



## The Asia Foundation

### TAF-PRCC-MoFA

#### The Asia Foundation Afghanistan

**Program Office:** PRCC-MoFA Project

**Funding Opportunity Title:** Lost Opportunities Cost of Non-Cooperation & Dividends of Peace in the Heart of Asia Region (Only focusing on South and Central Asia)

**Announcement Type:** Request for Proposal

**Funding Opportunity Number:** TAF-PRCC-MoFA-JUNE-018

**Deadline for Applications:** July 04, 2019 3:00pm Kabul Time

#### CONTACT INFORMATION

For all queries contact Procurement Department

([country.afghanistan.procurement@asiafoundation.org](mailto:country.afghanistan.procurement@asiafoundation.org)). No personal visits or telephone calls shall be entertained.

#### THE PROCUREMENT UNIT

The Asia Foundation

House # 861, Street # 1

Shirpour, District-10, (Sub Street of Shirpour Project)

Kabul, Afghanistan.

The Foundation will not be responsible for proposals left at the main gate, reception, guard offices, or handed over to any TAF employee other than the procurement unit staff.

#### CHECKLIST OF DOCUMENTS INCLUDED IN PROPOSAL

Documents / Content to be included in the RFP	Yes	No	Please explain if “No” has been checked.
Technical proposal	<input type="checkbox"/>	<input type="checkbox"/>	
CVs of key staff and core personnel	<input type="checkbox"/>	<input type="checkbox"/>	
Summary table of similar projects	<input type="checkbox"/>	<input type="checkbox"/>	



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Letters of recommendation	<input type="checkbox"/>	<input type="checkbox"/>	
Implementation plan	<input type="checkbox"/>	<input type="checkbox"/>	
Risk assessment plan	<input type="checkbox"/>	<input type="checkbox"/>	
Budget and budget narrative	<input type="checkbox"/>	<input type="checkbox"/>	
M&E strategy/manual distinct from M&E Plan in body of technical	<input type="checkbox"/>	<input type="checkbox"/>	
Gender equity policy	<input type="checkbox"/>	<input type="checkbox"/>	
Copies of last two years of annual audit reports	<input type="checkbox"/>	<input type="checkbox"/>	
Bidder's declaration	<input type="checkbox"/>	<input type="checkbox"/>	



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### I. BACKGROUND SUMMARY

The Asia Foundation is a nonprofit international development organization committed to improving lives across a dynamic and developing Asia. Informed by six decades of experience and deep local expertise, our work across the region addresses five overarching goals—strengthen governance, empower women, expand economic opportunity, increase environmental resilience, and promote regional cooperation.

#### **Project background**

The Asia Foundation - Afghanistan is working with the Regional Cooperation Directorate (RCD) of the Ministry of Foreign Affairs (MFA) of the government of Islamic Republic of Afghanistan to develop the capacity of the RCD to lead the country's efforts in promoting regional cooperation under the EU funded 'Promoting Regional Cooperation Capacity in Ministry of Foreign Affairs' project (PRCC-MoFA).

His Excellency President Ashraf Ghani in his keynote speech in the 'Heart of Asia-Istanbul Process' Ministerial Conference in Islamabad, Pakistan on 9<sup>th</sup> December 2015 highlighted on the positive role that Afghanistan could play in strengthening regional cooperation, particularly economic cooperation. His Excellency pointed out that Afghanistan and the countries in the region have 'lost opportunities' by not exploiting the potentials of economic integration and cooperation. His Excellency the President commissioned the 'Secretariat of the Istanbul Process to actually document the costs of forgone opportunities in the regional cooperation and the advantages that accrue from this'.

The Asia Foundation's Promoting Regional Cooperation Capacity in MoFA (PRCC-MoFA) project and RCD plans to commission a Research paper to understand the full extent of lost-opportunities cost of non-cooperation, and dividends of peace. The Research will undertake an in-depth Research that looks in the past to quantify 'lost opportunities' and look forward to estimate the exact benefits that each country can earn by pursuing economic cooperation.

#### **About RCD-MFA**

The Regional Cooperation Directorate (RCD) in the Ministry of Foreign Affairs of the Islamic Republic of Afghanistan is established to promote regionalism in the Afghan foreign policy and lead/coordinate/facilitate regional initiatives, processes and organizations to which Afghanistan is a party. It manages the work of all regional processes and organizations as well all tri-lateral, quadrilateral and multi-lateral relations of Afghanistan in the surrounding regions.



