Policy Support Unit Request for Proposals

A Policy Research Project

Study on APEC Best Practices on Authorized Economic Operator (AEO) Programs

An Activity of the Policy Support Unit

Inquiries may be addressed to:

Dr Akhmad Bayhaqi
Senior Analyst
APEC Policy Support Unit
35 Heng Mui Keng Terrace
SINGAPORE 119616
Phone: +65 6891 9402
Fax: +65 6891 9419
Email: ab@apec.org

Lodgement of Proposals to:

Ms Aveline Low
Email: albh@apec.org

Closing Time and Date: 11:59 pm, Singapore time (GMT +8)
2 April 2015
SECTION ONE – PROJECT SPECIFIC TENDER CONDITIONS

1. SERVICES REQUIRED

The nature of the required services (the “Services”) is described below in the Terms of Reference in Schedule One.

2. SUBMISSION OF PROPOSALS

The Bidder shall lodge one (1) electronic version of its detailed Proposal and ensure that it is received prior to the closing time and date. Failure to meet this requirement may cause the proposal to be considered as non-conforming. Decisions will be taken on the basis of the electronic version of the Proposal.

3. TECHNICAL PROPOSAL

The Technical Proposal should comprise not more than twenty (20) pages inclusive of tables, diagrams or graphs, but exclusive of the appendix containing team members’ CVs. It must indicate the Tenderer’s nominated contact person and contact details on the cover page.

In general, contents of the Technical Proposal should include:

1. Comments on the Terms of Reference
2. Approach and Methodology
3. Brief Review of Relevant Literature
4. Draft Outline for the Report
5. Work Plan

A detailed work plan (e.g. a Gantt Chart) should include all major components of the proposed work program and should show dependencies between the various components.

The Work Plan showing exactly which team member(s) will undertake which part(s) of the program must be clearly indicated and may not be varied later without the specific written agreement of the PSU. NOTE: If this aspect is not included, the proposal may be considered to be non-conforming.

4. REQUIRED APPENDIX

The technical proposal must also include the team members’ CVs. A curriculum vitae containing the following information is required for each key team member:

1. name and personal contact details (this can be an email and/or phone number);
2. nationality / country of residence;
3. professional qualifications (if applicable);
4. relevant work experience;
5. relevant research/publications; and
6. the name, postal address, telephone and facsimile number and email address (if possible) of at least two (2) referees.

CVs must be no longer than four (4) pages in length. They must be signed and dated by the proposed team member and include the following certification:
“1. [insert name], declare that:

1. the information provided in this CV is accurate and hereby authorize the APEC Policy Support Unit to make whatsoever inquiries it may consider reasonable and necessary to undertake in the course of the proposal assessment in relation to the information I have provided in this CV or any other matter which may relate to my suitability for the position for which I have been nominated; and
2. I am available to participate in the activity in the role in which I have been nominated in the Proposal for the period or periods indicated in the Proposal.”

5. FINANCIAL PROPOSAL

The Contract will be issued quoting, and all payments made, in Singapore Dollars. Your Financial Proposal should be in Singapore Dollars.

The Financial Proposal must be an unconditional offer, fixed for the duration of the Activity.

Contract payments will be made by transfer to a nominated bank account in home country or overseas as nominated in the Contract.

The Contract will be based on a lump-sum, fixed-price, output-based contract valid for the period of the project. The payment milestones for this project are reflected in Schedule Two.

A breakdown of the proposed budget should also be presented to reflect consultancy fees and administrative support charges, with unit cost and the number of hours/days proposed to be devoted to the project by individuals and in aggregate; travel costs on the basis of economy and discount airfares; accommodation of a reasonable standard agreed by the PSU; publication costs for a report (including distribution); and communication and photocopying.

