under negotiation could have on corruption.

Without prejudice to the five to six sectors which will be selected for detailed analysis the sectoral analysis shall also identify specific sectors, products, vulnerable social groups and geographical areas that are most likely to be affected, either positively or negatively, by the outcome of the negotiation. The sectoral work will include a quantitative analysis as well as qualitative considerations on the potential effects of the relevant modernized agreement in the sectors concerned in the EU and the partner country. The Contractor can, after agreement by the Commission, use additional quantitative tools to complement available results, but only if the existing results prove to be inadequate or insufficient to perform the deeper analysis that is foreseen in this section. In that case the use of micro data could be considered as well as the other available research. The study shall examine the impact on sectoral competitiveness by reviewing other available sectoral studies.

For all cross-cutting issues such as public procurement, establishment/investment, labour mobility, trade facilitation, etc., a detailed characterization is required of the main sectors involved (main type of goods and services traded or affected in these transversal sectors).

(2) Impacts on SMEs

Building on the analysis of the external study conducted in support of the Commission impact assessment, the Contractor shall identify the sectors where EU SMEs could be particularly impacted (positively or negatively) by the modernization of the FTA. This could cover inter-alia the potential benefits for EU SMEs in establishing operations in the relevant partner country, and an account of potential opportunities and threats for EU SMEs that are part of international supply chains. The "SME Test" of the European Commission Better Regulation "Toolbox" shall be referred to.²²

(3) Preliminary sector selection

Building on the Commission impact assessment and its supporting external study, bidders shall put forward a preliminary sector selection, explaining why these sectors may deserve specific attention due to a possibly larger economic, social, human rights or environmental impact. The decision on the final selection of sectors, however, shall be taken in agreement with the European Commission and may differ from the preliminary sector selection proposed by the Contractor.

Sectors that will be subject to further detailed analysis in each SIA will be selected according to several criteria such as: their weight (eg, GDP, share of employment, share of household consumption) in the EU, in the partner country, or in developing countries (in particular LDCs)²³; particularly significant (positive or negative) expected economic, social, human rights or environmental impacts of the agreement in these sectors; their integration in global value chains; and concerns, priorities, opportunities or risks raised by stakeholders.

²² Better Regulation Tool #19: The "SME Test" (http://ec.europa.eu/smart-regulation/guidelines/tool_19_en.htm)

²³ The in-depth analysis of the selected sectors should then consider the impact in the LDCs concerned

Particular attention should be paid to the SME sector in these analyses.

4.3 Consultation process

The Contractor is requested to complement its quantitative and qualitative analysis with representative inputs from stakeholders.

Consultations are key to ensuring the transparency, quality, credibility and legitimacy of SIAs by providing a dynamic and robust framework for interaction and dialogue with all relevant stakeholders.

By directly involving those affected or interested in the trade and investment measures under negotiation, the SIA consultation provides additional and constructive perspectives on the potential sustainability consequences of the envisaged modernized agreement.

Targeted consultation with sectoral stakeholders (through e.g. interviews) can provide a useful means to put the results of the economic modelling into perspective. The approach in this regard should be discussed and agreed with the Commission beforehand.

The main objectives of the consultation process are:

- to actively engage with all interested parties in order to reflect their experience, priorities and concerns;
- to contribute to the transparency of the SIA analysis;
- to help to identify priority areas and key issues relating to the possible economic, social, environmental and human rights impacts in the negotiations.

The Contractor is responsible for establishing a consultation plan which proposes the way the SIA consultation will be carried out. In particular, the consultation plan shall identify key stakeholders and affected people to be consulted in the EU and the partner country; map civil society in the partner country; and identify any risks (e.g. non-participation by major stakeholders, lack of representation, lack of balance between the interests represented or constraints on freedom of association) and how these risks will be addressed to ensure constructive dialogue and useful inputs from stakeholders. Consultation means and activities foreseen shall also be described in detail.

Stakeholders to be consulted include non-governmental organizations, businesses, social partners and academia. The Contractor shall seek to involve experts from the EU and the partner country as well as from appropriate international organizations such as the ILO.

