

Specifications to invitation to tender COMP/2015/003

1. Title of study

COMP/2015/003 study on "Competition and market outcomes in the telecoms sector"

2. Purpose and context of the study

Creating an EU digital single market, for which an EU single telecoms market is an essential component, is a top priority for the Juncker Commission¹. A true single market in telecoms would eliminate national barriers and allow the EU to reap the full potential of an integrated market of more than 500 million consumers. That would increase competition within the EU, allowing consumers and businesses to benefit from better and new services higher quality telecoms services at affordable prices, thus facilitating take-up by consumers and businesses and prompting investments into infrastructure.

While telecommunications are a final product for consumers, they are also an essential input for businesses. Achieving a better-performing telecoms sector would have a positive impact on the competitiveness of European companies and of the European economy as a whole.

Some voices in the EU industry are currently calling for less strict application of competition rules, in particular with regard to in-country consolidation, which would allow, in their view, for higher returns on investment and more investment into new technologies. However, as the Commission emphasised in its Communication "A Digital Single Market Strategy for Europe" of 6 May 2015, competitive markets bring *"lower prices and better quality of service to consumers and businesses. Effective competition is a key driver for investment in telecoms networks"*². Indeed, competition not only helps maintaining affordable prices for telecoms services, but also pushes operators to provide better and new services, driving investment and innovation.

The Commission is regularly presented with empirical evidence with regard to the impact of competition on market outcomes in the telecoms sector. Such evidence often follows a partial approach, focusing on only certain competition indicators or market outcomes, or on particular countries, and its conclusions are often case specific or not robust enough.

The Commission has accumulated a significant amount of market knowledge and expertise on the relation between competition and market outcomes in the telecoms sector as a result, inter alia, of its competition enforcement activity. However, such enforcement activity is normally focused on certain Member States or certain markets. The Commission finds it desirable to have at its disposal robust and comparable information on the relation between competition and market outcomes in the fixed and mobile telecoms markets in all EU Member States.

¹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "A Digital Single Market Strategy for Europe". SWD(2015) 100 final (http://ec.europa.eu/priorities/digital-single-market/docs/dsm-communication_en.pdf).

² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "A Digital Single Market Strategy for Europe". SWD(2015) 100 final (http://ec.europa.eu/priorities/digital-single-market/docs/dsm-communication_en.pdf).

In this context, the Commission wishes to conduct a study on the underlying dynamics of telecoms markets in the EU Member States.

The purpose of the study is to analyse, on the basis of econometric techniques, the causal relation between the various factors of competition in these markets and the market outcomes which are relevant for consumers and businesses, such as the level of prices for communications and broadband services, the availability of infrastructure providing high-speed connections, the take-up of such connections by consumers and businesses, the level of investment in infrastructure in place and the quality of the services delivered.

The study is aimed at covering the fixed and mobile markets, both at wholesale and retail level, across the EU Member States, and providing also comparisons with other economic regions, in particular other OECD Member States such as the USA, Korea, Japan and Australia.

3. Subject of the study

3.1. Overall scope of the study and general task description

The main purpose of the study is to identify, quantify and explain, on the basis of sound economic theory and econometric techniques, the effects of competition, as proxied by different competition indicators, on market outcomes in the telecoms sector. The Commission places particular emphasis on the causal relationship between competition and market outcomes.

The study has to take into account the relevant economic literature and existing studies in the telecoms sector. The study shall present and discuss the existing literature and clearly explain what would be the added value of the study as compared to previous research in the field.

Different econometric methodological approaches may be valid for obtaining meaningful conclusions for the purposes of the study. The feasibility, validity and appropriateness of these approaches may however depend, among others, on the availability, comparability, quality and characteristics of market data, and therefore may only become evident after a thorough examination of the existing databases has been carried out.

To this end, the study will be divided into two phases, to be carried out in a sequential manner: 1) First phase, to identify and test, in light of the available data, a feasible and appropriate methodology for the econometric analysis to be carried out in the second phase; 2) Second phase, to identify, quantify and explain the causal relationship between competition and market outcomes, to be carried out by using the methodology identified in the first phase of the study.

In the first phase, the contractor will provide an overview of the alternative methodological approaches, including an assessment of the likelihood of obtaining meaningful results with each of them in the light of the available data, before it actually conducts – in the second phase of the study – the econometric exercise and undertakes event studies³ which illustrate the results of the econometric exercise. The contractor will be free to propose the methodology(ies) which it considers to be most appropriate and feasible for the second phase

³ Please refer to section 3.7 for a description of the concept of "event studies".

of the study; the contractor nevertheless has to be ready to adapt its methodological approach, or the scope of the analysis as originally proposed, following discussion with the Commission.

Once a feasible and sufficiently promising econometric strategy is identified in the first phase subject to the Commission's approval, the contractor will carry out the identified econometric analysis for the measurement of the effect of competition on market outcomes in the second phase of the study.

In more detail, the contractor will:

- In the **first phase** of the study:
 - i. explore the **relevant economic literature and existing studies** in particular in the telecoms field on the relationship between the degree of competition and market outcomes;
 - ii. assess the **alternative methodological approaches** for an econometric exercise to analyse the effect of competition on market outcomes, and the feasibility and likelihood of obtaining meaningful and generally applicable conclusions on the causal relationship between competition and market outcomes in mobile and fixed telecoms markets with each of the methodological approaches;
 - iii. identify, in light of their feasibility and contribution to the objectives of the study, the **event studies** to be undertaken in the second phase;
 - iv. collect and analyse the **data** needed for the assessment of the alternative methodological approaches and the identification of the event studies; assess the availability and quality of data that would need to be purchased for the second phase of the study; and
 - v. in the light of the data available and the methodological possibilities, present the **appropriate methodology(ies)** for the econometric exercise in a detailed report. This report will be the basis for the second phase of the study.
- In the **second phase** of the study:
 - i. complete the collection of data;
 - ii. carry out the econometric exercise and the event studies agreed with the Commission in the first phase.

The precise scope of the second phase will depend on the conclusions obtained at the end of the first phase and will need to be agreed with the Commission. In its assessment of the methodologies proposed, the Commission will place particular emphasis on the extent to which the analysis is sufficiently likely to measure the causal effect of competition on market outcomes.

The econometric exercise shall be conducted on one or more integrated databases (constructed by the contractor) containing all the variables (competition indicators, control variables and market outcomes indicators) that are relevant for the aim of the study. As part of

the study, the Commission shall also be provided with the database/s and with all the relevant programming codes that would make the econometric analysis replicable if needed. The study shall not only analyse those indicators which the Commission considers to potentially have an impact on market outcomes and therefore has specifically listed in section 3.2.1 below, but may also consider other indicators which may reasonably be expected to have such an impact.

The study will analyse both mobile and fixed communications and focus on the EU Member States. Comparisons with other OECD countries (e.g. the USA, Japan, Korea, Australia) complement the study providing added value.

3.2. Key objectives of the study

The Commission has identified a list of competition indicators and market outcomes that need to be considered by the contractor in the first phase of the study for the purposes of determining the scope of the econometric exercise. The contractor will, in the first phase of the study, assess the feasibility of conducting the econometric exercise using the competition indicators described below. In addition, tenderers can also explore the possibility of using alternative indicators, provided that they are consistent with the aim of identifying, quantifying and explaining the effects of competition on market outcomes and computable on the basis of the data available.