6. CONSORTIA AND JOINT VENTURES

A signed statement must accompany proposals submitted by an organization in association with other organizations from the principals of each associated organization indicating that they agree to provide the inputs identified in the proposal. A copy of the joint venture agreement must accompany proposals submitted by a joint venture. It should be noted that all members of a consortium must have a role in implementing the project and not be included in name only.
I. Title

Study on APEC Best Practices on Authorized Economic Operator (AEO) Programs

II. Aims and Objectives

The study supports the implementation of the APEC Connectivity Blueprint for 2015-2025 and the APEC Customs 3M (Mutual Recognition of Control, Mutual Assistance of Enforcement, and Mutual Sharing of Information) Strategic Framework endorsed by APEC Leaders in 2014. The study will also support the APEC Sub-Committee on Customs Procedures’ (SCCP) AEO Working Group, the AEO Action Plan, and the updating of work accomplished through the AEO Compendium as developed in September 2010.

The specific objectives of the study are:

1. To update the information contained in the 2010 APEC AEO Compendium that presents the following design elements and features of the AEO programs of APEC member economies:
   - Application, Verification and Authorization
   - Security and Compliance Requirements
   - Post Authorization Audit/Re-validation, Suspension and Revocation
   - Customs Organizational Structure for AEO Program and their Major Roles
   - Partnership between Customs and Private Sector for Designing and Developing the AEO Program
   - Benefits for AEOs
   - Mutual Recognition

2. To assess the convergence and divergence of the AEO programs implemented in APEC member economies in their design elements and features.

3. To develop a set of criteria for assessing the best practice technical elements and features to serve as a guideline to APEC member economies in developing their AEO schemes or in upgrading existing ones.

4. To survey the existing best practices implemented by APEC member economies in their AEO programs.

5. To survey existing APEC work and results of capacity-building activities on AEO and other related trade facilitation initiatives, and recommend a forward-looking work program composed of concrete and practical activities that would lead to the interoperability and expansion of the APEC network of AEOs (i.e., mutual recognition agreements/MRAs).

6. To analyze the current level of participation of SMEs in AEO schemes, and further encourage their readiness and ability to comply with the requisite trade security measures.
III. Background

The Authorized Economic Operator (AEO) program is a means to secure and facilitate global trade by providing a framework under which legitimate cargo can move more efficiently. It benefits both businesses and governments. Entities along the supply chain (e.g. manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses and distributors) that are able to demonstrate commitment to compliance with customs regulations and security procedures, are incentivized through expedited cargo processing, clearance and release. On the other hand, customs authorities take benefits in terms of the customs-to-customs cooperation (e.g. outbound-oriented, risk-based inspection of containers and cargo; exchange of electronic cargo information), and more efficient use of resources in preserving trade security.

Since 2009, APEC has undertaken cooperation in helping member economies establish AEO programs and in encouraging mutual recognition arrangements. APEC’s work in this area covers information sharing and capacity-building activities.

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
</table>
| 2009 | • APEC resolved to address the development of AEO programs in alignment with the WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE).  
  • The AEO Working Group under SCCP was created to assist APEC members in establishing AEO programs and promoting MRAs between member economies. The members of AEO Working Group include Canada, Japan, Korea, Malaysia, New Zealand, Singapore, and the United States. |
| 2010 | • The APEC AEO Action Plan was developed to set a phased approach towards the end-goal of forming an APEC-wide network of AEOs.  
  • The APEC Compendium was finalized as an initial deliverable of the AEO Action Plan. AEO Best Practices were planned to be developed based on the Compendium. |
| 2011 | • The AEO Capacity Building Plan was endorsed to assist interested APEC economies in developing and implementing AEO programs, in line with other relevant frameworks such as the WCO.  
  • The Pathfinder on the Mutual Recognition of AEO Programs was endorsed to encourage participating economies to pursue MRAs with economies in the APEC region, as well as share experiences and practices to assist with the development of capacity building tools. |
| 2012 | • Capacity building programs were conducted to help APEC economies to implement domestic-level AEO programs, move towards mutual recognition, and participate in an AEO Mutual Recognition Pathfinder initiative. |
| 2013 | • Information-sharing on APEC economies individual progress in establishing AEO programs and their participation in MRAs, including the results of assessment, studies, or research projects of AEOs and AEO MRAs |
### 2014

- **APEC Customs 3M Strategic Framework** was adopted. Short-term: APEC will continue to carry out capacity building for the economies that have not established the AEO program and further advance the formulation of the minimum standards for AEO enterprises, including SMEs. Long-term: members will continue the capacity building programs, promote AEO mutual recognition and work out the benefit list of AEO MRAs.

