TERMS OF REFERENCE (TOR)

FOR FACILITATOR ON COST BENEFIT ANALYSIS (CBA)

PROJECT: DEVELOPING COST BENEFIT ANALYSIS (CBA) IN MEDICINE PRICE CONTROL REGULATION

5 November 2020

TERMS OF REFERENCE (TOR)

1.0 Background

The main objective of Good Regulatory Practice (GRP) is to ensure that quality regulations can support rapid economic growth, ensure public welfare and preserve the sustainability of the environment. The implementation of GRP is also important as a long-term strategy by embedding it into the key Performance Indicators (KPIs) of each ministry and agency.

Regulatory Impact Analysis (RIA) is one of the most important tool adopted by OECD countries and increasingly applied by APEC countries to review existing and new legislation and regulation. However, preparing RIA documents is not an easy task. Thus, MPC should seek technical guidance and advisory services from technical advisers in mobilizing GRP implementation.

This effort aims to review operating systems, improve the Regulatory Impact Analysis (RIA) evaluation process and procedures; and capacity building for Regulatory Impact Statement (RIS) examiners in order to ensure quality of regulation. One of the important elements in RIA is impact analysis which covers the use of Cost Benefit Analysis (CBA). CBA is a comparative analysis of the costs and the benefits of undertaking a particular action or project in order to determine if taking the action or project is worthwhile. CBA is used to decide whether to implement one specific intervention or regulation if the net benefits are significant.

2.0 The objective

The main objective of appointing facilitator is to assist in developing CBA in medicine price control regulation by Pharmaceutical Services Division, Ministry of Health Malaysia (MOH).

3.0 The scope of the task or assignment

Facilitator's duties and responsibilities is to assist MOH and MPC to the following:

i. Understand industry characteristics;
ii. Identify all the project options;
iii. Identify all quantified and unquantified costs and benefits;
iv. Estimate monetary value of each quantifiable costs and benefits in the future;
v. Calculate present value of costs and benefits;
vi. Calculate net present value;
vii. Undertake sensitivity tests;
viii. Undertake forecasting analysis;

ix. Identify preferred action taking unquantified costs and benefits into account;
x. Attend relevant meetings and discussions related with CBA (physical and virtual);
xi. Prepare draft report / slides presentation on CBA and present it to the key stakeholders to obtain input and feedback;
xii. Respond to all comments;
xiii. Refine report based on the feedback;
xiv. To review and identify/share best practice used by other countries in CBA;
xv. Facilitate engagement with key stakeholders including top management MOH, pharmaceutical industry, public and private hospitals and other relevant stakeholder, and
xvi. Provide write-up on preliminary analysis and final analysis for CBA result.

4.0 Payment Terms

Payment shall be made by stage (RM 2,000.00 per man-day) and the rate is determined based on MPC Procurement Guideline for Professional Fees Services (2018).

Payment Summary by Stages	**Deliverables**	**No. of Man-Days**	**Rate per Man-Day (RM)**	**Total (RM)**
Stage 1: Preliminary CBA	• Slides Presentations on CBA • Preliminary CBA • Notes of meetings/discussions • Articles on best practice of CBA used by other countries	6	2,000.00	12,000.00
Stage 2: Finalise CBA	• Draft Final CBA • Final CBA Report	4	2,000.00	8,000.00
			TOTAL	**20,000.00**

5.0 Reporting requirements

- The report must be drafted in a format agreed by MPC;
- The report must be written in English;
- Additional information for report clarification MUST be prepared without extra charges and within reasonable time; and
- The facilitator will report to MPC project team.

The appointed Facilitator shall deliver the assigned job scope, as specified in Scope of work stated above, where the tasks must be achieved and the soft copy of all relevant information and findings sought under this project is handed over to MPC based on the format determined by MPC.

6.0 Proprietary Rights

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