3.2.1. Competition indicators

The regulatory framework in place and the market structure of each national market are important determinants of the market outcomes observed. The empirical exercise, which is an essential part of the second phase of the study, shall distinctively include suitable and reliable measures for each of these determinants, taking into account the relationship between these variables and the extent to which market structure and outcomes could be jointly determined by the competitive dynamics.

There are different dimensions to be taken into account when establishing the level of competition in place in a given telecoms market. The contractor shall assess the relevance of at least the competition indicators listed below.

3.2.1.1. Market concentration, dynamics and position of operators

Market shares, overall or by market segment, provide a useful first indication for the Commission of the market structure and of the competitive importance of the various operators active on the market. In addition, **changes in historic market shares, shares of net additions** and **churn rates** provide useful information about the competitive process and the likely future importance of the various competitors, for instance, by indicating whether firms have been gaining or losing market shares. The **overall concentration level** in a market (measured by e.g. HHIs⁴ or C(k) ratios⁵) may also be indicative about the competitive situation in that market.

⁴ HHI stands for Herfindahl-Hirschman Index and is defined as the sum of the squares of the market shares of all companies in the market.

⁵ C(k) ratio is the sum of the market shares of the k biggest companies in the market.

Market shares and related indicators alone do not, however, reflect the competitive strength of every operator. A specific, even small competitor may exert competitive pressure if, for example, it relies on a more advanced technology or has a well-established position in a related market. It is therefore useful to take account of the position of different types of operators according to their **market profile**:

- In the fixed communications markets, the competitive strength of operators may depend on the **type of infrastructure** used to provide wholesale and retail services. In EU Member States, incumbents typically own and run a DSL network. While the share of DSL subscriptions is shrinking, it remains the prevailing broadband technology. Alternative operators may use the incumbent's network via indirect access (e.g. bit-stream access) or full local loop unbundling. Alternative operators may also provide wholesale or retail services by means of a cable network or a fibre-based (e.g. FttB/FttH) network.
- In the mobile communications markets, a distinction can be made between mobile network operators (**MNOs**) and mobile virtual network operators (**MVNOs**) and other operators (e.g. service providers). In addition, due to e.g. a **late entry** in the market as compared with other operators, some MNOs may have limited network coverage (either in terms of geographical footprint or of mobile technologies) as compared to other MNOs, and may need to roam over other MNOs' networks in order to provide nation-wide services.

3.2.1.2. *Presence and types of network sharing agreements*

The number of agreements between MNOs to share certain parts of their networks is increasing in the EU. They allow operators, inter alia, to increase their coverage and capacity, to speed up network deployment or to save costs.

Network sharing can create a number of important efficiencies, namely cost savings which can be passed on to consumers in the form of lower prices, expanded network coverage, faster roll-out of networks or higher data transmission speeds. However, network sharing can also raise competition concerns with the effect of e.g. reducing investment or increasing prices, as it implies cooperation between competitors. The scope for efficiencies and competition concerns may depend, inter alia, on the **position of the parties to the cooperation and their competitors**, the **type of sharing** (e.g. passive sharing, active sharing, spectrum sharing)⁶, the **geographical scope** of the agreement or the **technologies covered**.

Similarly, there can be agreements concerning network sharing between fixed operators with comparable effects to those in mobile markets.

While a case-by-case analysis of network sharing agreements is always needed, the Commission would like to see if some general conclusions may be drawn from the analysis of the forms of network sharing agreements and their impact on market outcomes.

⁶ Passive sharing includes the passive elements of their networks, e.g. the mast, the site where the mast is located, power supply or the transmission network. Active sharing refers to the radio access network ("RAN") equipment which is responsible for the sending of data through frequencies and for controlling the network cells. Active sharing agreements which also include sharing the separately allocated radio frequencies are referred to as spectrum sharing.

3.2.1.3. Scope of sector ex ante access regulation

The rationale for access regulation in network industries is to intensify competition in order to promote efficiency and thereby enhance social welfare. Some electronic communication markets can be still characterised by the presence of high entry barriers, where wholesale access to infrastructure seems to be indispensable to provide services on a larger scale. The EU access regulation is mainly imposed in fixed national markets, where telecommunications markets were opened up to competition by requiring incumbent suppliers to unbundle their networks and made the network elements available to retail competitors at regulated prices. EU access regulation is proportional to locally identified competition problems, which implies that the regulatory conditions in place differ across different Member States.

In the past years, access regulation on the fixed markets focused on telephony services, broadband services and leased lines. The most relevant wholesale obligations for the mass market were the following: (i) wholesale line rental for the provision of narrowband telephony access, (ii) (virtual) bitstream access and (iii) physical network infrastructure access (LLU) for broadband services.

As regards mobile, the market for access and call origination on public mobile telephone networks was recommended for ex-ante regulation until 2007⁷. However only a few national regulators decided to regulate this type of wholesale access to mobile networks due to an observed lack of a competitive wholesale market and the status of retail competition.

Different layers of access regulation could have a direct and an indirect effect on market outcomes: the direct effect would refer to the intensification of service competition, and the indirect effect to the intensification of infrastructure competition. The Commission would like the contractor to take into account the influence of the different **regulatory access conditions** when assessing the causal relation between the level of competition and market outcomes.

3.2.1.4. Availability, cost and conditions of use of spectrum

Radio spectrum is a vital building block for the deployment of broadband services. However, spectrum management at national level results in widely varying conditions (e.g. different licence durations, coverage requirements). As indicated by the Commission in its Communication "A Digital Single Market Strategy for Europe" of 6 May 2015, "*The absence of consistent EU-wide objectives and criteria for spectrum assignment at national level creates barriers to entry, hinders competition and reduces predictability for investors across Europe*"⁸.

Therefore, the national allocation of spectrum for mobile communications purposes may have an impact on the cost and conditions of network deployment and the barriers to enter the market. The study shall consider the impact of national differences as regards the time at

⁷ Commission Recommendation 2003/311/EC of 11 February 2003 on relevant product and service markets within the electronic communications sector susceptible to *ex ante* access regulation in accordance with Directive 2002/21/EC of the European Parliament and of the Council on a common regulatory framework for electronic communication networks and services, OJ L 114, 8.05.2003, p. 45 (available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32003H0311&from=EN>).

⁸ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "A Digital Single Market Strategy for Europe". SWD(2015) 100 final (http://ec.europa.eu/priorities/digital-single-market/docs/dsm-communication_en.pdf).

which spectrum frequencies were made available, the duration of the licences, the amount of spectrum available, the **cost** of spectrum, the **ability to trade and lease** spectrum in secondary markets, and other conditions such as **roll-out and coverage requirements** for spectrum winners, obligations to grant **third-party access** to the networks which use the spectrum allocated, or the **reservation** of spectrum for new entrants.

3.2.2. Other relevant factors

The study shall also consider socio-demographic, geographical and other economic factors which may have a similar impact across countries on the market outcomes in the telecoms sector, such as: disposable income/GDP, unemployment rates, population size and structure, topography, education level, expenditure in information and communication technologies, market trends such as the popularity of mobile-fixed bundles or the subsidization of mobile phones.