The Contractor shall identify target groups that run the risk of being excluded. There might be differences between stakeholder groups regarding their access to consultations or in the availability of resources they can dedicate for participation in

consultations. The Contractor shall make specific efforts to ensure that all relevant stakeholders are both aware of and able to contribute to the consultation.

The Contractor shall seek to ensure a balanced coverage of all relevant interests among identified stakeholders and clearly explain how and why these stakeholders have been invited to participate in the process.

The Contractor shall also consult with the European Commission services and the European Economic and Social Committee to identify key stakeholders.

The Contractor shall take account of the stakeholder consultations already undertaken in the context of the IA which accompanied the Commission's decision to request negotiating authorization from the Council.

The consultation plan is presented to and discussed at the meetings of the Civil Society Dialogue²⁴ as well as at the meetings with the SIA inter-service steering group (ISG).

Consultation is not a one-off event but a dynamic, systematic process that includes a wide range of complementary activities. These include interviews, meetings and surveys of stakeholders, as well as dissemination of the findings at all the main stages of the analysis, publication of the draft reports for comments and their discussion in public meetings.

In particular, the activities required as part of the consultation process are described in more detail below.

4.3.1 Dedicated website and electronic communications

To ensure dynamic and continuous interactions with civil society and all other relevant stakeholders throughout the conduct of the SIA, a dedicated SIA website will be set up for the modernization of the exiting FTA with Chile as well as other digital channels shall be set up.

SIA dedicated website

The dedicated SIA website must include an introductory paragraph in all official EU languages which explains the scope and objectives of the SIA.

The dedicated website provides an essential channel for publicizing the SIA, communicating with stakeholders and disseminating its findings. The website shall be designed to facilitate regular interactions with stakeholders and serve as a discussion forum to further stimulate the involvement of stakeholders on the basis of SIA information made available online.

²⁴ See Section 4.3.3.

To this end, the SIA website shall include a specific feedback mechanism, a home page with an easily accessible summary on the stage of the SIA process, a search function and all appropriate SIA-related information. To ensure its continued relevance, the SIA website shall be updated at least every two weeks from its creation until completion of the SIA.

In particular, all reports – inception, interim and final – in their draft version as well as in their final forms shall be made publicly available on the website. Other relevant outputs, including regular updates on the SIA process and findings and documentation sources are also published on the SIA website.

All meetings with civil society shall be appropriately advertised on the SIA website and through other channels such as SIA newsletters issued by the Contractor, Twitter accounts, EU trade newsletters²⁵ (EUTN) etc. The dates, venue and other relevant information shall be clearly communicated well in advance of the events.

Finally, to ensure that the SIA consultation is open and transparent, the Contractor shall publish all the inputs received from the stakeholders together with the names of their authors in a section of the website specifically created to this end. In cases where contributors indicate that they do not wish their identity to be disclosed, their inputs will be published by the contractor without revealing the identity of the author.

The SIA dedicated website shall be created no later than the date of publication of the draft inception report, and shall remain online for at least two years after the date of approval of the final report.

Other electronic tools

The Contractor is also expected to contact relevant stakeholders by various means such as email, electronic newsletter, Twitter, etc. to inform them regularly and proactively about the SIA process including consultation activities and the main findings. In particular, at the beginning of the SIA consultation process and at each of the main stages of the analysis, the Contractor shall contact identified stakeholders informing them about the SIA study and inviting them to provide contributions via dedicated channels.

Other complementary communication tools can be developed where relevant such as a dedicated email address for feedback, regular mails or social media coverage.

4.3.2 Interviews, meetings, and questionnaires

²⁵ The Contractor will provide the content for the EUTN which is managed by the Commission. For further detail on the EUTN please refer to the Trade on Europa website: <http://trade.ec.europa.eu/eutn/>

As part of the consultation process interviews, meetings, and questionnaires shall be conducted.

Interviews and meetings

The Contractor shall undertake interviews and one-to-one meetings. These interviews and meetings shall encourage detailed discussions on the ongoing negotiations and their potential sustainability impacts. The Contractor will be expected to conduct a number of interviews or meetings both in the EU and in Chile, ensuring a balanced representation of stakeholder interests. The bidders are invited to indicate how many interviews and/or meetings in total they intend to conduct, particularly those targeting vulnerable stakeholder groups in the partner country.

