

# **PROCUREMENT GUIDELINES OF WORLD BANK**

**FOR CONSULTANCY**

# Procurement Guidelines

- Quality- and- Cost Based Selection
- Other Methods of Selection
- Types of Contracts
- Selection of Individual Consultants

# Limit for Various Methods of Purchase

Ser. No.	Purchase Value	Recommended Method of Purchase
1.	More than US \$ 200,000 (INR 80.0 Lakh)	QCBS
2.	Up to US \$ 50,000/- (INR 20.0 Lakh)	Single Source Selection

# Limit for Prior Review

Ser. No.	Purchase Value	Threshold for prior Review
1.	Procurement of Consultancy by hiring firm	More than US \$ 200,000 (INR 80.0 Lakh)
2.	Procurement of Consultancy by hiring individual Consultant	More than US \$ 50,000/- (INR 20.0 Lakh)
3.	Procurement of Consultancy on single source selection	More than US \$ 50,000/- (INR 20.0 Lakh)

# **A. Quality- and- Cost Based Selection**

A1. The Selection Process

A2. Terms of Reference (TOR)

A3. Cost Estimate (Budget)

A4. Advertising

A5. Short List of Consultants

A6. Preparation and Issuance of the Request for Proposals (RFP)

A7. Letter of Invitation (LOI)

A8. Instructions to Consultants (ITC)

A9. Contract

A10. Receipt of Proposals

## A. – contd.

A11. Evaluation of Proposals

A12. Evaluation of the Quality

A13. Evaluation of Cost

A14. Combined Quality and Cost Evaluation

A15. Negotiations and Award of Contract

A16. Publication of the Award of Contract

A17. Debriefing

A18. Rejection of All Proposals, and Reinvitation

A19. Confidentiality

# A1. The Selection Process

- QCBS uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. The relative weight to be given to the quality and cost to be determined for each case depending on the nature of the assignment

## **A2. Terms of Reference (TOR)**

- TOR to define clearly the objectives, goals, and scope of the assignment and provide background information
- TOR to list the services and surveys necessary to carry out the assignment and the expected outputs
- Firms to be encouraged to comment on the TOR in their proposals
- The Borrower's and consultants' respective responsibilities should be clearly defined in the TOR

## **A3. Cost Estimate (Budget)**

- The cost estimate based on the Borrower's assessment of the resources needed to carry out the assignment: staff time, logistical support, and physical inputs
- Costs to be divided into two broad categories: (a) fee or remuneration (according to the type of contract used) and (b) reimbursables, and further divided into foreign and local costs
- The cost of staff time to be estimated on a realistic basis for foreign and national personnel

## A4. Advertising

- The Bank will arrange for its publication in *UN Development Business online (UNDB online)* and in the *Development Gateway's dgMarket*
- National gazette or a national newspaper or in an electronic portal of free access
- Not less than 14 days from date of posting on *UNDB online* shall be provided for responses, before preparation of the short list

## **A5. Short List of Consultants**

- The Borrower to give first consideration to those firms expressing interest & possess the relevant qualifications
- Short lists to comprise six firms with a wide geographic spread, with no more than two firms from any one country and at least one firm from a developing country, unless qualified firms from developing countries are not available
- The short list not to include Individual Consultants

## **A6. Preparation and Issuance of the Request for Proposals (RFP)**

- The RFP to include (a) a Letter of Invitation, (b) Information to Consultants, (c) the TOR, and (d) the proposed contract
- Borrowers to use the standard RFPs issued by the Bank with minimal changes
- Any changes to be introduced in RFP data sheet
- If the RFP is distributed electronically, the electronic system to be secure to avoid modifications to the RFP

## **A7. Letter of Invitation (LOI)**

- The LOI to state the intention of the Borrower to enter into a contract for the provision of consulting services, the source of funds, the details of the client and the date, time, and address for submission of proposals

# **A8. Instructions to Consultants (ITC)**

- The ITC to contain information on the evaluation process, the evaluation criteria and factors and their respective weights and the minimum passing quality score
- An estimate of the level of key staff inputs (in staff time) required of the consultants or the total budget, but not both
- To specify the proposal validity period, which to be adequate for the evaluation of proposals, decision on award, Bank review, and finalization of contract negotiations

## **A9. Contract**

- Standard Form of Contract with minimum changes
- Any changes to be introduced only through Contract Data Sheets or through Special Conditions of Contract and not by introducing changes in the wording of the General Conditions of Contract included in the Bank's Standard Form

# **A10. Receipt of Proposals**

- The time normally shall not less than four weeks or more than three months
- To provide clarifications sought in writing and copy them to all firms
- The technical and financial proposals to be submitted at the same time
- The technical envelopes shall be opened immediately after the closing time
- The financial proposals to remain sealed
- Any proposal received after the closing time to be returned unopened