3.2.3. Market outcomes

3.2.3.1. Prices for fixed and mobile communications services

The level of retail prices for fixed and mobile communications services is one of the most relevant outcomes from the point of view of consumers and businesses.

Some operators offer discounts on standard prices, which may decrease the total actual charges for the customer. On the opposite, some operators apply in some circumstances extra charges, which remain however generally low. Therefore, due account needs to be taken of such discounts and extra charges.

It is also common practice that operators offer so-called multiple-play offers in some Member States, and in general that products offered target different consumer profiles. The contractor must therefore identify those categories which are most representative and relevant for the analysis, allowing for cross-country and cross-time comparisons. Price indicators can take account of different consumption patterns by means of representative baskets for each of the categories (according to e.g. the amount of data, the number of calls or the voice calls minutes included in the offer), corresponding to low, medium and high speed/consumption intensity.

Financial measures, such as average revenues per minute of voice call or per unit of data, can complement the analysis, especially where obtaining detailed price indicators is not possible.

3.2.3.2. Broadband coverage

In the fixed as well as in the mobile segments, broadband coverage is defined as the availability of broadband technologies based on the number of households passed (or population covered) by each individual technology⁹, at the aggregate national level and possibly distinguishing between urban and rural areas.

Coverage has to be assessed by download speed (i.e. the overall coverage of the different technologies capable of delivering a comparable level of performance). Coverage indicators

⁹ The broadband technologies to be taken into account must at least include: xDSL, coaxial cable (in particular DOCSIS 3.0), FTTx networks, WiMAX, mobile broadband over 3G and 4G networks, and satellite.

must differentiate at least between basic broadband, fast broadband (above 30 Mbps) and ultra-fast broadband (above 100 Mbps).

Due to the fact that multiple operators may deploy their networks in the same areas, it is necessary to take into account the possibility of overlapping coverage when determining the technology combinations.

3.2.3.3. Broadband take-up

Broadband take-up refers to the number of fixed or mobile broadband subscriptions in relative terms (per number of households in the case of fixed markets and per number of inhabitants in the case of mobile markets). Take-up indicators must differentiate at least between basic broadband, fast broadband (above 30 Mbps) and ultra-fast broadband (above 100 Mbps).

3.2.3.4. Broadband speeds

Speeds are a good indicator of the quality of the services delivered through the telecoms infrastructure, in particular as regards broadband services. Other indicators of the quality of the network which may also be relevant for voice services (e.g. drop call rates) may be more difficult to obtain for the purposes of cross-country comparisons, and their variations may be less evident to end users.

Speeds of broadband products are advertised as "up to XX Mbit/s". This speed is called "advertised", "nominal" or "headline" speed and it is what is seen in the adverts. But there may be significant differences between the advertised speed and the actual speed consumers receive. Where possible, not only advertised speeds, but also actual speeds, must be examined.

As to mobile, speed categories are less relevant because customers rely on share capacity available in a given cell which is used simultaneously by other end users. Therefore, the contractor is not specifically required to analyse broadband speed categories on the mobile market.

3.2.3.5. Measures of investment and innovation

Broadband coverage measures the materialisation of public and private investments into telecoms infrastructure fit for delivering broadband services, while speed and take-up are indicators of the quality of the service delivered.

The analysis of operators' investment in their networks can complement the analysis of coverage and quality of broadband services and provide an insight of the effects of competition on investment. For instance, network-related capital expenditures (CAPEX) relative to revenues may give an indication of an operator's efforts to increase the coverage or quality of its services. Differences by type of operator (e.g. incumbent vs. alternative operators) may also be relevant in this regard.

The contractor will analyse the availability of data and the most appropriate financial measures of investment as an indicator of the impact of competition on market outcomes.

3.3. Data

The gathering of appropriate, disaggregated data on the "competition indicators", "other relevant factors" and "market outcomes" (see section 3.2 above) which will be needed for the purposes of the tasks of both the first and the second phases of the study is part of the tasks of the contractor. The tenderer has to provide in its tender a description of the data it is intending to use, the source of the data and the way in which the data is integrated in the construction of the data set(s) used for econometric analysis. The tenderer shall also specify the terms and conditions, in particular the price, for the acquisition of the data needed for the second phase of the study. The tenderer shall also justify its proposals for the data to be used in the study.

The data for the second phase of the study can only be acquired after the notification of the Commission's written consent for the initiation of the second phase of the study. As part of the report finalising the first phase of the study, the contractor will present a detailed description of the data needed for the second phase of the study, specifying the terms and conditions, in particular the price, for the acquisition of the different databases. In case the Commission has at its disposal any such database(s), it may provide them to the contractor for their use in the second phase of the study.

3.4. Geographical scope of the study

The study shall cover all the 28 EU Member States. It is possible that appropriate and comparable data for one or more of the variables of interest is not available for all Member States. If this is the case, the choice of the Member States to be included in the database has to be made so as to ensure that the results of the study are representative of the overall telecoms market in the EU.

It may also be possible, especially in the case of fixed mobile markets, that an analysis at the country level may not capture the competitive dynamics taking place in certain Member States at more granular, e.g. regional or local, level, for which data may not be available. In this case, the contractor shall identify the Member States in which this issue is more likely to arise, propose ways to overcome this difficulty or, alternatively, restrict the number of Member States to be included in the analysis.

The tender has to describe the potential difficulties that may arise due to the possible data limitation for mobile and fixed telecoms markets and the ways to overcome them. If a restriction of the number of Member States to be included in the analysis is proposed, the tender has to explain the criteria used to choose the EU Member States included in the aggregated econometric analysis, the strengths and weaknesses/limitations of the selection approach and why the selection is nevertheless representative of the overall telecoms market in the EU.

In addition, the contractor shall undertake a comparative analysis of the telecom markets in the EU as compared to OECD countries (as a minimum, the USA, Japan, Korea and Australia). The comparative analysis will in principle take into account all the "market outcomes", "competition indicators" and "other relevant factors" described under section 3.2 above; depending on the availability of data for the selected OECD countries, the analysis will focus on specific aspects to be agreed with the Commission in due course.

3.5. Time period to cover

The study shall focus at least on the last eight years (2007-2014) as well as 2015, in case data is already available.

3.6. Econometric analysis

The study will be based on in-depth quantitative analysis, using econometric models, aimed at identifying and quantifying the effects of competition on the market outcomes indicators defined above in 3.2.

The tender has to include a detailed explanation of the econometric model(s) which are planned to be analysed in more detail during the first phase of the study, as well as an explanation of which econometric model(s) are planned to be used in the second phase of the study. The model(s) proposed could be based on structural models, provided that they rely on established literature in econometrics or empirical industrial organization, or rather rely on the so-called reduced-form approach. Either the case, the empirical strategy proposed must be tailored to the data used. The tender must include a clear description of the empirical strategy proposed, together with the justification of why the proposed model(s) is(are) the most suitable one(s) for the purpose of the study. Particular emphasis should be placed on the empirical strategy to identify causal effects rather than just correlations among the variables of interest.

The tender has to address explicitly the econometric issues that may arise during the econometric exercise. In particular, the proposed methodology must explicitly address the potential endogeneity of the covariates included in the models proposed and provide suitable solutions to solve this issue. Other factors such as, for example, the non-linearity of the dependent variables, potential instances of heteroskedasticity and serial correlation in the error terms, multicollinearity between covariates, etc. must also be discussed where relevant.

