



Selection of Consultants under Islamic Development Bank Financing



Agenda

Introduction

Step 1: Preparation of Terms of Reference (TOR) & Cost Estimate

Step 2: Advertising of the Consultancy Assignment

Step 3: Short-listing, Request For Proposals (RfP) & Invitation

Step 4: Submission of Technical & Financial Proposals

Step 5: Evaluation of Technical Proposals

Step 6: Public Opening of Financial Proposals & Combined Evaluation

Step 7: Negotiations & Draft Contract

Step 8: Contract Award



Nature of Consulting Services :

- Provision of expert knowledge & professional advice
- Does not involve the provision or supply of goods or manufacturing and construction activities.
- Services of intellectual and advisory nature
- Comparatively low cost (normally does not exceed 10% of the project cost).
- High impact on project
- Sound judgment requirements



Introduction

❖ Scope of Consulting Services:

- Advisory or Counseling Services
- Pre-Investment Studies
- Engineering and Design studies
- Implementation or Supervision Services
- Project Management

❖ Advantages of engaging consultants:

- Efficient allocation of resources.
- Transfer of skills and knowledge to the client
- Independent advice on solutions for projects.

❖ Standards for Consulting Services:

- Highest standards of quality and efficiency;
- Unbiased and independent;
- Ethical principles of the consulting profession.



Introduction

Types of Consultants:

- Independent Consultant Firms;
- Consultant Firms affiliated to Contractors/manufacturers;
- Individual Consultants;
- State-owned enterprises, UN-agencies, or (NGOs); and
- universities/research institutes.

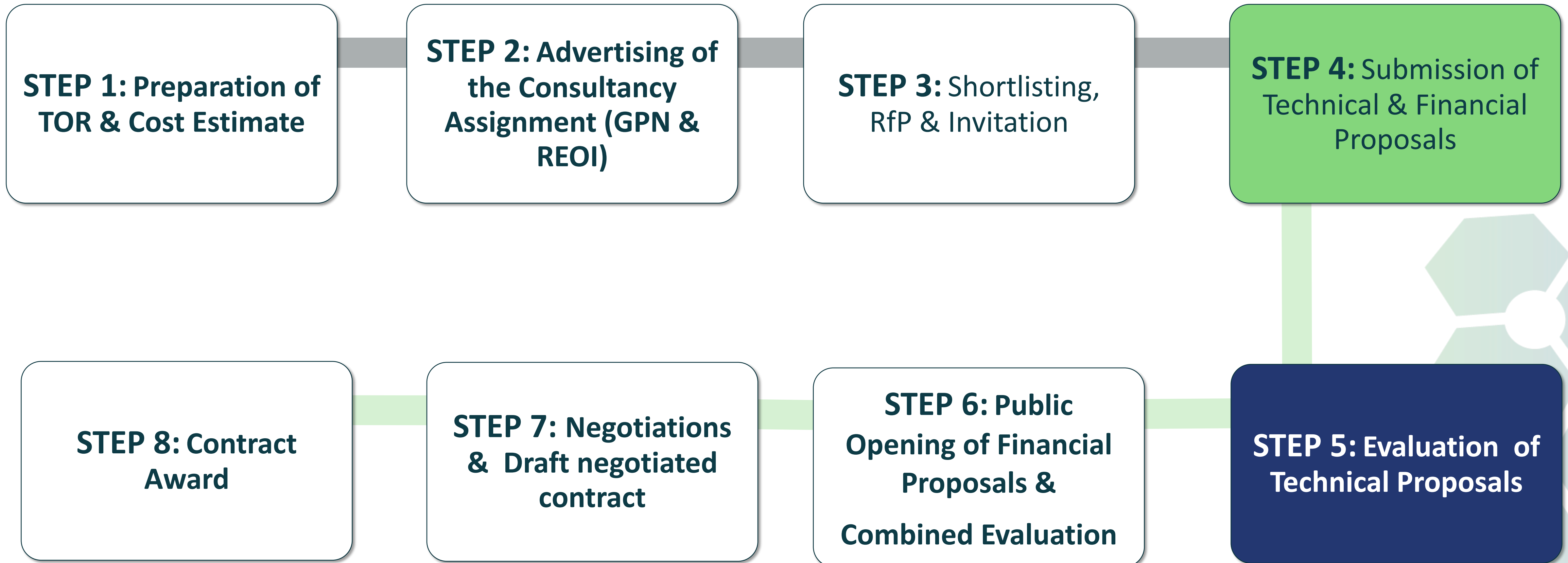


General Principles of Selection of Consultants:

- Beneficiary responsible for selection ;
- Selection is based foremost on technical qualifications;
- Selection involves several steps ;
- Prior approval of IDB should be obtained at various steps .
- IsDB Role is to Undertake Prior or Post Review
- Consultant's Role is to provide quality services



Eight Steps in Consultant Selection Process (based on QCBS Selection Method with Prior Review)



NOTE: IsDB No-Objection is required at Steps 1; 3; 5, 6 & 8.

Step 1: Preparation of Terms of Reference (TOR) & Cost Estimate

TOR is the basic document that defines the services that the Consultant is expected to perform.

Contents of TOR

- Background (Reasons for assignment, previous work)
- Objectives (Define goals and tasks)
- Scope of Services (Tasks, phasing, timing, training, etc.)
- Resource Input (Expertise qualifications, experts input)
- Deliverables (outputs) and Schedule (Inception, progress, interim, final reports)
- Client Contributions (Facilities, equipment, transportation)
- Institutional Arrangements and Reporting (Counterpart staff, coordination)

For projects of simple or routine nature the TOR can be standard, but for complex projects the TOR should leave room for the Consultants' creativity/Consultant's suggestions.

Step 1: Preparation of Terms of Reference (TOR) & Cost Estimate

The Beneficiary shall estimate the cost of a proposed Consultant assignment on the basis of the requirements of the TOR, and the man-months input estimated for the assignment.

❖ **cost estimate includes expenses relating to**

- consultant staff remuneration;
- Accommodation; travel and transport;
- Communications, office rent, supplies, equipment, shipping, and insurance;
- surveys and training programs;
- report translation and printing;
- Duties and Taxes and
- contingencies.

❖ **The costs shall be divided in two separate categories:**

- Remuneration/Fee
- Reimbursables

■ IDB does not finance taxes and duties

■ **IsDB No Objection to TOR & Cost Estimates**



Step 2: Advertising of the Consultancy Assignment

Advertising of the Consultancy Assignment is done in two stages: GPN and REOI

General Procurement Notice GPN

The Beneficiary shall issue a General Procurement Notice (GPN), before the beginning of any procurement activity under the project. GPN shall provide information on:

- Beneficiary,
- Amount and purpose of the project
- Subject and scope of the assignments
- Address and contact details of the Executing Agency



Step 2: Advertising of the Consultancy Assignment

Requirements for Advertising GPN

<i>Type of Shortlist</i>	<i>Advertising media</i>
International Consultant	<ul style="list-style-type: none">• IsDB's website• UNDB Online or DgMarket websites
MC Consultant	<ul style="list-style-type: none">• IsDB's website; and• Beneficiary's website or the project portal of the MC
Domestic Consultants	<ul style="list-style-type: none">• Beneficiary's website• Other appropriate publicly accessible mediums of wide distribution in the Country

Step 2: Advertising of the Consultancy Assignment

Requirements for Advertising REOI

<i>Type of Shortlist</i>	<i>Advertising media</i>
International Consultants and MC Consultants	<ul style="list-style-type: none">• IsDB's website• UNDB Online or DgMarket websites,• One newspaper of national circulation in the Beneficiary's Country
Domestic Consultants short list	<ul style="list-style-type: none">• Beneficiary's website• appropriate publicly accessible mediums of wide distribution in Beneficiary Country