# **A11. Evaluation of Proposals**

- The evaluation of the proposals shall be in two stages: first the quality, and then the cost
- Evaluators of technical proposals not to have access to the financial proposals until the technical evaluation, including any Bank reviews and no objection, is concluded
- Financial proposals to be opened only thereafter. The evaluation to be done in full conformity with the provisions of the RFP

# A12. Evaluation of the Quality

- Criteria:
  - (a) the consultant's relevant experience
  - (b) the quality of the methodology proposed,
  - (c) the qualifications of the key staff proposed,
  - (d) transfer of knowledge, if required in the TOR, and
  - (e) the extent of participation by nationals among key staff in the performance of the assignment
- Each criterion to be marked on a scale of 1 to 100.  
Then the marks to be weighted to become scores
- The proposed weights to be disclosed in the RFP

## **A12. Evaluation of the Quality- contd.**

- The following weights are indicative:  
Consultant's specific exp.: 0 to 10 points  
Methodology: 20 to 50 points  
Key personnel: 30 to 60 points  
Transfer of knowledge: 0 to 10 points  
Participation by nationals: 0 to 10 points  
Total: 100 points

## **A12. Evaluation of the Quality- contd.**

- Normally divide these criteria into subcriteria
- Evaluation of only the key personnel is recommended
- Evaluate on the basis of its responsiveness to the TOR
- A proposal is unsuitable and rejected at this stage if it does not respond to important aspects of the TOR or it fails to achieve a minimum technical score Technical Evaluation Report of the “quality” of the proposals
- The report to substantiate the results of the evaluation and describe the relative strengths and weaknesses of the proposals

## **A13. Evaluation of Cost**

- Opening of the financial proposals
- Financial proposals shall be opened publicly
- The name of the consultant, the technical points, and the proposed prices to be read aloud and recorded, and a copy to be promptly sent to the Bank
- The minutes of the public opening and a copy of this record to be promptly sent to the Bank and to all consultants who submitted proposals
- Review the financial proposals
- If any arithmetical errors, to be corrected

## A13. Evaluation of Cost- contd.

- Convert costs to a single currency
- For the purpose of evaluation, “cost” to exclude local identifiable indirect taxes and income tax payable on the remuneration of non-resident staff of the consultant
- The cost to include all consultant’s remuneration, travel, translation, report printing, or secretarial expenses
- The proposal with the lowest cost to be given a financial score of 100 and other proposals given financial scores that are inversely proportional to their prices
- The methodology clearly described in the RFP

# A14. Combined Quality and Cost Evaluation

- The total score to be obtained by weighting the quality and cost scores and adding them.
- The weight for the “cost” to be chosen, taking into account the complexity of the assignment and the relative importance of quality
- Weight for cost normally be 20 points
- The proposed weightings for quality and cost as specified in the RFP
- The firm obtaining the highest total score to be invited for negotiations

# **A15. Negotiations and Award of Contract**

- Negotiations to include discussions of TOR, methodology, staffing, Borrower's inputs, and special conditions of contract
- Selected firm should not be allowed to substitute key staff
- Financial negotiations to include clarification of consultants' tax liability
- When selection method includes price as a component, negotiations of staff rates should not take place, except in special circumstances
- Reimbursables are to be paid on actual expenses incurred upon presentation of receipts and therefore are not subject to negotiations
- If negotiations fail to result in an acceptable contract, Borrower shall terminate the negotiations and invite next ranked firm for negotiations
- Once negotiations are commenced with next ranked firm, Borrower not to reopen earlier negotiations

# A16. Publication of the Award of Contract

- After the award of contract, the borrower to publish in *UNDB online* and in *dgMarket* the following information:
  - (a) names of all consultants who submitted proposals
  - (b) technical points assigned to each consultant
  - (c) evaluated prices of each consultant
  - (d) final point ranking of the consultants
  - (e) name of the winning consultant and the price, duration, and summary scope of the contract.
- Same information shall be sent to all consultants who have submitted proposals

# A17. Debriefing

- In the publication of contract award Borrower to specify that any consultant who wishes to ascertain the grounds on which its proposal was not selected, should request an explanation from the Borrower.
- Borrower to promptly provide the explanation as to why such proposal was not selected, either in writing and/or in a debriefing meeting, at the option of the consultant.
- Requesting consultant to bear all the costs of attending such a debriefing

# **A18. Rejection of All Proposals, and Reinvitation**

- The Borrower is be justified in rejecting all proposals only if all proposals are nonresponsive because of major deficiencies in complying with the TOR or if costs substantially higher than the original estimate
- Before all the proposals are rejected and new proposals are invited, the Borrower to obtain the Bank's "no objection" before proceeding with the rejection and the new process.
- The new process may include revising the RFP (including the short list) and the budget.