The study should ideally identify short term and long term effects and cover a sufficiently long period of time to obtain meaningful conclusions. For instance, competition may drive investment in infrastructure, but it may take some time for this investment to materialize into infrastructure available to consumers and businesses.

3.7. Event studies and comparison with selected OECD countries

As an illustration of the results of the econometric analysis described in 3.6 above, the study will include a number of event studies. They could, for instance, analyse a given event, such as market entry or market expansion of a telecom operator or could explain the impact of a change in the competition indicators on market outcomes in a particular Member State. Event studies could also focus on the comparative analysis of the evolution of the competitive landscape in specific Member States.

Finally, the study must also contain a detailed comparison between market outcomes in the EU, as a whole or with respect to a representative sample of Member States (as proposed by the tenderer), and market outcomes in the OECD countries proposed by the tenderer (as a minimum, USA, Japan, Korea, and Australia). The study shall also describe how competition contributes to market outcomes in the telecoms sector in those countries to the extent feasible based on the available data and the chosen approach.

3.8. Detailed task description

This section describes the different steps in the process towards the final report and can serve as guidance to the outline of the final report.

Tasks 1 to 5 will form part of the first phase of the study. Tasks 6 to 10 will form part of the second phase of the study.

The contractor will also have to report upon the progress of the different tasks in the course of the study, as described in section 3.9.

3.8.1. *TASK 1: Background of the study, data screening and methodology*

First, the contractor will explain the motivations and background for undertaking the study. It will clearly define the scope of the study, including a description of the main trends and characteristics in the telecoms sector in the EU and in the selected OECD countries (as a minimum, the USA, Japan, Korea, and Australia) over the last eight (8) years, as described in section 3.5. This general introduction and background has to contain a review of the relevant economic literature on the impact of competition on market outcomes (cf. TASKs 2 and 3 below).

Second, the contractor will make clear the methodology for identifying, quantifying and explaining the effects of competition on the market outcomes. The way in which competition should be measured, based on the competition indicators described in 3.2.1 above, and the market outcome variables to be analysed in the study have to be provided.

Third, the contractor will clearly explain the methodology for acquiring appropriate data and the acquisition of the data, in accordance with section 3.3 above. This implies that the description and discussion of the data will be addressed, including any cross-checking of the gathered data against information gathered from other sources as well as any potential data limitations resulting in a selection of the EU Member States and the selected OECD countries covered, in accordance with section 3.4 above. In case of data limitations, an appropriate methodology in order to fill in these gaps has to be proposed and explained. The contractor will also explain the strengths and weaknesses/limitations of the proposed data collection methodology. Finally, the contractor will explain the approach chosen for the integration of the different data sources in order to construct an integrated data set, the modifications to the original data made, the assumptions used and any other step made to ensure the uniformity in the variables used over time, across EU Member States and the selected OECD countries.

3.8.2. *TASK 2: Overview of alternative econometric approaches to analyse the impact of the competition indicators on market outcomes in the telecoms sector*

The contractor will present an overview of the main econometric methodological approaches which could be followed in order to identify, quantify and explain the effects of competition on the market outcomes, taking into account other relevant factors, in accordance with sections 3.2.1, 3.2.2 and 3.2.3.

The contractor will have to analyse, for each of those approaches:

- The competition indicators, other factors and market outcomes, as described in sections 3.2.1 to 3.2.3 above, which will be assessed;

- Its appropriateness to assess the impact of competition on market outcomes in the telecoms markets, as aimed by the study, deriving generally applicable conclusions;
- Its complexity and feasibility in terms of the amount and quality of data required;
- The likelihood to obtain meaningful and high-quality results on the effect of competition on market outcomes, in the light of the information available;
- The way in which the methodology proposed could address the econometric issues (endogeneity, multicollinearity, etc.) in order to identify such effects.

The contractor will have to make a reasoned proposal to the Commission, proposing the econometric analyses which would be conducted within the second phase of the study.

3.8.3. TASK 3: Identification of event studies

The contractor will have to propose specific event studies to be analysed in the second phase as an illustration of the results of the econometric exercise, as described in section 3.7. The contractor shall analyse the feasibility of the proposed event studies in light of the available information and the interest of the event from an analytical perspective. The contractor will provide a detailed description of each of these event studies together with an explanation of their contribution to the objectives of the study.

3.8.4. TASK 4: Conclusions of the first phase of the study

The final report of the first phase of the study will contain clear conclusions regarding:

- The existing economic and econometric literature on the impact of competition on market outcomes in the telecoms sector;
- The available data and its limitations for the purposes of the econometric exercise in terms of coverage, cross-country and time-section comparability and overall quality;
- The evolution of the competition indicators and market outcomes in time and the main trends and differences among the Member States and between the EU and the selected OECD countries;
- The possible econometric approaches to assess the impact of competition on market outcomes in the telecoms sector, as well as the advantages and disadvantages of each of these approaches in the light of the available data;
- The contractor's proposal regarding the econometric analyses to be undertaken within the second phase of the study;
- The contractor's proposal regarding the event studies to be undertaken within the second phase of the study;
- The data to be acquired for the second phase of the study, with specification of the terms and conditions, in particular the price;
- An updated working plan for tasks 6 to 10.

An executive summary and an abstract have to be included in the report (see section 4.1 below).

3.8.5. TASK 5: Presentations of the first phase of the study

Apart from the delivery of the final report of the first phase of the study, the contractor will also produce a set of at least two (2) power point presentations within a period of maximum one month. The presentations must be given by the contractor and must highlight the main findings of the first phase of the study, including:

- A presentation for Commissioner Vestager, highlighting the main achievable results and their implications for competition policy in the telecom sectors (if needed);
- A presentation for DG COMP staff, including a technical presentation, designed for an audience that is interested in the technical aspects of the econometric exercise (e.g. the Chief Economist Team);

3.8.6. TASK 6: Econometric analysis of the impact of the competition indicators on market outcomes in the telecoms sectors

The exact scope of the econometric exercise to be pursued in the second phase of the study is to be agreed with the Commission on the basis of the final report of the first phase of the study.

As indicated in sections 3.2.1 to 3.2.3 above, the contractor will identify, quantify and explain the effects of competition on market outcomes using appropriate econometric techniques, agreed with the Commission on the basis of the final report of the first phase. The contractor will also analyse whether there are any other important factors influencing the market outcomes and if that is the case, to assess their impact.

3.8.7. TASK 7: Event studies

The contractor has to collect the relevant data, carry out the analysis of the selected event studies in accordance with section 3.7 above, present the results and explain their contribution to the objectives of the study.

3.8.8. TASK 8: Comparison between the EU and the selected OECD countries (as a minimum, the USA, Japan, Korea and Australia)

The contractor has to present a detailed comparison of the telecom markets in the EU with those of the selected OECD countries (as a minimum, the USA, Korea, Japan and Australia). The comparative analysis must take into account the market outcomes and the main competitive indicators described under sections 3.2.1 to 3.2.3 above. If possible, the study should also identify, quantify and explain the effects of competition on market outcomes in the telecoms sector in those countries. The analysis will be qualitative and/or quantitative, depending on the availability of data for the selected OECD countries.

