**COMESA RESPONSES TO REQUESTS FOR CLARIFICATIONS**

**DATE OF ISSUE: 05.02.2021**

**CONTRACT TITLE:** CONTRACT TO CONDUCT AN ASSESSMENT OF POTENTIAL SOCIO-ECONOMIC IMPACTS OF COVID-19 PANDEMIC IN THE COMESA REGION: A COMPUTABLE GENERAL EQUILIBRIUM (CGE) ANALYSIS

CS/PROC/EDF/8.3/10/2021/06TPL

**PUBLISHED ON:** 18 JANUARY 2021

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|  | **REQUEST FOR CLARIFICATION** | **COMESA RESPONSE** |
| 1 | The Prequalification documents indicate that signed contract pages are submittable as proof of eligible project references; would **completion certificates**, issued by the Contracting Authority, also be considered suitable proof? | Yes |
| 2 | The Prequalification documents indicate that signed contract pages are submittable as proof of eligible project references; would **completion certificates**, issued by the Contracting Authority, also be considered suitable proof?  | 1. In lieu of either, would **self-declarations or sworn affidavits** be considered suitable proof?

Yes  |
| 3 | Eligibility requirements are **2 contracts in the fields of this contract** in 10 years over the value of USD200,000. Does “fields of this contract” imply trade assessments, or specifically impact assessments on trade and investment? Any guidance on the interpretation of *fields of this contract* would be appreciated. | From the scope of the assignment as highlighted below and also the title “CONDUCT AN ASSESSMENT OF POTENTIAL SOCIO-ECONOMIC IMPACTS OF COVID-19 PANDEMIC IN THE COMESA REGION: A COMPUTABLE GENERAL EQUILIBRIUM (CGE) ANALYSIS”, one can clearly see the field of study. This is an impact assessment so the firm at the onset must demonstrate experience in impact assessments. Secondly, its not just an impact assessment but a socio-Economic impact assessment hence the firm must demonstrate experience in undertaking social and economic impact assessment. Third the assessment will be done using Computable General Equilibrium (CGE) approach hence the firm must demonstrate experience in undertaking CGE studies. Fourth this focusing on health related socio-economic impacts in a regional economy, demonstration of experience in undertaking health related socio-economic impacts in a regional setup will be an added advantage.I hope this clarifies the field of study for we are not looking just for firms with experience in economic and investments but those specific attributes as highlighted which will enable the firm to successfully and efficiently undertake the study.1. Collect background data on the Covid-19 pandemic and the various measures Member States have put in place since emergence of the pandemic;
2. Using available data in the macro and micro social accounting matrix for COMESA member states establish transmission channels for the COVID-19 related impacts,
3. Undertake analysis on macro-economic indicators i.e. GDP, inflation, remittances, employment etc.
4. Undertake an analysis of the Fiscal measures Member States have put in place and their impact to the economic growth and welfare of its citizens;
5. Undertake an analysis of the impacts on financial, monetary and exchange rate.
6. Carry out simulations to establish impacts in terms of production, employment and earnings on various economic indicators as well as productive sectors – agriculture, manufacturing and services sectors.
7. Undertake an analysis and simulations of the welfare impact of the pandemic across various segments of society i.e. the rich, middle class and poor.; employed, self-employed and the unemployed; urban versus rural.;
8. Assess the implications of the pandemic and containment measures of the Member States’ health systems; and
9. Based on the analysis above, provide policy options for the COMESA Member States to mitigate the impacts of the Covid-19 pandemic and the feasible recovery path.

Please note the terms of reference are submitted for reference purposes only in support of the COMESA response in question 3. |
| 4 | Any guidance on the indicative timeframe for delivery of this assignment would be greatly appreciated. | Please note the tentative schedule below and the terms of reference for reference purposes only in support of the response in question 3. |

**TENTATIVE SCHEDULE**

**FOR THE PROCUREMENT OF CONTRACT TO CONDUCT AN ASSESSMENT OF POTENTIAL SOCIO-ECONOMIC IMPACTS OF COVID-19 PANDEMIC IN THE COMESA REGION: A COMPUTABLE GENERAL EQUILIBRIUM (CGE) ANALYSIS**