The Commission acknowledges that conducting interviews and meetings on the ground, particularly in Chile, can constitute a costly component of the project. As such, the Contractor is requested to specify in its offer (see Annex 2 of these terms of reference) the estimated travel and subsistence expenses inherent to its stakeholder consultation plan. The Commission shall reimburse these expenses separately up to the limit indicated by the Contractor in its offer, it being clear that the total amount to be paid by the Commission shall not exceed the total budget foreseen for the contract (i.e. the amount indicated in §7 of these terms of reference). The reimbursement will be subject to the conditions set out in the Framework Contract and to the flat-rate ceilings set out in Annex III of the Framework Contract.

The Contractor shall also identify existing platforms for dialogue that they could use to enhance communication with stakeholders. In this respect, the Contractor shall consult with the SIA inter-service steering group, the European Economic and Social Committee and, via the Commission, the Social Dialogue Committees to determine whether existing conferences or meetings that they should attend are taking place.

Questionnaires

The Contractor shall also develop at least one questionnaire open to all stakeholders, plus two specific ones (see below). The Contractor shall make sure that the questionnaires can be understood by the layman and are appropriately disseminated particularly amongst all relevant stakeholders. The questionnaires shall be made available in English, French, German and Spanish. In addition to the questionnaire open to all stakeholders, questionnaires specifically directed to SMEs and to consumers shall also be developed.

4.3.3. Civil Society Dialogue meetings

The Contractor shall present ongoing work to interested stakeholders, giving them the opportunity to provide direct input.

In particular, three meetings for the SIA shall take place in Brussels with civil society in the framework of DG Trade's Civil Society Dialogue (CSD)²⁶. These are regular meetings between civil society and the Commission to discuss aspects of the EU's trade policy. The Contractor is expected to participate in the three meetings on the SIA, to present the SIA methodological approach and findings as well as to hold an open discussion with interested stakeholders. The meetings shall be organized to discuss the draft reports (inception, interim and final).

The draft reports shall be made public within a reasonable time frame ahead of the CSD meetings and shall be finalized taking into account contributions provided during the CSD meeting as well as through other consultation channels (such as the website).

4.3.4 Workshop in Chile

A full one-day workshop shall be organized in Chile to allow a genuine and comprehensive consultation of local stakeholders, in particular civil society, businesses, national and regional administrations, social partners including trade unions, and international organizations present on the ground.

The Contractor shall be in charge of planning and organizing the workshop, including the timing and the venue of the workshop²⁷, the participants and their detailed content. The EU Delegation in Santiago shall be involved as appropriate and the Commission must approve the final programme and list of participants for the workshop. The Contractor shall bear all the costs of the workshop.

The workshop shall respect the following specifications:

- **Expected dates of the workshop:** the date of the workshop will be confirmed by the SIA ISG in consultation with the EU Delegation in Santiago.
- **Documentation:** the Contractor will be responsible for preparing the documentation for the workshop. Documents should be made available to stakeholders participating in the workshop well in advance of the event, so as to enable an informed discussion to take place. The agenda and at least a short summary of the main documents should be made available in both English and Spanish.
- **Content of the workshop:** the Contractor will make a proposal for the organization and content of the workshop, including the programme and a list of participants and speakers which is representative of the different categories of stakeholders. The programme will be finalized in coordination with the SIA ISG and the EU Delegation in Santiago.

²⁶ For more information, please visit Trade on Europa at <http://trade.ec.europa.eu/civilsoc/index.cfm>

²⁷ Which should be agreed beforehand with the Commission.