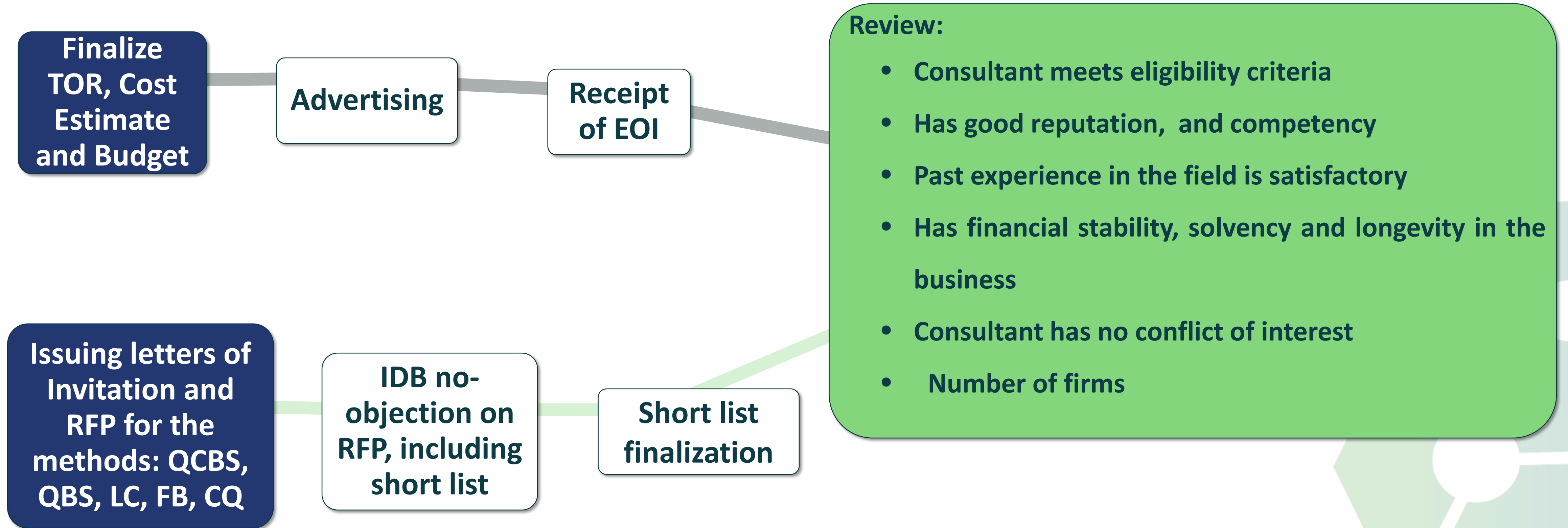
Step 2: Advertising of the Consultancy Assignment

Contents of Data to be provided by Applicants in response to REOI:

- Details of Organization & Organization Chart
 - Key personnel
 - Past experience
 - List of past & present assignments of similar nature and
 - Any other relevant information
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- Time for Response: normally not less than 14 days (from the date of the advertisement) to receive EOI.



Step 3: Short-listing, RFP & Invitation



Step 3: Short-listing, RFP & Invitation

Justification for shortlisting:

- Reduces cost for consulting profession
- Encourages high quality proposals
- Increases chance to select qualified firms
- Facilitates evaluation
- Reduces selection time
- Increases transparency
- Tests the market interest



Step 3: Short-listing, RFP & Invitation

Procedure for Short-listing

- Beneficiary is responsible for shortlisting;
- Priority to firms who expressed interest;
- Beneficiary database may be used or IsDB assistance sought.
- Mixing of NGOs and Universities with private firms not recommended
- No individual consultants included in the short list of firms
- **IsDB No Objection to short list should be obtained**



Step 3: Short-listing, RFP & Invitation

Categories of Shortlists	
Type of Shortlist	Required No. in Shortlist
International Consultant	5-6, not more than 2 from any one MC
MC Consultant	5-6, not more than 2 from any one MC
Domestic Consultants	5-6



Step 3: Short-listing, RFP & Invitation

Standard RFP document

The RFP shall comprise a complete set of documents, including:

- Letter of Invitation (LOI)
- Instructions to Consultants (ITC)
- Standard forms for technical and financial proposals
- Terms of Reference (TOR)
- Draft Model Contract
- ANNEXES: Contract Forms

IsDB No Objection to Shortlist & RfP.



Quality-Based Selection (QBS):

- The QBS method is based solely on technical quality. And the price is of secondary importance and usually negotiated.
- Examples are the construction of a large dam or a building with special architectural requirements, Consultants assistance for privatization of complex public assets, or management advice where the outcome is of critical importance.
- The Request for Proposals (RfP) may request a technical only proposal or both technical and financial proposals (separate envelopes – two envelope system).
- It is preferred to ask for both proposals, as the consultants tend to provide the actual cost, when they do not know the results of the evaluation.