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| Serial No | **MILESTONE/ACTIVITY** | **TENTATIVE DATES** |
| 1 | RECEIPT OF PREQUALIFICATION APPLICATIONS  | 16 FEBRUARY 2021 |
| 2 | EVALUATIONS OF PROPOSALS                   | 06 MARCH 2021 |
| 3 | COMMITTEE APPROVAL OF SHORTLIST                                      | 20TH MARCH 2021 |
| 4 | INVITATION TO TENDER – REQUEST FOR PROPOSALS | 20TH MARCH 2021 |
| 5 | RECEIPT & BID OPENING  | 24TH APRIL 2021 |
| 6 | EVALUATIONS OF PROPOSALS                   | 8TH MAY 2021 |
| 7 | COMMITTEE APPROVAL OF EVALUATION REPORT                    | 21 MAY 2021 |
| 8 | AWARD OF CONTRACT | 24 MAY 2021 |
| 9 | CONTRACT NEGOTIATIONS | 1ST JUNE 2021 |
| 10 | SIGNING OF CONTRACT                      | 15 JUNE 2021 |
| 11 | DURATION OF CONTRACT | 4 MONTHS |

**TERMS OF REFERENCE FOR CONTRACT TO CONDUCT AN ASSESSMENT OF POTENTIAL SOCIO-ECONOMIC IMPACTS OF COVID-19 PANDEMIC IN THE COMESA REGION: A COMPUTABLE GENERAL EQUILIBRIUM (CGE) ANALYSIS**

**Background**

The coronavirus pandemic has taken toll of human life in unprecedented magnitudes across the globe. The virus which began as a simple outbreak in December 2019 in Wuhan, China quickly propagated across the globe threatening the existence of humanity, global economic integration, value chain supplies and migration in general. The Coronavirus has spread to 213 countries and continues to spread across the world. Cumulatively across the globe, the total confirmed cases stood at 40.9 million and total deaths at 1.1 million (implying a global case fatality rate of 2.7%), as at 20th October 2020 (WHO, 2020). The America and South-East Asia were the mostly highly affect areas in terms of total infections, accounting for 47% and 21% of total global cases, respectively. In striking contrast, Africa was spared the brunt of the caseload, with only 3% of total world cases.

All COMESA Member States have so far reported COVID-19 cases, and as at 20th October 2020, the region had recorded a total of 439,274 COVID-19 cases, including 295,318 recoveries, 131,624 active cases and 12,332 deaths. The top-three countries which have recorded the highest numbers of COVID-19 cases include Egypt (105,547), Ethiopia (89,860), and Libya (50,906). The same countries had the highest active cases with an exception of Egypt which had far fewer cases than most other countries with large total cases (Figure 1). Seychelles (1), Comoros (10) and Djibouti (29) had the lowest active cases as at 20th October. The highest Case Fatality Rates were recorded in Sudan (6.1%) and Egypt (5.8%) compared to a COMESA regional average of 2.8%. The COMESA region has maintained an upward trajectory of infections but the new cases being reported on daily basis are increasing at a decreasing rate.

Apart from the WHO’s guidelines of social distancing, wearing of masks and washing hands, wide range of measures have been adopted by governments in the bid to contain the continued spread of the disease. Among these include restrictions on movements of people within and across borders (curfews and lockdowns), Some countries have imposed curfews, partial and/or full lockdowns, mandatory testing and 14-day quarantines, which disrupt flow of goods and services across borders.

On the other hand, there are measures by governments to reduce the veracity of socio-economic impacts of the pandemic. Some Member States have abolished or reduced tariffs and taxes to facilitate trade in pharmaceuticals and medical supplies in the fight against Covid-19. Others have abolished or reduced tariffs and taxes on imported food stuffs and other essential products. However, some have imposed export restrictions and export licensing requirements on medical supplies, masks, ventilators, hand sanitizers and food supplies among others.