3.8.9. TASK 9: Conclusions of the second phase of the study

The final report of the second phase of the study will contain clear conclusions regarding the impact of the competition variables on market outcomes throughout the EU, the selected OECD countries as well as the evolution of these market outcomes in time.

An executive summary and an abstract have to be included in the report (see section 4.1 below).

3.8.10. TASK 10: Presentations of the second phase of the study

Apart from the final report of the second phase of the study, the contractor will also provide a set of at least three (3) power point presentations highlighting the main findings of the second phase of the study for a set of different audience types, including:

- A presentation for Commissioner Vestager, highlighting the main results in the area of competition policy;
- A presentation for DG COMP staff, including a technical presentation, for an audience that is interested in the econometrics of the study (e.g. the Chief Economist Team);
- A presentation for the public, focusing on potential policy conclusions that might be drawn from the study that are of interest for policymakers.

After the delivery of the final report of the second phase of the study, the contractor will have to present within a period of maximum one month the main results of the study in the three different contexts mentioned above, adapting the content and the language used to the different audiences.

3.9. Reporting

The contractor shall provide the following documents and reports:

a) For the first phase of the study:

- A progress report will be delivered after the execution of TASK 1, as described in section 3.8.1. This report will be delivered one (1) month after contract signature at the latest. This report will serve as a quality check on the data the contractor intends to use, as the acquisition of relevant, quality data is a key factor for the successfulness of the study. The Commission will set up a meeting to discuss any issues regarding the data acquisition.
- After a preliminary analysis of the available data, an interim report will set out the main findings of the study up to that phase. The report will provide a comprehensive summary of the overview of the main econometric approaches, as described in TASK 2 in section 3.8.2, and a preliminary list and analysis of the event studies as described in TASK 3 in section 3.8.3. This document must be submitted no later than three (3) months from the signature of the contract, unless formally agreed otherwise in writing by the Commission services, and will be complemented by a meeting to discuss the results.
- A draft final report of the first phase of the study will be delivered at the latest five (5) months after the signature of the contract. The content of the report will correspond to the task descriptions in TASK 1, TASK 2, TASK 3 and TASK 4, as described in sections 3.8.1 to 3.8.4. The Commission will call for a meeting in order to discuss the overall conclusions and any other issues that may arise.

- At the latest six (6) months after the signature of the contract, a detailed final report of the first phase of the study will be submitted describing the overall work carried out, the methodology followed and the findings of the study in performance of the contract. The final report will also contain a comprehensive executive summary of the main findings of maximum 6 pages as well as an abstract of no more than 200 words. The power point presentations (TASK 5) as described in section 3.8.5 will be provided as well.
- The presentations of the first phase of the study (based on the various power point presentations as mentioned in TASK 5) will be done at the latest seven (7) months after the signature of the contract. The exact dates of the events on which these presentations will take place will be communicated by the Commission in due time.

b) For the second phase of the study (subject to approval of the results of the first phase of the study):

- An interim report of the second phase of the study will set out the main findings of the study up to that stage. The report will contain a comprehensive summary of the main findings of the econometric analyses, as described in TASK 6 in section 3.8.6, and will provide an overview of the overall work carried out in TASK 7 and TASK 8, as described in sections 3.8.7 and 3.8.8. This document must be submitted no later than two (2) months from the notification of the Commission's consent to continue with the second phase of the study, unless formally agreed otherwise in writing by the Commission services, and will be complemented by a meeting to discuss the results.
- A draft final report of the second phase of the study will be delivered at the latest four (4) months after the notification of the Commission's consent to continue with the second phase of the study. The content of the report will correspond to the task descriptions in TASK 6, TASK 7, TASK 8 and TASK 9, as described in sections 3.8.6 to 3.8.9. The Commission will call for a meeting in order to discuss the overall conclusions and any other issues that may arise.
- At the latest five (5) months after the notification of the Commission's consent to continue with the second phase of the study, a detailed final report of the second phase of the study will be submitted describing the overall work carried out, the methodology followed and the findings of the study in performance of the contract. The final report will also contain a comprehensive executive summary of the main findings of maximum 6 pages as well as an abstract of no more than 200 words. The power point presentations (TASK 10) as described in section 3.8.10 will be provided as well.
- The presentations of the study (based on the various power point presentations as mentioned in TASK 10) will be done during the last month of the contract period, i.e. at the latest six (6) months after the notification of the Commission's consent to continue with the second phase of the study. The exact dates of the events on which these presentations will take place will be communicated by the Commission in due time.

Deadline	Event / Report	TASKS concerned
First phase of the study		
N	Signature of the contract	

N + maximum 10 calendar days	Kick-off meeting in Brussels	
N + 1 month	First progress report	TASK 1
N + 1 month + maximum 20 calendar days	Meeting in Brussels	
N + 3 months	Interim report	TASKS 1, 2 and 3
N + 3 months + maximum 20 calendar days	Meeting in Brussels	
N + 5 months	Draft final report (first phase of the study)	TASKS 1, 2, 3 and 4
N + 5 months + maximum 20 calendar days	Meeting in Brussels	
N + 6 months	Final report (first phase of the study) and PowerPoint presentations	TASKS 1, 2, 3 and 4
N + 7 months	Presentations of the first phase of the study	TASK 5
Second phase of the study		
M	Notification of the Commission's consent to continue with the second phase of the study	
M + maximum 10 calendar days	Kick-off meeting in Brussels	
M + 2 months	Interim report of the second phase of the study	TASKS 6, 7 and 8
M + 2 months + maximum 20 calendar days	Meeting in Brussels	
M + 4 months	Draft final report (second phase of the study)	TASKS 6, 7, 8 and 9
M + 4 months + maximum 20 calendar days	Meeting in Brussels	
M + 5 months	Final report (second phase of the study) and PowerPoint presentations	TASKS 6, 7, 8 and 9
M + 6 months	Presentations of the second phase of the study	TASK 10

In addition to these formal reports and meetings organized to discuss the various reports, the contractor has to be ready to answer the Commission's questions at any point during the study via conference calls.

The services must be provided in English. The executive summary and the abstract must be provided in English, French and German. The final report, the executive summary and the abstract must be proofread by a native speaker.

The reports must be submitted in hard copy (3 paper copies) and in the form of a pdf version on CD-ROM or electronically submitted.

The copyright of all documents, the manipulation of the database, the reports and results arising from the services provided will be the sole property of the Commission. The contractor can be however allowed to publish papers based on the results of the study, subject to approval by the Commission.

The Commission will have the right to publish the results as it sees fit, in accordance with Article I.8 and II.10.2 of the draft service contract.

Apart from the reports, the Commission must be informed immediately at any stage of the investigation as soon as any problems occur, in particular as regards access to the relevant information.

4. Technical requirements for the final reports

All studies produced for the European Commission and Executive Agencies shall conform to the corporate visual identity of the European Commission by applying the graphic rules set out in the European Commission's Visual Identity Manual, including its logo¹⁰.

The Commission is committed to making online information as accessible as possible to the largest possible number of users including those with visual, auditory, cognitive or physical disabilities, and those not having the latest technologies. The Commission supports the [Web Content Accessibility Guidelines 2.0](#) of the W3C.

For full details on Commission policy on accessibility for information providers, see: http://ec.europa.eu/ipg/standards/accessibility/index_en.htm.