Step 3: Short-listing, RFP & Invitation

Quality-Based Selection (QBS):

Selection Process

- a) If only technical proposal invited, Beneficiary shall invite the consultant with the highest ranked technical proposal to submit a financial proposal for further negotiations and award
- b) If both technical and financial proposals are invited, Beneficiary shall open the financial proposal of the highest ranked consultant (after approval to the technical evaluation) for further negotiations and award
- c) Consultants' unit rates and other costs are negotiable
- d) Financial proposals of not selected firms returned unopened after successful negotiations are completed



Least Cost Selection (LCS)

- The Least-Cost selection method is based on comparability of technical Proposals and least cost.
- Technical & Financial proposals invited & evaluated as under QCBS, but minimum qualifying score set higher (75-80%) to ensure quality.
- It is appropriate for smaller assignments or assignments of standard and routine nature with well-established practices, where the TOR can be easily defined.
- Examples: standard financial audits and simple engineering.

Least Cost Selection (LCS): Selection Process

Same procedures as in QCBS, subject to following:

- a) RFP indicates estimated staff month efforts, to ensure that the comparison of cost is based for the same input of effort
- b) Financial proposals of short listed firms with technical score above the minimum qualifying points, **to ensure quality**, shall be opened in public (after approval of technical evaluation)
- c) Negotiations and award to the lowest evaluated price proposal;
- d) no negotiation of unit rates



Selection under Fixed Budget (FBS)

Fixed Budget Selection is used only for simple assignments where the TOR and staff input can be precisely defined, and where the cost cannot exceed a fixed budget amount.

Selection Process

Same procedures as in QCBS, subject to following:

- a) RFP shall indicate the available budget
- b) Short listed firms to provide best technical and financial proposals in separate envelopes within the indicated budget



Selection under Fixed Budget (FBS): Selection Process

- c) Financial proposals of all firms above the minimum technical qualifying score, after approval, are opened in public
- d) Opened financial proposals to include all cost elements; make appropriate adjustments, if required
- e) Proposals that exceed indicated budget are non-responsive and rejected
- f) Firm scoring the highest technical points and within the budget is selected for negotiations and award; no negotiation of unit rates



Selection Based on Consultants Qualifications (CQS)

This method is only used for small or unique assignments, mostly with a short duration, where a comprehensive selection procedure is not justified or the Firm's specialty meets the unique criteria for a particular assignment for which there are few specialist Firms available

Selection Process

No RFP , Only TOR

- a) Prepare TOR
- b) Solicit Expression of Interest, like for other selection methods, requesting information on consultant's experience and competence relevant to the assignment.
- c) Establish short list of qualified firms



Selection Based on Consultants Qualifications (CQS): Selection Process

No RFP , Only TOR

- d) Select the firm most qualified
- e) Invite selected firm to submit combined technical and financial proposals
- f) Negotiate and award the contract
- g) Publish selection result .



Step 3: Short-listing, RFP & Invitation

Single Source Selection (SSS)

No RFP , Only TOR

The following circumstances may warrant Single Source selection:

- Emergency situations arising from natural disasters or a financial crisis or other sudden unpredictable events ;
- Advice of a proprietary nature where a sole Consultant Firm has the only expertise;
- Lack of response following several efforts to obtain Proposals under a competitive selection procedure;
- Small value contracts of a routine nature (e.g. community-based projects); and
- Continuity of similar Consultant Services

Step 3: Short-listing, RFP & Invitation

Time allowed for submission

- Beneficiaries shall allow sufficient time for Consultants to submit their Proposals.
- Depending on the complexity of the assignment, the period for submission shall be between thirty (30) and ninety (90) calendar days.

Requests for Clarifications

- Consultants may request clarifications, in writing (facsimile or electronic mail), on any of the RFP documents.
- The Beneficiary shall respond to such requests by similar method copying to all the short-listed Consultants, without identifying the origin of the request for clarification.
- If necessary, the Beneficiary may, with IsDB No-Objection, extend the deadline for Proposal submission.



Step 4 : Submission Of Technical & Financial Proposals

Procedures for Submission; receipt & opening for QCBS.