Overall, the COVID-19 pandemic is both a supply and demand shock. On the supply side, there is drop in production and employment that goes beyond the number of people infected by COVID-19. It also includes a decline in employment as a result of workplace closures and travel bans. On the demand side, consumers and firms will tend to defer spending when facing uncertainty associated with the nature, strength and length of the COVID-19 crisis. Households and entrepreneurs are likely to postpone purchases and delay investments. Additionally, access to goods and services will be reduced as stores are shut down (or service hours are cut) and some home delivery services are suspended. The main transmission channels of the effects include international trade, foreign financing flows and the health channels. The latter is complicated especially in the region considering the burgeoning unemployment and congested informal settlements in urban areas slowing down containment measures.

The primary and secondary impacts of the pandemic span from economic to social and cultural factors. Under economic factors, domestic production, financial, investment and domestic and foreign trade are likely to be adversely affected. According to the World Bank, Sub-Saharan Africa is likely to lose between US$37 billion and US$ 79 billion in output in 2020 due to the coronavirus crisis. Already economic growth projections are being revised downwards with looming recession in 25 years. The decline in growth could be higher should the lockdown extend over a longer period or if preventive measures become more intense. The reduction in growth is explained by reduced demand in the biggest economies, disruptions of supply chains, and drop in domestic production. According to the World Trade Organization (2020), global trade is estimated to have slowed down by 50% following reduced demand in China, US and EU. Besides, an early assessment by the United Nations Economic Commission for Africa (UNECA) shows most businesses hardly operating at 40% capacity, whereas revenues from services sectors, especially tourism, distribution and transport services have sharply declined in Africa, including the COMESA region.

Regarding trade, the global measures have tremendously affected global demand and supply of goods and services hence global production and prices in general. Subsequently, scaling down or closure of international industries has led to reduction of supply of crucial intermediate products/inputs and direct job losses and livelihood of millions of families. At regional levels, the measures have disrupted cross border trade and regional supply chains, the most affected being the movement of essential goods and services. Chronic shortages of goods and services not only raise domestic prices but also further depress production and investments, hence job losses. The effects are worsened in situations where significant share of businesses fall under the category of small and medium or informal in nature.

The effects on fiscal measures imply reallocation of resources from development to recurrent expenditures, worsening current account deficits and domestic debts. Many countries continue borrowing in the bid to inject liquidity thereby worsening already wanting debt situations. Other likely implications to financial sector include rising rates of inflation, weakening domestic currencies and reduction of diaspora remittances.

It is with the above that the Secretariat developed COVID-19 response guidelines for COMESA Member States to improve the movement of goods and services across the region. The guidelines whose objective is to restore and safeguard the tenets of liberalization in the midst of the mitigation measures put in place by various governments have been adopted following the 8th Extra-Ordinary meeting of the Council held on 14th May 2020. The Council further gave directive that the Secretariat conducts a comprehensive study to assess the impacts of the COVID-19 pandemic in the region and propose appropriate recommendations to Member States.

In addition, COMESA Secretariat in consultation and collaboration with the EU delegation to Zambia and COMESA have also identified that the comprehensive study aligns with the COVID-19 crisis activities of support which are clearly aligned with the interventions under the 11th EDF Programmes. The EU delegation has therefore provided COMESA a no objection to this comprehensive study being funded under the 11th EDF Trade Facilitation Programme as this will also cater for the interventions related to trade and transport corridor monitoring systems at some of the border posts targeted on the programme. These border posts have disrupted cross border trade and regional supply chains with the most affected activity being the movement of essential goods and services.

**Objectives of the Study**

The overall objective of the study is to assess the socio-economic impacts of the COVID-19 pandemic in COMESA Member States. The specific study objectives include:

1. Determine the economic impacts of the COVID-19 in Member States i.e. economic growth, fiscal deficits, international trade, financial sector and investments;
2. Determine the impacts of the COVID-19 on production and employment in key manufacturing sectors in COMESA region – textile, food industries, Pharmaceuticals, iron ore & steel, chemicals;
3. Determine the impacts of the COVID-19 on employment in four services sectors in COMESA Member States, i.e. business/distribution, tourism, air transport, ICT and energy;
4. Determine the impacts of COVID-19 agricultural production and trade in COMESA Member States;
5. Determine the welfare effects of the COVID-19 pandemic across various segments of population;
6. Examine the implications of the pandemic and containment measures on the COMESA Member States health systems; and
7. Propose appropriate recommendations considering the study findings.