- The **APEC Connectivity Blueprint** identified modernization of customs and border agency as an important objective under “Institutional Connectivity”.

In January 2015, the SCCP endorsed a proposal for the PSU to undertake a study on best practices on AEO programs drawing from APEC member economies’ experiences in implementing the program. The study is expected to assist APEC economies in developing, implementing, and upgrading their domestic AEO programs; facilitate the goal of forming a network of AEO MRAs between APEC economies; and provide focus to capacity building efforts.

### IV. Tasks

The Consultant, together with the PSU, will be tasked to research and produce a report comprising the following elements:

1. **Assessment of existing AEO programs of APEC member economies**, composed of an analysis of the technical design elements and features such as security features, self-assessment, validation, post-audit, benefits, challenges, utilization, MRAs, etc.

2. **Assessment of the international best practices on AEO** implemented by APEC member economies and recommendations on enhancing the interoperability and expansion of the APEC network of AEOs (MRAs).

3. **Survey of AEOs of APEC member economies** according to type of entity (exporter, importer, broker, forwarder, etc.), sector, and size (large, medium, small).

4. **Analysis of APEC activities relevant to AEO** and other related trade facilitation initiatives, and possible concrete and practical capacity-building activities and initiatives (e.g. pathfinder approach).

5. **Development of a set of recommendations on APEC best practice guidelines on AEO**.

In conducting the study, the Consultant will draw on public domain materials, as well as information requested from APEC economies. The information gathered from this study will be treated as strictly confidential and will be within the custody of the PSU.

### V. Key Deliverables (Outputs)

The project deliverables shall include:

1. **Inception Report** – consists of a detailed and thorough coverage of the methodological approach presented in the submitted research proposal. This will include a preliminary review of the literature and approach to the AEOs assessment of convergence/divergence and best practices; criteria for assessment; survey template; and
a proposed outline of the Final Report.

2. Interim Report – discusses the progress to date, results of survey, details of the work conducted, highlights, and relevant information or findings.

3. Final Report – contains the results of the full investigation as required by the objectives and tasks of this study; incorporates comments, corrections, and recommendations by the PSU and other APEC-related reviewers. This Final Report should also include an Executive Summary, as well as a section on Conclusions and Recommendations. Both sections must be written in a non-technical manner and be able to explain in layman terms the project details and findings.

Reports and presentation formats must take into account the APEC style guidelines.

VI. Documentation and Other Materials to be Considered

A list of initial references is provided below. This list is by no means exhaustive and consultants are free to add any relevant references that could support their proposal.

6. WCO Guidelines for developing a mutual recognition arrangement/agreement, 2011.
7. WCO AEO Template.

VII. Qualifications of Consultant

The prospective researchers/consultants should have previous experience doing similar work related to AEO. They have to be very well versed with related issues during the practical implementation of AEOs as well as the AEOs design processes. There should also be evidence of the capacity to deliver high quality products on time and within budget.

VIII. Project Management /Administration

1. The study will be developed and managed by the PSU with oversight provided by the Sub-Committee on Customs Procedures (SCCP). The PSU will provide updates on the study through an interim report to be submitted during 2015 SCCP2 / CTI3. A Final Report will be submitted by the PSU during 2016 SCCP1 / CTI1.

2. The PSU Project Lead will coordinate closely with the consultant in completing the deliverables. The PSU expects some assistance from APEC economies in providing the necessary information for the study. The PSU Project Lead will co-author the final report.

3. The consultant will need to liaise with the PSU Director and Senior Analyst concerning the negotiation of the contract, the implementation process for this project, and the outputs generated. This may include meeting certain protocols, taking into account various sensitivities, adhering to a range of guidelines, procedures and processes, as well as being aware of the limitations and expectations in APEC.
4. This project requires analysis across APEC member economies, which could be undertaken in numerous ways. Responses to this Request for Proposal will be considered on the basis of the quality of the proposal submitted as measured by the likelihood of it meeting the project scope and objectives and that the projected cost and quality of output represent value for money.