Pdf versions of studies destined for online publication should respect W3C guidelines for accessible pdf documents. See: <http://www.w3.org/WAI/GL/WCAG20-TECHS/pdf.html>.

4.1. Content

4.1.1. Final reports (applicable to both the first and second phases of the study)

The final reports of the first and of the second phase of the study shall include:

- an abstract of no more than 200 words and an executive summary of maximum 6 pages, in English, French and German;
- the following standard disclaimer:
“The information and views set out in this study are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission’s behalf may be held responsible for the use which may be made of the information contained therein.”
- specific identifiers which shall be incorporated on the cover page provided by the Commission.

4.1.2. Publishable executive summary (applicable to both the first and second phases of the study)

The publishable executive summaries of the first and of the second phase of the study shall be provided in English, French and German and shall include:

- the following standard disclaimer:
“The information and views set out in this study are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission’s behalf may be held responsible for the use which may be made of the information contained therein.”

¹⁰ The Visual Identity Manual of the European Commission is available upon request. Requests should be made to the following e-mail address: comm-visual-identity@ec.europa.eu

- specific identifiers which shall be incorporated on the cover page provided by the Commission.

4.2. Visual requirements

For visual requirements please refer to the template available at Annex IV of the invitation to tender. The cover page shall be filled in by the contractor in accordance with the instructions provided in the template. For further details you may also contact comm-visual-identity@ec.europa.eu.

5. Access to the contractor's documents

The Commission is entitled without extra charge to have access to, and receive copy of all documents, including documents prepared, obtained or used by the contractor in performance of the contract during the implementation of the contract. Similarly, the Commission is entitled to have access to the database which has been used in the study during the implementation of the contract.

6. Duty of Independence/Confidentiality

By submitting a tender, the contractor undertakes to comply with a duty of independence. The contractor undertakes to treat all information received and reports produced in the strictest confidentiality, as well as to refrain from commenting publicly on the study without prior consent from DG Competition (for further information, please refer to Article II.5 of the draft service contract in Annex II to the invitation to tender).

The security of data storage and transfer must be guaranteed by the contractor.

7. Timetable, meetings and presentations

The execution of all the tasks shall last no more than seven (7) months for the first phase of the study, from the signature of the contract by the last party and no more than six (6) months for the second phase of the study, from the date of the Commission's written notification of its consent to continue with the second phase of the study. After the contract has been signed by both the Commission and the contractor, there will be a kick-off meeting between the Commission and the contractor. This meeting will take place at the Commission's premises in Brussels.

Within twenty (20) calendar days of receiving the first progress report of the first phase of the study, the interim report of the first phase of the study and the draft final report of the first phase of the study, the Commission will organize a meeting in Brussels with the contractor to discuss the findings of the various reports. Therefore 3 technical meetings, in addition to the kick-off meeting, have to be foreseen during the first 6 months of the contract period for the first phase of the study. The contractor shall submit to the Commission updates to each of the reports as a result of these meetings within twenty (20) calendar days. After revising these updates, and when considering that no further improvements are needed, the Commission will proceed to their approval.

After approval of the final report of the first phase of the study, the contractor will also present the report to the various audiences as mentioned in TASK 5, within one (1) month after the final report of the first phase of the study has been delivered.

The final report of the first phase of the study, as approved by the Commission, will define the precise scope of the second phase of the study.

The continuation of the contract for the second phase of the study is subject to the result of the first phase of the study. The Commission reserves the right not to continue the contract should the results of the first phase of the study not be satisfactory. The Commission will inform the contractor about its decision to continue or terminate the contract regarding the second phase of the study in advance, by a written notification.

After the Commission's written notification of its consent to continue with the second phase of the study there will be a kick-off meeting between the Commission and the contractor. This meeting will take place at the Commission's premises in Brussels.

Within twenty (20) calendar days of receiving the interim report of the second phase of the study and the draft final report of the second phase of the study, the Commission will organize a meeting in Brussels with the contractor to discuss the findings of the various reports. Therefore 2 technical meetings, in addition to the kick-off meeting, have to be foreseen during the first 5 months of the contract period for the second phase of the study. The contractor shall submit to the Commission updates to each of the reports as a result of these meetings within twenty (20) calendar days. After revising these updates, and when considering that no further improvements are needed, the Commission will proceed to their approval.

After delivery of the final report of the second phase of the study, the contractor will also present the report to the various audiences as mentioned in TASK 10, within one (1) month after the final report of the second phase of the study has been delivered.

8. Place of performance

The place of performance of the tasks shall be the contractor's premises or any other place indicated in the tender, with the exception of the Commission's premises. Meetings and presentations may take place in the Commission's premises.

9. Volume

The budget of the study, including all costs (including the cost of acquiring the data, travel and incidental expenses), cannot exceed any of the following amounts:

- Euro 415 000 for its total duration.
- Euro 100 000 for the total duration of the first phase of the study.
- Euro 315 000 for the total duration of the second phase of the study.

The tenderer should however be aware that the contract will be awarded to the tender offering the best value for money.

10. Terms of payment

Payments shall be made in accordance with Articles I.4 and II.15 of the draft service contract (Annex II to the invitation to tender).

10.1. Interim payment for the first phase of the study

An interim payment shall be made, in order to reimburse the total amount for the first phase of the contract following submission of an invoice of the contractor, after the contractor has provided all the deliverables as indicated in the tender specifications provided that the deliverables have been approved by the Commission as well as the supporting documents for the purchase of the data. In case the Commission decides not to continue the contract to the second phase of the study, this interim payment will effectively become the final payment under the contract.

10.2. Pre-financing for the second phase of the study

Following the written notification by the Commission about its consent to continue with the second phase of the study, a pre-financing payment equal to 20% of the total contract amount for the second phase of the study shall be made, following receipt of an invoice of the contractor, in order to cover partially or totally the cost of acquiring the data by the contractor.

10.3. Payment of the balance for the second phase of the study

The payment of the balance for the second phase of the study shall be made, following submission of an invoice of the contractor, after the contractor has provided all the deliverables as indicated in the tender specifications provided that the deliverables have been approved by the Commission as well as the supporting documents for the purchase of the data.

In accordance with section 3.3, in case the Commission has at its disposal any of the databases needed for the second phase of the study, in accordance with the final report of the first phase, such database(s) may be provided to the contractor for their use in the second phase. In such a case, the contractor will not need to purchase these databases and therefore the payment of the balance for the second phase of the study will be reduced by the amount corresponding to the cost indicated by the contractor in its tender and in the final report of the first phase of the study as approved by the Commission.

11. Evaluation and award

11.1. Evaluation steps for the award of the study

The evaluation is based on the information provided in the submitted tender. It takes place in three steps:

- (1) Verification of non-exclusion of tenderers on the basis of the exclusion criteria
- (2) Selection of tenderers on the basis of selection criteria
- (3) Evaluation of tenders on the basis of the award criteria

Only tenders meeting the requirements of one step will pass on to the next step.

11.2. Exclusion criteria for the award of the study

All tenderers shall provide a declaration on their honour (see Annex III to the invitation to tender), duly signed and dated by an authorised representative, stating that they are not in one of the situations of exclusion listed in the Annex III.

The declaration on honour is also required for identified subcontractors.