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The RCD serves as de facto secretariat for the HoA-Istanbul process. As such, it is an important administrative and policy unit within the ministry dealing with the HoA-Istanbul process and its overall administration, development and strategic direction.

### **About the Heart of Asia Process**

The Heart of Asia-Istanbul process was launched in November 2011 in Istanbul, Turkey. The Istanbul Process provides a new agenda for regional cooperation in the ‘Heart of Asia’ by placing Afghanistan at its center and engaging the ‘Heart of Asia’ countries in sincere and result-oriented cooperation for a peaceful and stable Afghanistan, as well as a secure and prosperous region as a whole.

The member countries of the Heart of Asia-Istanbul process are: Afghanistan, Azerbaijan, China, India, Iran, Kazakhstan, Kyrgyz Republic, Pakistan, Saudi Arabia, Tajikistan, Turkey, Turkmenistan, and United Arab Emirates. In addition to the member countries, the following states and international organizations support the Heart of Asia-Istanbul Process: Australia, Canada, Denmark, Egypt, France, Finland, Germany, Iraq, Italy, Japan, Norway, Poland, Spain, Sweden, United Kingdom, United States of America, the European Union, the United Nations, AKDN, ADB, CICA, CSTO, ECO, NATO, OIC, OSCE, SAARC and SCO.

The countries participating in the Istanbul process have agreed on the following three elements for the follow-up to the Istanbul Process:

- A) Political consultation involving Afghanistan and its near and extended neighbors;
- B) A sustained incremental approach to implementation of the Confidence Building Measures (CBMs) identified in the Istanbul Process document; and
- C) Seeking to contribute and bring greater coherence to the work of various regional processes and organizations, particularly as they relate to Afghanistan.<sup>1</sup>

Countries participating in the Heart of Asia process take part in a process of continuous and effective dialogue between Afghanistan and its near and extended neighbors concerning all issues of common interest and importance for Afghanistan and the region as a whole. The process is built on the Recognition of the need for strengthening trust and cooperation in the region, and thus contributing to the stability and prosperity of Afghanistan and its surrounding regions,

The Istanbul Process emphasizes the important role of existing regional organizations and intends to support and strengthen their efforts in promoting economic cooperation and integration in the region, improved security, and greater people-to-people relations. The Istanbul Process is not

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<sup>1</sup> For further information on Heart of Asia-Istanbul Process, please visit: <http://www.heartofasia-istanbulprocess.af>



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intended to substitute the existing efforts of regional organizations, but to cooperate with them, and complement their work where necessary.

### II. PURPOSE OF THE RFP

This call for proposal is to invite leading institutions and/or consultants/experts on regional economic cooperation with interest in the Heart of Asia region to submit proposals for developing a brief but in-depth research paper that looks on “lost-opportunities cost of non-cooperation, and dividends of peace”. We seek a research entity that focus on prospective analysis to feed into policy dialogues rather than pure theoretical and abstract discussions.

### III. PROJECT DESCRIPTION

As the Heart of Asia region spans across many sub-regions of Asia and East Europe, the focus of this Research will only be on South Asia and Central Asia. Situated exactly between the Central Asia and the South Asia, Afghanistan is the only land bridge that connects the two regions that have been experiencing steady economic and trade growth over the last decade but with minimum economic interaction with each other. Connecting these markets call for great cooperation among the countries in South and Central Asia. If Afghanistan fully realize its potential as a transit route connecting Central and South Asia, it will not only benefit Central and South Asian countries as well as Afghanistan but could trigger a rapid increase in economic cooperation in the larger Heart of Asia region that has the potential to translate in increased cooperation in other spheres too, including political domain. All pipelines, transmission lanes from Central Asia will pass through Afghanistan to South Asia, and the increasingly energy starving South Asia will need Central Asian rich energy.

To understand the full, extend of “lost-opportunities cost of non-cooperation, and dividends of peace” it is necessary to undertake an in-depth research that looks in the past to quantify ‘lost opportunities’ and look forward to estimating the exact benefits that each country can earn by pursuing economic cooperation, as suggested by His Excellency the President of Afghanistan.