5. The PSU will oversee the management of this project and expects to have a high level of involvement. The consultant will need to consider the perspectives of relevant stakeholders in the course of completing this project including those of the SCCP and other relevant APEC sub-fora.

IX. Budget

The consultant is required to prepare a detailed itemized budget in submitting their proposal, which may include a specification of consultancy fees and administrative support charges, with unit cost and the number of hours/days proposed to be devoted to the project by individuals and in aggregate.

Proposal costs are to be presented in Singapore Dollars and should not exceed a total amount of SGD 35,000. Proposals above this amount which can provide a detailed justification for a higher cost approach and evidence to demonstrate value for money will not be excluded.

Travel costs for presentation at APEC meetings (if necessary) will be separately funded by the PSU.

X. Indicative Project Development and Delivery Schedule

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Development Period / Delivery Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deadline – Submission of Proposals</td>
<td>2 April 2015</td>
</tr>
<tr>
<td>Review of proposals, contractual negotiations and appointment of consultant</td>
<td>3-14 April 2015</td>
</tr>
<tr>
<td>Project commences</td>
<td>15 April 2015</td>
</tr>
<tr>
<td>Submission of Inception Report</td>
<td>Mid-May 2015</td>
</tr>
<tr>
<td>Submission of Interim Report</td>
<td>Mid-August 2015</td>
</tr>
<tr>
<td>(Report to be presented for SCCP2/CTI3 in August/September)</td>
<td></td>
</tr>
<tr>
<td>Submission of Draft Final Report</td>
<td>End-September 2015</td>
</tr>
<tr>
<td>Consultation with relevant APEC fora on Draft Final Report</td>
<td>October - December 2015</td>
</tr>
<tr>
<td>Submission of Final Report</td>
<td>End-January 2016</td>
</tr>
<tr>
<td>(Report to be submitted for SCCP1 in February 2016)</td>
<td></td>
</tr>
</tbody>
</table>

Please note: The above schedule is indicative only. It may change depending on the exact dates for APEC Committee and fora meetings and other factors.
### SCHEDULE TWO

**PAYMENT MILESTONES**

<table>
<thead>
<tr>
<th>Output reference in Scope of Services</th>
<th>Brief Description</th>
<th>Means of Verification</th>
<th>% of Total Tender Price</th>
<th>Fixed Price (SGD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milestone 1</td>
<td>Inception Report</td>
<td>In accordance with the TOR and PSU’s/SCCP’s conformity of the content of the Report</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Milestone 2</td>
<td>Interim Report</td>
<td>In accordance with the TOR and PSU’s/SCCP’s conformity of the content of the Report</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Milestone 3</td>
<td>Draft Final Report</td>
<td>In accordance with the TOR and PSU’s/SCCP’s conformity of the content of the Report</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Milestone 4</td>
<td>Final Report</td>
<td>In accordance with the TOR and PSU’s/SCCP’s conformity of the content of the Report</td>
<td>35%</td>
<td></td>
</tr>
</tbody>
</table>

**Total Tender Price (in Singapore Dollars)**

| $35,000 | $35,000 |
SECTION TWO – CONDITIONS OF THIS REQUEST FOR PROPOSALS

CONTRACT

If the Proposal of the Bidder is accepted by the PSU Director, the Bidder shall execute a Contract within the time period specified by the PSU Director.

ACCEPTANCE OF PROPOSALS

The PSU Director reserves the right to accept any or no Proposal, or any part or parts of a proposal, at his sole discretion.

ADDENDA TO REQUEST FOR PROPOSALS

The PSU Director may, at his sole discretion, vary the Request for Proposals before the Closing Time.

APEC PREFERENCE PROGRAM

It is the policy of APEC to award contracts to firms from Member Economies when this can be done, consistent with an expectation of efficient performance of the Contract, at prices no higher than are obtainable elsewhere, and which can be done without restricting competition. If subcontractors are used, the Contractor shall use its best efforts to place subcontracts in accordance with this policy.

LANGUAGE

All drawings, documents, information, correspondence, test reports and such like items shall be in the English language.