- Technical and financial proposals must be submitted at the same time, [before the deadline for submission] in two separate sealed envelopes, which shall then be enclosed inside a suitably marked third envelope.
- Any Proposal received after the closing time for the submission of Proposals shall be returned unopened.
- No amendments to the technical or financial proposals accepted after the deadline
- Technical proposals are opened immediately after the deadline for submission of proposals (No public opening)
- Financial proposals remain sealed and secured until technical evaluation is completed



Step 5: Evaluation of Technical Proposals

Quality Criteria

- Consultants specific experience 5-10 points
- Methodology 20-50 points
- Key personnel 30-60 points
- Transfer of knowledge 0-10 points
- Participation by nationals 0-10 points

Quality Requirements

Minimum technical score to quality (**generally 70-80 points**) must be disclosed in RFP



Step 5: Evaluation of Technical Proposals

Preparation of Technical Evaluation Report.

- Evaluation committee – 3 to 5 specialists in the sector
 - Each member evaluates independently
 - Criteria and sub-criteria specified in the RFP must be followed
 - Determine responsiveness to TOR
 - Prepare a technical evaluation report (standard format)
 - Seek Approval from IsDB
 - Notify those who failed to score minimum qualifying score that their price proposals shall be returned unopened after selection is completed
- **IsDB No Objection to Technical Evaluation Report**

Step 6: Public Opening of Financial Proposals & Combined Evaluation

Procedures for opening of Financial Proposals

After obtaining No objection from IsDB

- Notify those with score equivalent or higher than minimum qualifying score the date and time of opening of financial proposals (allow 2 weeks)
- Public opening of financial proposals
- Read aloud names, technical scores and prices of technically qualifying proposals
- Prepare minutes of public opening

Step 6: Public Opening of Financial Proposals & Combined Evaluation

Financial Evaluation

- Committee evaluates opened financial proposals as per formula specified in RFP as follows:
 - Make computational corrections, if any
 - Convert currencies to common currency as specified in RFP
 - Cost comparison to include all reimbursable but exclude local taxes
 - Adjustments to be made of activities in technical proposals that are not costed in financial proposals
- The lowest evaluated financial Proposal is given a score of one hundred (100) and the scores of the other Proposals are calculated by dividing the lowest Proposal by the price of the respective other Proposals under consideration.



Step 6: Public Opening of Financial Proposals & Combined Evaluation

Weightings for Technical & Financial Evaluation.

Relative Weights of Quality and Cost

- Quality usually 80-90 out of 100 points
 - Cost usually 20-10 out of 100 points.
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- The Beneficiary shall calculate the total scores of the combined quality and cost using the relative weights given to quality and price as indicated in the RFP.
 - The combined Evaluation report shall be sent to IsDB for review and No-Objection.
 - IsDB shall review the Report to verify the adequacy of the evaluation procedure and especially the congruence of the Consultant's financial commitment and the technical Proposal.
 - After IsDB gives its No-Objection to the recommended Consultant Firm, the Beneficiary shall invite the Consultant Firm for contract negotiations.



Step 7: Negotiations & Draft Negotiated Contract

Procedure for negotiations

❖ Issues for Negotiations:

- Technical Matters
- Financial Matters
- Contract Conditions

❖ Types of Contracts :

- Lump Sum Contracts
 - Time-Based Contracts
 - Combination of the two above
 - Short Form (e.g. Financial Audit)
-
- Important Provisions of the Contract
 - IsDB No Objection to Draft Negotiated Contract



Step 7: Negotiations & Draft Negotiated Contract

1. Technical Negotiations

- Methodology and staffing proposed
- Final TOR (no major changes)
- Staffing schedule (field and home office)
- Client contributions
- Consultant outputs
- Activity/program schedule
- Other

2. Financial Negotiations

- No negotiations of price rates, except for QBS
- Reimbursable costs (foreign & local)
- Transportation and travel
- Office facilities and equipment
- Payment schedule



Step 7: Negotiations & Draft Negotiated Contract

Contract award and negotiations with the highest ranked firm under following conditions:

- a) No major changes in TOR permitted
- b) Staff substitution not permitted within proposal validity
- c) Proposal may be disqualified if key staff no longer available
- d) Units rates not subject to negotiations
- e) Draft negotiated contract together with the full evaluation report submitted for approval by IsDB before signing