Specifically, we require the research to cover the following topics:

1. Quantification of Lost Opportunities:

Closer cooperation and integration between South Asia and Central Asia can benefit the development of both regions, in particular through connections in transport and energy, trade facilitation and finance, and public policies supporting this process. This research will be focused on infrastructure, economic cooperation, and regional cooperation initiatives. The research will examine the past (last 10 years) and present trade structures of the South and Central Asian countries to quantify the economic losses caused by lack of economic integration and cooperation among these two regions. As unfavorable trade



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patterns ultimately impact the welfare of consumers in a negative way, the research will look into the additional cost that consumers of these regions paid for the lack of economic cooperation.

At the macro level, the research will also present the lost opportunities in terms of GDP growth rate. In other words, the research will show the additional GDP growth that could have been achieved if the two regions traded with each other.

### **2. Obstacles and Main Causes of Non-cooperation**

Intraregional trade in South Asia falls short of its potential because of significant barriers. Despite significant liberalization in tariff regimes by South Asian countries since the 1980s, average tariffs are still high. In 2016, average tariffs in South Asia were 13.6 percent, more than double the world average (6.3 percent) and the highest among major regions of the world despite a regional free trade agreement (SAFTA) that came into force in 2006 (World Bank, 2016). Today, countries around the world harness the potential of intraregional trade to prosper together with their neighbors. However, while intraregional trade accounts for 50 percent of total trade in East Asia and the Pacific and 22 percent in Sub-Saharan Africa, it forms only 5 percent of South Asia's total trade. Through literature review and interview with experts and government officials, the research will also present the main causes of non-cooperation in the economic realm. The research will look into both tariff barriers (TB) and non-tariff barriers (NTBs) that have slowed down economic cooperation. The research will rank identified TBs and NTBs in terms of their importance and impact magnitude. As these barriers get gradually removed, intra-regional trade in South Asia could increase from the current \$23 billion to \$67 billion.

### **3. Estimation of the Benefits of Economic Cooperation**

Regional economic cooperation can make possible stronger transport and trade connectivity through coordinated physical investments and harmonization of policies, rules, and procedures. Economic corridors and value chains traversing sovereign borders can be promoted. Ultimately, an integrated Central Asian and South Asian market can emerge with economies of the scale necessary to compete in international markets. Perhaps most importantly, regional cooperation can help build enough economic stakes in the region that promote peace and prosperity and substantially diminish the threat of aggression and war.

This section of the research will be forward looking. The research will develop scenario analysis (such as Standard Global Trade Analysis Project (GTAP) mode and Computable General Equilibrium (CGE) model) to stimulate the benefits from improvement of trade facilitation between the two regions. The research will conduct the stimulation under two



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scenarios: i) under the assumption that inter-regional trade facilitation is fully modernized, all TBs and NTBs are removed and transportation cost and time are reduced to most efficient system; and ii) the second scenario assumes that inter-regional trade facilitation is only partially improved.

The results will show that under each scenario how much each country will gain. The benefits of cooperation will be shown for both consumers as well as the entire economy. The research will show evidence on how each scenario could help countries reduce poverty and generating employment. Plus, it will show the additional GDP growth rate for each country caused by the increase in inter-regional trade.

#### 4. Dividends of Peace

A peaceful and stable Afghanistan, South and Central Asia will generate dividends for the people of the region and bring economic and trade benefits to the global economy. The research should highlight significance and dividends of peace in Afghanistan and the region, because peace is in the best interest of South and Central Asia. The world was confronted by new challenges while old security threats are changing to adapt to new technologies. South and Central Asia has shown tremendous resilience and is emerging as one of the fastest growing regions and economic market. Nevertheless, at the bilateral level in South Asia, the inherited legacy of conflict and unresolved disputes persists, constraining each state's ability to promote economic and social development of its people. The twin phenomena of strategic peril and economic promise pose a daunting challenge, which must be met by the region in sync with the great global transformation of our times.

#### 5. Policy Recommendations

Political goodwill and strong buy-in by governments in the region are clearly necessary. The participation of the private sector is important. Identifying and implementing concrete projects that translate into material benefits will be vital — otherwise, there is no shortage of talk-shops that only verbally trumpet the benefits of cooperation in the region. The research think tanks and individual research consultant will have to recommend at least 7-10 policy recommendations that can be a stepping stone towards regional connectivity and integration.