The successful tenderer shall provide the documents mentioned as supporting evidence in Annex III before signature of the contract and within a deadline given by the Commission. This requirement applies to all members of the consortium in case of joint tender and to identified subcontractors whose intended share of the contract is above 20%.

11.3. Selection criteria for the award of the study

Tenderers must provide evidence of economic, financial, technical and professional capacity to carry out the work subject to this call for tender. Tenderers who do not provide the documentation specified, or who are judged, on the basis of the documentation provided, not to have fulfilled the criteria specified below, will be excluded.

The evidence requested should be provided by each member of the group in case of joint tender and by each of the identified subcontractors whose intended share of the contract is above 20%. However a consolidated assessment will be made to verify compliance with the minimum capacity levels.

The tenderer may rely on the capacities of other entities, regardless of the legal nature of the links which it has with them. It must in that case prove to the Commission that it will have at its disposal the resources necessary for performance of the contract, for example by producing an undertaking on the part of those entities to place those resources at its disposal.

11.3.1. Economic and financial capacity

To be eligible, the tenderer must have the economic and financial capacity to perform the tasks required in this call for tender. Tenderers (i.e. in case of joint tender, the combined capacity of all members of the consortium and identified subcontractors) must provide evidence that they have the economic and financial capacity to perform the tasks continuously and satisfactorily throughout the envisaged lifetime of the contract.

The following evidence should be provided:

- Copy of the profit & loss account and balance sheet for the last two years for which accounts have been closed,
- Failing that, appropriate statements from banks,
- If applicable, evidence of professional risk indemnity insurance.

If, for some exceptional reason which the Commission considers justified, a tenderer is unable to provide one or other of the above documents, he or she may prove his or her economic and financial capacity by any other document which the Commission considers appropriate. In any case, the Commission must at least be notified of the exceptional reason and its

justification in the tender. The Commission reserves the right to request any other document enabling it to verify the tenderer's economic and financial capacity.

11.3.2. Technical and professional capacity

a. Criteria relating to the tenderer:

Tenderers (in case of a joint tender the combined capacity of all members of the group and identified subcontractors) must comply with the following criteria:

- The tenderer must prove experience in the field of econometric analysis applied to large databases, in the telecoms sector, in particular by having managed projects in this field, or by being composed of a team of researchers having conducted projects in this field, having published academic papers in peer-reviewed scientific journals or having led academic research projects based on comparable databases.
- The tenderer must have the appropriate study and research facilities in order to be able to perform the tasks described in the tender.
- The tenderer must prove experience in data collection, statistical analysis and drafting reports. More specifically, the following skills are required:
 - Knowledge and experience of econometrics, in particular in relation to applying statistical packages to large databases, and the ability to draw clear and relevant conclusions from the analysis;
 - Data-handling, in particular, working with large databases.

b. Criteria relating to the team delivering the service:

The tenderer must be able to provide a balanced and credible team with proven expertise in handling large and complex datasets, performing sophisticated econometric analyses and extensive knowledge of the telecoms sector.

This means that the tenderer must include a team of senior level academic experts (with postgraduate degree¹¹), or a team of economists/econometricians working under close supervision of at least one senior level academic expert (with postgraduate degree). At least one of the members of the team must have ten (10) years (at least) of experience in quantitative work and five (5) years (at least) in relation to the telecoms sector.

c. Evidence:

The following evidence should be provided to fulfil the above criteria:

¹¹ For the purpose of this tender a "senior level academic expert" is considered to be someone who holds a teaching or research position in a university or research center and publishes in peer reviewed academic journals for at least five (5) years. Such a position would generally be Professor, Associate or Assistant Professor or Research Fellow. A tenderer who does not hold such a position should specify its academic credentials.

- List of relevant services provided in the past three years, with sums, dates and recipients, public or private. The most important services shall be accompanied by certificates of satisfactory execution, specifying that they have been carried out in a professional manner and have been fully completed;
- The educational and professional qualifications of the persons who will provide the service for this tender (CVs) including the management staff. In particular, the information should indicate dates, places of work and recipients of the work, including a list of publications in the specialised press and/or in the academic journals of reference in the relevant areas. Attention will be paid to competences and experience in the field of econometrics and statistics. Each CV provided should indicate the intended function in the delivery of the service.
- A description of the tenderer's study and research facilities, in particular as regards access to relevant data and handling large and complex datasets (including applying the relevant econometric techniques to these datasets).
- Any other information showing that the selection criteria are fulfilled.

11.4. Award criteria for the study

The contract will be awarded based on the best value for money procedure. The quality of the tender will be evaluated based on the following criteria. The maximum total quality score is 100 points.

a) Quality of the proposed methodology (70 points)

This criterion will assess the quality of the proposed methodologies for data selection, data gathering, and econometric analysis.

Sub-criterion a1: Assessment of the econometric identification strategy and methodology proposed (30 points – minimum threshold 60%):

This criterion will assess the methodologies proposed for the econometric exercise, as well as the justification of why the proposed empirical strategy is the most suitable one for the purpose of the study. Tenderers have to describe what parameters they will take into account in the study and why. In addition, tenderers have to specify how they plan to address the econometric issues for the identification of the causal effect of competition on market outcomes. Finally, tenderers have to indicate the limitations of their approach and what implications this may have for the conclusions of the study.

Sub-criterion a2: Identification and assessment of the quality and selection of the data (20 points – minimum threshold 60%):

First, the quality of the data depends on the quality of the source. Hereby, the reliability of the source, the level of detail and the level of disaggregation will be taken into account.

Second, the methodological approach proposed to select the time as well as the spatial dimension on which the econometric analysis will take place, will be assessed. In particular, the tender has to indicate the level of aggregation (both for the spatial as well as the time dimension) on which the analysis will be performed and why the tenderer opted for this level

of aggregation. Finally, tenderers have to indicate the limitations of its approach in terms of data and which implications this may have for the conclusions of the study.

Sub-criterion a3: Assessment of the proposed methodology to select event studies useful for the objectives of the study and the analysis to undertake (10 points – minimum threshold 50%):

This criterion will assess whether the tender has provided a good methodological proposal to identify, select and analyse the most appropriate event studies in terms of: (i) their feasibility in light of the available data and the methodological approaches proposed for the econometric exercise, and (ii) their contribution to the objectives of the study, in particular to illustrate the causal link between competition and market outcomes in the telecoms sector.

Sub-criterion a4: Assessment of the proposed comparison with OECD countries (10 points – minimum threshold 50%):

This criterion will assess whether the tender has provided a good proposal to undertake the comparison with selected OECD countries, in terms of the scope of comparison with the EU (or a sample of EU Member States) and the methodology, as well as in terms of the justification of why the proposed OECD countries and the EU or the proposed sample of EU Member States, as applicable, are the most relevant ones for the purpose of the study and how they complement the general econometric study. Tenderers have to indicate the limitations of their approach and which implications this may have for the conclusions of the study.

(The description must not exceed 25 pages for all sub-criteria (a1, a2, a3, a4) together)

b) Organisation of the work (20 points – minimum threshold 50%)

This criterion will assess how the roles and responsibilities of the proposed team and of the economic operators (in case of joint tenders, including subcontractors if applicable) are distributed for each task. It also assesses the global allocation of time and resources to the project and to each task or deliverable, and whether this allocation is adequate for the work.