- **Venue:** the workshop will take place in the partner country as specified above, in a location to be approved by the SIA ISG. The Contractor will provide and pay for renting of the meeting rooms and for other logistical requirements such as catering (lunch, coffee, water), and equipment (IT tools and support, overhead projectors, printers, folders, etc.). The event should be organized in 3-star (EU equivalent) hotel/conference centre (the number of rooms will depend on the agenda and the organization – as necessary – of thematic working groups).
- **Participants:** the Contractor should propose a balanced list of participants covering the main categories of stakeholders, including: businesses, national and regional administrations, social partners including trade unions, and civil society. The Commission will cover travel and accommodation costs (see below) for up to 50 participants; however that number may be exceeded, provided that additional participants are self-financing, and that the overall balance of the participation is maintained. The EU Delegation in Santiago shall be consulted on the selection of participants. The draft list of participants (comprising both reimbursable and non-reimbursable participants) and the draft invitations will be discussed and approved by the SIA ISG. Once approved, invitations will be sent by the Contractor.
- **Working languages:** the working languages for the workshop will be English and Spanish.
- **Travel and accommodation of participants:** Travel must be organised for participants, as well as full board accommodation for participants travelling from locations more than 60kms from the workshop venue; these costs will also be covered by the Commission on a flat rate per effective participant. Accommodation should be provided in 3-star (EU equivalent) hotels/guest houses within walking distance of the workshop venue. Transport costs should be based on 1st class coach fares for distances less than 400kms; and on economy class air fares for distances of 400kms or more.
- **Travel and accommodation of organisers:** travel and subsistence that may be required by the Contractor to perform this consultation activity (the organisation of the workshop) will be reimbursed separately to the Contractor by the Commission.
- **Publication:** the Contractor must publicize the workshop among relevant stakeholders. Information relating to the workshop should be published on the Contractor's website. The Contractor should liaise with local media in order to ensure appropriately targeted coverage of the event. Press releases should be issued before and after the events. Participants should be aware that the

Contractor is the organizer, and that the EU is financing the workshop. The EU logo must appear on all documents.

- **Follow-up:** the Contractor will ensure appropriate follow-up to the workshop by publishing on the specific, dedicated website a report on the proceedings, together with a list of participating organizations and individuals, and the views expressed. The Contractor should encourage further participation in the process by relevant stakeholders, in particular through the dedicated website; and should also provide information on how stakeholders' views have been taken into account in the final report.

4.3.5 Meetings with the European Commission

The Contractor will be required throughout the process to attend meetings with European Commission officials, including meetings with the SIA ISG²⁸. These meetings will include: presentations and explanations by the Contractor of work completed up to the date of the meeting, including reports on progress and results of the analysis; further information provided by the European Commission on (*inter alia*) negotiating developments; and discussions on future work and on the specific sectors to be assessed. The Contractor will be asked to draft detailed minutes of each of these meetings.

At least four meetings shall be foreseen for the SIA including a kick-off meeting to be organized between the SIA ISG and the Contractor two weeks after signing the contract. The Contractor may be required to attend additional meetings or videoconferences as the European Commission deems relevant and necessary.

4.4 Proposals for policy recommendations and accompanying measures

The Contractor shall present proposals for policy recommendations covering enhancement and prevention/mitigation measures (*i.e.*, measures needed to reinforce any significant positive sustainability impacts, and to prevent or at least mitigate any significant negative sustainability impacts).

Recommendations shall be presented both: in terms of the EU's negotiating positions (*i.e.*, directly related to provisions to be included in the modernized FTA, e.g. in relation to trade policy vis-à-vis economically, socially, environmentally sensitive sectors and relevant human rights issues, if applicable); and in terms of non-trade-related (accompanying) measures. They may suggest priorities to be given to any specific sectors and specific actions on horizontal issues. The Contractor shall also

²⁸ All interested Commission services and the European External Action Service (EEAS) are invited to participate in the SIA ISG.

analyse the feasibility of its recommendations and estimate their cost and possible impact.

5. REPORTING REQUIREMENTS

The Contractor must produce three self-standing reports as described below. Each must include all explanations, analytic concepts, assumptions, and contextual information necessary for a full understanding of the work performed, the evidence gathered, the conclusions reached and the recommendations made.

Since the draft SIA reports will be made public for stakeholders' comments, it is essential that they are drafted in such a way to be accessible and meaningful to trade and non-trade specialists alike.