#### 6. Recommendation:

The last section of the research will be descriptive analysis. Based on success stories in other parts of the world, the research will recommend practical steps for overcoming the exiting obstacles facing inter-regional economic integration and cooperation.



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### IV. STATEMENT OF WORK

#### 1. Inception Report:

The selected research institution or consultant(s) will submit the inception report to the Asia Foundation and RCD for commenting and approval. The inception report will contain the following two parts:

- a) Research design: it will contain information on the research methodology, data collection method, research timeline, the list of people to be interviewed and list of any field trip for data collection, if needed.
- b) A detailed outline: The outline will lay down the structure of the report along with the title and main points of each chapter

#### 2. A draft research paper:

After completion of data collection and analysis, the contractor will develop a complete first draft including annexes, bibliography and the list of interviewees to the Asia Foundation and RCD for review and commenting.

The RCD will circulate the draft paper to relevant stakeholders both inside and outside MFA/government for review. The RCD will compile all comments and communicate them to the contractor.

#### 3. The final draft of the research paper:

After receiving the written/verbal comments, the contractor will revise the draft report and produce the final version of the research paper. The final version will be submitted to the Asia Foundation and RCD for a last round of review and approval.

#### 4. A presentation of the paper in a seminar at the end of the assignment:

RCD will organize a national or regional conference in Kabul to present the findings of the research paper. The lead author will participate in the event and present the paper.

### V. INSTRUCTIONS FOR SUBMISSION OF PROPOSAL:

#### **Rules of this call for proposals:**

These guidelines set out the rules for the submission, selection and implementation of actions financed under the program.





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### **Eligibility of applicants: Who may apply?**

In order to be eligible for a grant, applicants must be:

- Organizations registered with the Government of Afghanistan.
- Organization/company with proven experience operating and managing similar projects for international organizations or the government of Afghanistan.
- Have strong networking team and strategy to reach project beneficiaries in all targeted areas.
- Have strong management team.
- Have good relationships with related governmental institutions and policy makers.

Applicants are excluded from participation in calls for proposals or the award of grants if, at the time of the call for proposals, they:

- Are subject to a conflict of interest.
- Are guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the call for proposals or fail to supply this information.
- Have attempted to obtain confidential information or influence the evaluation committee or the contracting authority during the evaluation process of current or previous calls for proposals.

It is important to mention technical details regarding scope of operation in your proposal.

The Asia Foundation Afghanistan encourages proposals from both new implementing partners (IPs) and those with existing projects, but partners currently implementing two projects with the Foundation will be considered only if their current project completion date precedes the starting date specified in the current RFP.

### **Number of proposals and grants per applicant:**

Applicants may submit only one proposal for this particular action.

### **How to apply and procedures to follow:**

A separate cover letter including the name, address, and telephone number of the applicant organization, and signed by the person or persons authorized to represent the agency should accompany the proposal submission.



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Financial Proposal and Technical Proposal Envelopes **MUST BE COMPLETELY SEPARATE**, and each must be clearly marked on the outside as either “TECHNICAL PROPOSAL” or “FINANCIAL PROPOSAL” when submitted.

### **Applications must be in English and accompanied by the following documents:**

1. Technical proposal (**not to exceed 20 pages**). Please use 12-point times new roman font, single-spaced, with appropriate margins;
2. CVs of key staff and core personnel. Please limit individual CVs to three pages;
3. A summary table explaining when, where, and how the applicant has implemented similar projects;
4. Letters of recommendation from previous projects from donors and international organizations;
5. Detailed implementation plan with clear milestones and deliverable showing major activities and how they will be implemented. Please include start up activities;
6. Risk assessment plan;
7. Detailed Budget along with budget narrative. Please use the budget format provided. Do not use your own format
8. M&E strategy (preferably M&E manual)
9. Gender equity policy;
10. Copies of the agency’s annual audit reports (Last two years, or if new organization written explanation)
11. Bidder’s Declaration: Potential bidders must disclose any relationships e.g. friends, family, business etc. with Foundation staff

### **Applicants are to submit:**

One (1) hard copy of the technical proposal in a sealed envelope and one (1) hard copy of the Financial Proposal in separate sealed envelope marked in the upper left-hand corner with the name and address of the Applicant and the RFP title.