## **A19. Confidentiality**

- Information relating to evaluation of proposals and recommendations concerning awards not to be disclosed to the consultants who submitted the proposals or to other persons not officially concerned with the process, until the publication of the award of contract

## B. Other Methods of Selection

B1. Quality-Based Selection (QBS)

B2. Selection under a Fixed Budget (FBS)

B3. Least-Cost Selection (LCS)

B4. Selection Based on the Consultants'  
Qualifications (CQS)

B5. Single-Source Selection (SSS)

# B1. Quality-Based Selection (QBS)

- Complex or highly specialized assignments
- Assignments that have a high downstream impact and in which objective is to have best experts
- Assignments -carried out in substantially different ways
- RFP may request submission of a technical proposal only or both
- Technical proposals alone - after evaluating technical proposals consultant with highest ranked technical proposal is asked to submit a detailed financial proposal. Then negotiate financial proposal and award contract. All other aspects of selection process shall be identical to those of QCB
- Financial proposals together with technical proposals- price proposal of only selected firm is opened and remaining returned unopened

## **B2. Selection under a Fixed Budget (FBS)**

- Appropriate when the assignment is simple and can be precisely defined and when the budget is fixed
- The RFP to indicate the available budget and request the consultants to provide their best technical and financial proposals
- Evaluation of all technical proposals first as in the QCBS method. Then the price proposals to be opened
- The Consultant with highest ranked technical proposal is selected and invited to negotiate a contract

## **B3. Least-Cost Selection (LCS)**

- Appropriate for selecting consultants for assignments of a standard or routine nature
- A “minimum” qualifying mark for the “quality” is established. Proposals, to be submitted in two envelopes, are invited from a short list
- Technical proposals are opened first and evaluated
- Financial Proposals of those securing minimum qualifying mark are opened in public
- The firm with the lowest price is selected
- Minimum qualifying mark to be stated in RFP

## **B4. Selection Based on the Consultants' Qualifications (CQS)**

- This method is used for small assignments for which the need for preparing and evaluating competitive proposals is not justified
- The selected firm is asked to submit a combined technical-financial proposal and then be invited to negotiate the contract

# **B5. Single-Source Selection (SSS)**

- Used in exceptional cases
- Appropriate if it presents a clear advantage over competition:
  - (a) for tasks that represent a natural continuation of previous work carried out by the firm
  - (b) in emergency cases, such as in response to disasters and for consulting services required during the period of time immediately following the emergency
  - (c) for very small assignments
  - (d) when only one firm is qualified or has experience of exceptional worth for the assignment

## C. Types of Contracts

C1. Lump sum contract

C2. Time based contract

C3. Retainer and/or contingency fee contract

C4. Percentage contract

C5. Price agreement

# C1. Lump sum contract

- Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined
- Payments are linked to outputs (deliverables), such as reports, drawings, bills of quantities, bidding documents, and software programs
- Lump sum contracts are easy to administer because payments are due on clearly specified outputs

## C2. Time based contract

- Appropriate when difficult to define scope and length of services
- Payments based on agreed hourly, daily, weekly, or monthly rates for staff and on reimbursable items using actual expenses and/or agreed unit prices
- Rates for staff include salary, social costs, overhead, fee
- Maximum amount of total payments to be made to consultants.
- This ceiling amount to include a contingency allowance for unforeseen work and duration, and provision for price adjustments, where appropriate.
- Time-based contracts need to be closely monitored and administered by the client

## **C3. Retainer and/or contingency fee contract**

- Retainer and contingency fee contracts are widely used when consultants (banks or financial firms) are preparing companies for sales or mergers of firms, notably in privatization operations.
- The remuneration of the consultant includes a retainer and a success fee, the latter being normally expressed as a percentage of the sale price of the assets.

## C4. Percentage contract

- These contracts are commonly used for architectural services.
- May also be used for procurement and inspection agents.
- Relate the fees paid to the consultant to the estimated or actual project construction cost, or the cost of the goods procured or inspected.
- The contracts are negotiated on the basis of market norms for the services and/or estimated staff-month costs for the services, or competitively bid

## C5. Price agreement

- These contracts are used when Borrowers need to have “on call” specialized services to provide advice on a particular activity, the extent and timing of which cannot be defined in advance.
- Commonly used to retain “advisers” for implementation of complex projects, expert adjudicators for dispute resolution panels, institutional reforms, procurement advice, technical troubleshooting, and so forth, normally for a period of a year or more.
- The Borrower and the firm agree on the unit rates to be paid for the experts, and payments are made on the basis of the time actually used.

## **D. Selection of Individual Consultants**

- Individual consultants are selected on the basis of their qualifications for the assignment
- Consultants to be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the Borrower
- Capability is judged on the basis of academic background, experience, and, as appropriate, knowledge of the local conditions, such as local language, culture, administrative system, and government organization