Any reports submitted by the Contractor shall be accompanied by the original statistical databases, and other data inputs that formed the basis for the analysis. Wherever appropriate, the quantitative and qualitative impact analysis shall be supported with statistical data, and corresponding data sources shall be quoted.

Inception Report

The inception report shall describe how the Contractor proposes to achieve the project objectives. It shall include:

- An overview of the project's key features, a description of the project's objectives and of how the work will be structured into phases, and a clarification of the scope of work including a list of key issues for the negotiations to be discussed with the Commission.
- A detailed presentation of the proposed methodological approach and data sources.
- A draft literature review, list of tools and references to be used.
- A draft consultation plan that meets the specification in section 4.4, including an explanation of how it will be implemented, and of how the active engagement of all relevant stakeholders, and vulnerable groups in particular, will be ensured.
- A preliminary list of all the relevant and representative stakeholders (inside and outside the EU).
- A preliminary screening and scoping exercise for the key sustainability issues (economic, social, environmental, and human rights) associated with the modernized trade agreement.

- A preliminary overview of the overall and sectoral analysis, and identification and definition of indicators relevant for this report, justifying the choice and how the information is to be collected.
- The selection of sectors for in-depth analysis.
- An executive summary and an outline of the expected content for both the interim and the final report.

The draft executive summary of no more than 6 pages should be translated in English, French, German and Spanish at the time of publication of the draft inception report.

The draft inception report must be presented to the SIA ISG and to civil society representatives in Brussels, and relevant comments shall be taken into account while finalizing the drafts.

The revised inception report shall not exceed 100 pages (including the executive summary) and the executive summary of no more than 6 pages should be translated in English, French, German and Spanish.

Interim Report

The interim report shall contain the bulk of the analytical work. In particular, it shall include:

- A set of tables under electronic format with the numerical results of the quantitative analysis.
- Preliminary findings of the economic, social human rights and environmental analyses.
- Preliminary findings of the in-depth analysis of the sectors selected for in-depth analysis.
- Progress briefing on the implementation of the stakeholder consultation plan, including:
 - o An account of the consultation activities that have taken place to date, a summary of the feedback gathered so far and an explanation of the use made of this feedback in the SIA;
 - o Overview of the use made of the SIA website and social media (including website and social media statistics).

Stakeholder consultation should be well advanced and already feed into the analysis at this stage.

- Roadmap for the work necessary to complete the final report and a proposed structure for the final report.

The Contractor is encouraged to seek early feedback from the SIA ISG on draft chapters of the interim report in order to identify upstream potential problems.

The draft executive summary of no more than 6 pages should be translated in English, French, German and Spanish at the time of publication of the draft inception report.

The draft interim report must be presented to the SIA ISG and to civil society representatives in Brussels and relevant comments shall be taken into account while finalizing the draft.

The revised interim report shall have no more than 200 pages (including the executive summary) plus annexes and the executive summary of no more than 6 pages should be translated in English, French, German and Spanish.

Final Report

The final report shall refine the analysis, recapitulate the outcomes and findings of the assessment and make recommendations and proposals for flanking measures, summarizing and exploiting stakeholders' comments in a transparent manner.

The final report shall contain the following elements:

- Description of the methodological approach adopted for the SIA.
- The outcomes and results of the assessment.
- Details of communication activities including:
 - Outline of contacts with stakeholders in the EU;
 - Outline of contacts with stakeholders in the partner country;
 - Outline of contacts with stakeholders in relevant third countries;
 - Minutes of the workshop in the partner country;
 - Evidence of attendance of the participants at the workshop in the partner country;
 - Minutes of the Civil Society Dialogue meetings held in Brussels outlining key stakeholder positions and points of views, the programmes and list of participants;

- An account of the consultation activities that have taken place, a summary of the feedback gathered and an explanation of the use made of this feedback in the SIA.
 - Overview of the use made of the SIA website and social media (including website and social media statistics).
- Conclusions, including recommendations and proposed flanking measures.
 - References and key sources.

The final report shall contain an abstract of no more than 200 words and, as separate document, an executive summary of no more than 6 pages, in English, French, German, and Spanish.