Tenderers should provide a detailed description of the methodology and means to be employed for the organisation, management and coordination of the work in relation to the services to be performed, the coherence of the work plan with the calendar, how the team will be organised and co-ordinated and their working methods and interaction with the Commission.

In case either the econometric analysis or the data gathering are subcontracted to another party, the roles and responsibilities of both research teams involved in the project have to be set out very clearly. It should be clear whether the party responsible for collecting the data will only be involved in the data collection or whether it will also contribute to the execution of the other tasks. The tenderer should clearly explain:

- who will be in charge of each of the TASKS as described in section 3.8;
- who will be in charge of drafting each of the reports as described in section 3.9;
- who will attend the meetings as described in section 7.

The tender should provide details on the allocation of time and resources and the rationale behind the choice of this allocation.

A detailed description on how the tenderer intends to ensure the quality of the work performed by any subcontractors should be provided as well.

(The description must not exceed 5 pages)

c) Quality control measures (10 points – minimum threshold 50%)

This criterion will assess the quality control system applied to the service foreseen in this tender specification concerning the quality of the deliverables, the language quality check, and continuity of the service in case of absence of a member of the team. The quality system should be detailed in the tender and specific to the tasks at hand; a generic quality system will result in a low score.

(The description must not exceed 5 pages)

11.5. Overall evaluation

Criteria a), b) and c) will be evaluated on the basis of the technical offer to be submitted as part of the tender.

Only those tenders with a mark of at least 50% of the maximum number of points for each of the criteria a3, a4, b) and c) and a minimum of 60% of the maximum number of points for criteria a1 and a2 will be considered for the award of the contract (i.e. at least 18, 12, 5, 5, 10 and 5 points for criteria a1, a2, a3, a4, b, and c respectively). Moreover, offers with a total score of less than 60 points for all award criteria will be rejected and will not be ranked.

For each tender considered for the award of the contract a total quality mark of a maximum of 100 will be calculated as the sum of the quality marks for criteria a), b), and c).

The price of each acceptable tender will be compared with the cheapest price of all acceptable tenders.

After evaluation of the quality of the tender, the tenders are ranked using the formula below to determine the tender offering best value for money. A weight of 70/30 is given to quality and price.

$$\text{Score for tender x} = \frac{\text{cheapest price}}{\text{price of tender x}} * 100 * 30 \% + \frac{\text{Total quality score (out of 100) for all award criteria of tender x}}{100} * 70 \%$$

The contract will be awarded to the tender with the highest total score.

11.6. Technical offer

The technical offer must cover all aspects and tasks required in the technical specification and provide all the information needed to apply the award criteria. Offers deviating from the

requirements or not covering all requirements may be excluded on the basis of nonconformity with the tender specifications and will not be evaluated.

11.7. Financial offer

The price for the tender must be quoted in euro. Tenderers from countries outside the euro zone have to quote their prices in euro. The price quoted may not be revised in line with exchange rate movements. It is for the tenderer to assume the risks or the benefits deriving from any variation.

Prices must be quoted free of all duties, taxes and other charges, i.e. also 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.

The quoted price must be a fixed amount which includes all charges (including travel and subsistence). The quoted price has to be split into a price for the first phase of the study and a price for the second phase of the study.

In order to facilitate the assessment of the price, the tenderer should specify for each category of staff to be involved in the project and for each of the phases of the study: the total labour costs; the daily rates and total number of days (man-days) each member of staff will contribute to the project; other categories of costs, indicating the nature of the cost, the total amount, the unit price and the quantity.

Costs incurred in preparing and submitting tenders are borne by the tenderers and cannot be reimbursed.

12. Information on tendering

12.1. Participation

Participation in this tender procedure is open on equal terms to all natural and legal persons from one of the EU Member States and to all natural and legal persons in a third country which has a special agreement with the Union in the field of public procurement on the conditions laid down in that agreement. Where the Multilateral Agreement on Government Procurement¹² concluded within the WTO applies, the participation to the call for tender is also open to nationals of the countries that have ratified this Agreement, on the conditions it lays down.

12.2. Contractual conditions

The tenderer should bear in mind the provisions of the draft contract corresponding to the two phases of the study, which specifies the rights and obligations of the contractor, particularly those on payments, performance of the contract, confidentiality, checks and audits. By submitting an offer the tenderer accepts the conditions of this contract.

¹² See http://www.wto.org/english/tratop_e/gproc_e/gp_gpa_e.htm

12.3. Joint tenders

A joint tender is a situation where a tender is submitted by a group of economic operators (consortium). Joint tenders may include subcontractors in addition to the joint tenderers.

In case of joint tender, all economic operators in a joint tender assume joint and several liabilities towards the Commission for the performance of the contract as a whole. Nevertheless, tenderers must designate a single point of contact for the Commission.

After the award, the Commission will sign the contract either with all members of the group, or with the member duly authorised by the other members via a power of attorney.

12.4. Subcontracting

Subcontracting is permitted in the tender but the contractor will retain full liability towards the Commission for performance of the contract as a whole.

Tenderers must give an indication of the proportion of the contract that they intend to subcontract.

Tenderers are required to identify all subcontractors.

During contract execution, the change of any subcontractor identified in the tender will be subject to prior written approval of the Commission.

12.5. Content of the tender

The tenders must be presented as follows:

Part A: Identification of the tenderer (see section 12.6 below)

Part B: Evidence for exclusion criteria (see section 11.2)

Part C: Evidence for selection criteria (see section 11.3)

Part D: Technical offer (see section 11.6)

Part E: Financial offer (see section 11.7)

12.6. Identification of the tenderer: legal capacity and status

The tender must include a cover letter signed by an authorised representative of the tenderer presenting

- the name of the tenderer (including all entities in case of joint offer),
- identified subcontractors if applicable, and
- the name of the single contact person in relation to this tender.

If applicable, the cover letter must indicate the proportion of the contract to be subcontracted.

In case of joint tender, the cover letter must be signed by a duly authorised representative for each tenderer, or by a single tenderer duly authorised by other tenderers (with power of attorney).

Subcontractors must provide a letter of intent stating their willingness to provide the service foreseen in the offer and in line with the present tender specification.

In order to prove their legal capacity and their status, all tenderers must provide a signed Legal Entity Form with its supporting evidence. The form is available on:

http://ec.europa.eu/budget/contracts_grants/info_contracts/legal_entities/legal_entities_en.cfm

Tenderers and identified subcontractors that are already registered in the Contracting Authority's accounting system (i.e. they have already been direct contractors) must provide the form but are not obliged to provide the supporting evidence.

The tenderer (or the single point of contact in case of joint tender) must provide a Financial Identification Form and supporting documents. Only one form per offer should be submitted (no form is needed for subcontractors and other joint tenderers). The form is available on: http://ec.europa.eu/budget/contracts_grants/info_contracts/financial_id/financial_id_en.cfm.

Tenderers must provide the following information if it has not been included with the Legal Entity Form:

- For legal persons, a legible copy of the notice of appointment of the persons authorised to represent the tenderer in dealings with third parties and in legal proceedings, or a copy of the publication of such appointment if the legislation which applies to the legal entity concerned requires such publication. Any delegation of this authorisation to another representative not indicated in the official appointment must be evidenced.
- For natural persons, where applicable, a proof of registration on a professional or trade register or any other official document showing the registration number.