The supporting documents requested must be supplied in the form of originals or photocopies. Where such documents are in a language other than English, a faithful translation into English must be attached and will be used to evaluate the proposal. All proposals should be signed only by an authorized representative of the applicant. The deadline for the receipt of applications is **July 04, 2019.**



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**All proposals should be directed to the attention of:**

***THE PROCUREMENT UNIT***

***The Asia Foundation***

***House # 861, Street # 1***

***Shirpour, District-10, (Sub Street of Shirpour Project)***

***Kabul, Afghanistan.***

The Foundation will not be responsible for proposals left at the main gate, reception, guard offices, or handed over to any TAF employee other than the procurement unit staff. For all queries contact Procurement Department ([country.afghanistan.procurement@asiafoundation.org](mailto:country.afghanistan.procurement@asiafoundation.org)). No personal visits or telephone calls shall be entertained.

### **VI.TIME FRAME**

The potential organizations shall submit a detailed implementation plan for the activities to be conducted Considering the below timeframe:

Submission of the Inception Report    Within 15 working days

Submission of a first draft        Within 45 working days after the approval of the outline

Submission of a final draft        Within 15 working days after receiving comments

Presentation of the paper        A one-day event to be organized by the Asia Foundation and RCD at the end of the assignment.

Announcement of RFP	June 17, 2019
Pre-Bid Conference (Date and time/Two weeks prior sub)	June 23, 2019 – 9:30am in TAF main office
Responses to pre-bid questions published	June 24, 2019
Last date for submission of Proposal	July 4, 2019
Evaluation of proposals and identification of agency	July 7, 2019
Agreement with selected agency	July 15, 2019



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### VII.EVALUATION CRITERIA

All Applications/proposals will be examined and evaluated by a committee constituted by the contracting authority, members from other concerned programs and Grants, who will evaluate proposals from both a technical and financial standpoint. Applications/proposals submitted by applicants will be assessed according to the following criteria

Area	Comments	Score
Technical Approach	Clarity and appropriateness of scope in the proposed technical approach with demonstrated understanding of project goals and component tasks. Simple and clear approach to project implementation and delivery of services. Project serves beneficiaries and engages relevant stakeholders.	25
Organizational Capacity	Institutional profile, background, expertise, clientage, experience with similar projects, and operational and financial capacity.	20
Personnel/ Key Staff	Relevant experience and technical knowledge of team leader and proposed staff, including CVs and professional references.	10
Interview	Top candidates will be given the opportunity to provide additional information through interviews at The Foundation. An overall assessment of strengths and weaknesses and institutional suitability will be made at this time.	20
Cost/Budget	Reasonableness and appropriateness of cost. Clear budget alignment between level of effort, technical approach, and deliverables.	25

### VIII.TYPE OF AWARD INSTRUMENT

The Foundation-AG will issue a Service Agreement to the selected agency, which will be as per the Foundation's internal policies and will be governed by the Foundation's Rules, Regulations and Guidelines. Payments to the NGO will be made as per the payment schedule, which will be negotiable and finalized while signing the agreement.



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### IX. OTHER TERMS AND CONDITIONS

The Foundation project-specific Marking and Branding regulations may apply to all deliverables produced from this assignment. The Foundation-AG is not bound to select any of the agencies submitting proposals. As quality is the principal selection criterion, the Foundation-AG also does not bind itself in any way to select the agency offering the lowest price. The cost for preparing a proposal and of negotiating an award including visits to the Foundation-AG office, if any is not reimbursable as a direct cost of the assignment. Both for-profit and not –for-profit agencies may apply for this RFP, interested not-for-profit agencies should provide a copy of their registration certificate as a not-for-profit agency. **Foundation reserves the right to visit organizations for due diligence purposes.**

Finally, this RFP does not obligate The Foundation to award a contract nor does it commit TAF to pay any cost incurred in the preparation and submission of a proposal. Award of a Contract under this RFP is subject to availability of funds and other internal Foundation approvals.

#### ANNEXES:

ANNEX I -Proposal Budget Template with sample budget worksheet.

ANNEX II -CV template - for Proposed Staff

ANNEX III - Office Address Direction