They must include specific identifiers provided by the European Commission, which shall be incorporated on each cover page.

The report shall make use of the standard disclaimer and graphic requirements described in point 5.3.2 of the Terms of Reference for the Framework Contract.

The draft executive summary of no more than 6 pages should be translated in English, French, German and Spanish at the time of publication of the draft inception report.

The draft final report must be presented to the SIA ISG and to civil society representatives in Brussels no later than 8 months after the kick-off meeting. Relevant comments shall be taken into account while finalizing the drafts.

A separate briefing document of no more than two pages shall accompany the final report. This shall summarize, in very short and succinct form:

- the objectives, scope and purpose of the SIA;
- the main trade measures identified for impact analysis;
- the liberalization scenario considered;
- other key assumptions and hypotheses;
- the most significant economic, social, environmental and human rights impacts identified;
- the most important complementary policy measures recommended in order to minimize negative impacts and maximize positive impacts of the trade measures proposed;
- the sources of evidence, and the qualitative and quantitative evidence-gathering techniques used and reported;
- details of the representative consultation process undertaken for the SIA;

- limitations in the design or the execution of the SIA in meeting the project aims and objectives; and
- suggestions (where relevant) of issues or aspects for further investigation, including *ex post* analysis of the impacts of the future modernized agreement reached at the conclusion of negotiations.

6. TIMING

SIA findings must be available well in advance of the end of the underlying negotiation, and sufficiently early to be capable of informing decision-making relating the proposed agreement.

The duration of the tasks for this project shall not exceed 14 months. The period of execution of the tasks may be extended, but only with prior written agreement of the European Commission. The expected timeline is as follows:

Deliverables	Month ²⁹
1 Draft Inception Report	1 ½
1 Draft Interim Report	4
1 Workshop in the partner country + report	4,5-6 ³⁰
1 Draft Final Report	8

Tenderers must propose an indicative calendar for the work programme and reports included in the terms of reference. The calendar should be realistic and conducive to the delivery of high quality draft reports. It is the Contractor's obligation to observe the implementation of the agreed timeframe, taking into account the time necessary for consultation with the Commission and with civil society.

The SIA ISG meetings in presence of the Contractor are supposed to take place 3 weeks after the reception of the draft reports and will take place on the same day as meetings with civil society in Brussels.

7. BUDGET

²⁹ Counting from the date of the kick-off meeting.

³⁰ Timing to be agreed at the kick-off meeting

The budget of the contract, including all costs, shall not exceed EUR 250,000 for its total duration.

The tenderer should however be aware that the contract award criteria are based on the most economically advantageous tender.

The price offer of the tender must be complete. The price must include, inter alia, the honoraria and costs related to the workshop in Chile (general organization, communication, transport, accommodation, and catering for the participants). The tenderer must not include in the price offer expenses for items that cannot be itemized and specified as requested (see Annex 2); otherwise, its tender will be rejected.

The Commission shall not separately reimburse travel or subsistence expenses incurred by the Contractor to attend the meetings in Brussels, nor any other costs such as translation costs, database management or administrative costs necessary to carry out the tasks of the contract (offices, secretarial assistance, communications, printing costs of documents, dispatch costs, etc.). Therefore, the tenderer is requested to take into account all these costs when preparing the offer.

Travel and subsistence expenses which may be required for the Contractor to perform the consultation activities foreseen in point 4.3.2 and 4.3.4 of these terms of reference shall be reimbursed separately, as foreseen in the Framework Contract and up to the flat-rate ceilings set out in Annex III of the Framework Contract, up to a maximum of EUR 15,000.

8. PAYMENT

Payment shall be made in Euro (€).

Payment shall be made on services rendered (and time spent) based on the submission to, and acceptance by, the Commission of the reports and duly established invoices.

Interim payments:

In line with article I.4.3 of the framework contract, at the request of the Contractor:

- a first interim payment of 30% of the total value under point III.3.1 of the specific contract shall be made, after presentation and acceptance of the inception report and an invoice.
- a second interim payment of 40% of the total value under point III.3.1 of the specific contract shall be made, after presentation and acceptance of the interim report and an invoice.