**Scope of the Study**

The Consulting firm will undertake the following tasks:

1. Collect background data on the Covid-19 pandemic and the various measures Member States have put in place since emergence of the pandemic;
2. Using available data in the macro and micro social accounting matrix for COMESA member states establish transmission channels for the COVID-19 related impacts,
3. Undertake analysis on macro-economic indicators i.e. GDP, inflation, remittances, employment etc.
4. Undertake an analysis of the Fiscal measures Member States have put in place and their impact to the economic growth and welfare of its citizens;
5. Undertake an analysis of the impacts on financial, monetary and exchange rate.
6. Carry out simulations to establish impacts in terms of production, employment and earnings on various economic indicators as well as productive sectors – agriculture, manufacturing and services sectors.
7. Undertake an analysis and simulations of the welfare impact of the pandemic across various segments of society i.e. the rich, middle class and poor.; employed, self-employed and the unemployed; urban versus rural.;
8. Assess the implications of the pandemic and containment measures of the Member States’ health systems; and
9. Based on the analysis above, provide policy options for the COMESA Member States to mitigate the impacts of the Covid-19 pandemic and the feasible recovery path.

**Methodology**

The Consulting firm (will be required to develop a clear methodology and approach to carry out the assignment. This should include both quantitative and qualitative methods to cover both economic and social impacts in line with the objectives and scope of work. The qualitative approach should entail gathering relevant information, including various measures adopted by Member States during the pandemic with key stakeholders including but not limited to government Ministries, agencies and private sector organizations. The quantitative approach should involve data analysis using the Computable General Equilibrium (CGE) tools and smart as well as descriptive statistical analysis to establish the stylized facts, among other quantitative tools. The methodology should include a proposed approach to a systematic review of the literature, particularly focusing on empirical modelling and simulation of the implementation of the COMESA Free Trade Area (FTA) pre-COVID-19 and during the pandemic. The methodology will be ultimately agreed between the consultant and COMESA Secretariat. To the extent possible, COMESA Secretariat will provide the Consulting firm with necessary support and documentation to facilitate the smooth execution of the study

**The Required Experts**

To effectively undertake the assignment, the Consultant study team should compose of:

1. Team Leader with at least a master’s degree in economics. He or she should have a minimum of 10 years’ experience in regional integration and economic impact assessments. He must have strong CGE or DSGE modelling skills. In addition, should have strong technical report writing, data acquisition and analysis skills, excellent writing and speaking skills in English. A PHD degree in Economics and proficiency in French or Arabic will be an added advantage in executing the assignment;
2. An Economists with a master’s degree in economics and 7 years’ experience. Must have strong CGE modelling and econometrics analysis skills;
3. A Trade Expert with at least a master’s degree in economics, international trade, or Trade law and policy. Should have a minimum of 7 years’ experience in regional integration, trade impact analysis. Must have CGE modelling skills;

**Study Period and Reporting**

The study will be undertaken within four calendar months covering the 21 COMESA Member States.

The Consultant(s) will report to the Senior Research Fellow and under the overall guidance of the Director of Trade and Customs. Deliverables will become final once all tasks requirements are completed and approval is granted by COMESA Secretariat.

**Deliverables**

1. An Inception Report detailing a clear approach and methodology on how to undertake the assignment; detailed work plan and schedule; and data collection methodology. (2 weeks after signing of the Contract).
2. Monthly progress reports.
3. Draft Report which includes micro, macro and sectoral socio-economic impacts of the Covid-19 pandemic in COMESA as per the terms of reference and recommendations on how the region should mitigate against the impacts and the post-covid-19 recovery path. (14 weeks after signing of the Contract).

The Secretariat will review and submit comments to the Consultant within two weeks after receipt of the Draft Report. The revised Draft report will be subjected to a validation workshop involving stakeholders from all COMESA Member States.

1. Final Report incorporating feedback from COMESA Member States (20 weeks after Signing of the contract).

**Duty Station**

The Consultants will be based in their home countries but with regular travels to COMESA Secretariat in Lusaka, Zambia. In addition, the Consultants may be required to travel to the Member States to perform any of the tasks that will be undertaken in the course of the assignment

**Exclusion Criteria**

The Consultancy is open to experts from COMESA member states, EU and ACP countries