Payment of the balance:

The request for payment of the balance by the Contractor shall be made according to the provisions of article I.4.4 of the framework contract. The final report shall be accompanied by

the evidence of attendance of the participants at the workshop. In line with article I.4.3 of the framework contract, at the request of the Contractor reimbursement of travel and subsistence expenses will be made together with the balance on production of the original supporting documents and an invoice.

9. CONTRACTUAL CONDITIONS

In drawing up its bid, the Contractor should bear in mind the provisions of the standard specific contract attached to this invitation to tender (see Annex 1). This contract will be proposed to the successful Contractor. By submitting an offer, the Contractor accepts the conditions of this contract.

The Contractor must not include in the offer conditions or clauses that are not specified in, or that modify, this Terms of Reference, on pain of its tender being rejected.

10. THE TENDER MUST INCLUDE:

- All the information and documents required by the authorizing department for the appraisal of tenders on the basis of the award criteria set out at point 12 below;
- Description of the methodology and planning of the work, including the time limit for delivery of each report and document and quality control systems to ensure English drafting is of a very high standard;
- A preliminary selection of sectors for detailed analysis;
- A description of the team proposed for the assignment;
- A signed statement of exclusivity and availability for each expert;
- A fixed price: using the quotation form in Annex 2, the Contractor will specify the number of man-days allocated per category of staff as indicated in annex II of the Framework Contract and will provide a total cost for the workshop in Chile and the reimbursement of travels and accommodation (if necessary) of stakeholders invited to the workshop (50 participants per workshop) on the basis of a flat rate per participant.

11. QUOTATION OF PRICES

As regards honoraria, prices must be quoted in EUR (€) corresponding to the accepted unit prices as set out in annex II to the Framework Contract.

Prices must be fixed amounts that are non-revisable.

Prices shall be quoted free of all duties, taxes and other charges, including VAT, as the European Union is exempt from such charges under Articles 3 and 4 of the Protocol on the Privileges and Immunities of the European Union annexed to the Treaty of the European Union and to the Treaty on the Functioning of the European Union. Exemption is granted to the Commission by the governments of the Member States, either through refunds upon presentation of documentary evidence or by immediate exemption. The successful Contractor shall be given the necessary instructions by the Commission.

12. AWARD CRITERIA FOR THE CHOICE OF THE CONTRACTOR

The contract will be awarded to the "most economically advantageous tender".

Criteria to be applied are:

- price (price of the tender measured as a ratio compared to the lowest tender³¹), (30%), identified as the sum of the total maximum cost of tasks (honoraria) with the total maximum cost of workshop (assuming 50 participants), i.e. value arrived at in row (I+II) of "Annex 2 Quotation Form for Price", and
- quality in terms of technical quality of the offer (70%) assessed on the basis of the following sub-criteria

No	Qualitative award criteria	Weighting (maximum points)
1.	Technical quality, experience, variety and coherence of the proposed team for the assignment covered by the specific contract, including appropriateness of the local contacts proposed where relevant. Balance between the input of the senior and junior experts.	50
2.	Quality and appropriateness of the proposed methodology a) quality of the work plan, including subsequent steps, timetable and outputs so as to deliver in time credible, coherent and reliable deliverables b) methodology: quality of the quantitative and qualitative research methods proposed to perform the assignment	40
3.	Approach proposed for the management of the project and its quality control	10

³¹ By using the formula: $\frac{\text{Price of the lowest tender}}{\text{Price of the tender}} * \text{fixed percentage} = \dots \% \text{ for the criterion 'price'}$

<i>Total number of points</i>

100

The evaluation board will compare the offers based on this score, it being clear that the Commission cannot be required to accept an offer the quality of which does not reach the minimum standard of 65%.

A minimum threshold of 50% will also be applied per criterion, meaning that the Commission will only assess further offers that obtain 50 % or more on a single criterion.

The sum of the price and quality criteria will result in a numerical score (e.g. 75%).

Annex 1: Specific Contract

Annex 2: Quotation Form for Price