Step 7: Negotiations & Draft Negotiated Contract

Types of Contracts:

Main Considerations

- Scope, Nature and magnitude of assignment
- Distribution of risks between Employer and Consultants
- Capability of Employer to supervise consultants activities
- Need for transfer of knowledge

Most common Types of Contracts

- Lump sum
- Time based, or Combination of the 2 above
- Short Form (e.g. Financial Audit)



Step 7: Negotiations & Draft Negotiated Contract

Types of Contracts

Lump Sum Contracts

Applicability

- Required output and duration of consultants can be defined precisely
- Consultants can make assessment of scope of work and duration of services
- Payment linked to deliverables/milestones
- Requires little technical supervision (suitable for small and weak managerial structures)

Assignments

- Planning and feasibility studies
- Environmental studies
- Detailed design of infrastructures
- Preparation of databases
- Survey studies



Step 7: Negotiations & Draft Negotiated Contract

Types of Contracts

Lump Sum Contracts

Considerations

- Remuneration is fixed
- No physical or price contingencies
- Payments made at delivery of outputs
- Consultants bear cost risks while Employer bears quality risks
- Beneficiary needs quality enforcement standards



Step 7: Negotiations & Draft Negotiated Contract

Types of Contracts

Time Based Contracts

Applicability

- Scope and duration of the assignment, difficult to define upfront
- Payments based on remunerations and reimbursables
- Requires system to monitor, both quality and cost

Assignments

- TOR can not be established with sufficient precision,
- Duration and quantity of services beyond the control of consultants, such as supervision of implementation assignments
- Output difficult to assess, such as advisory services, technical assistance, institutional development, assignments in emergency situations
- Transfer of knowledge and training



Step 7: Negotiations & Draft Negotiated Contract

Types of Contracts

Time Based Contracts

Considerations

- Need to be closely monitored and administered by Employer
- Ceiling on payments to consultants required; need contingencies for unforeseen services
- Price adjustment provision required, for contracts for more than 18 months
- Requires considerable contract management capacity on part of Employer



Step 8: Award of Contract

Procedures:

- Notification of Intention to Award
- Standstill Period
- Debriefing
- Award & Signature of Contract
- Contract Award Notice

Notification of Intention to Award

- the Beneficiary shall promptly and simultaneously notify, each responsive Proposer of its intention to award the contract to the successful Proposer.
- The transmission of the Notification of Intention to Award activates the Standstill Period.



Step 8: Award of Contract

Notification of Intention to Award

The Notification of Intention to Award shall contain:

- a) the name of the successful Consultant Firm, its address and the contract price
- b) the names of all Proposers that submitted responsive Proposals and their Proposal price and evaluated price;
- c) a brief statement, to each of the unsuccessful Proposers, of the reasons why it's Proposal was unsuccessful.
- d) the date the Notice of Intention to Award was transmitted;
- e) the date the Standstill Period is due to end; and
- f) instructions on how to request a debriefing and/or submit a procurement-related complaint in relation to the decision to award the contract.



Step 8: Award of Contract

Standstill Period

- For each contract financed by IsDB, the Beneficiary shall include, in the applicable Bidding Documents, a Standstill Period of minimum of ten (10) Business Days between the date of transmission of the Notification of Intention to Award the contract and the contract signature.
- There shall not be a requirement for a Standstill Period in the following situations:
 - an emergency situation recognized by IsDB;
 - a call-off process under a framework agreement;
 - where a Single Source procurement method is used;
 - only one Proposal was submitted in an open competitive process.



Step 8: Award of Contract

Debriefing

- The request for debrief must be made within three (3) Business Days of receipt of the Notification of Intention to Award.
- The Beneficiary is required to provide a debriefing within five (5) Business Days
- Beneficiary decides, to provide the debriefing outside this timeframe the Standstill Period shall automatically be extended until five (5) Business Days after such debriefing is provided.
- Debriefings of Proposers may be done verbally or face-to-face. The Proposer shall bear their own costs of attending a debriefing meeting.
- The debriefing shall not include: point-by-point comparisons with another Proposer's Proposal; and information that is confidential or commercially sensitive to other Proposers.
- A written summary of each debriefing shall be included in the official procurement records, and copied to IsDB for contracts subject to Prior Review.



Step 8: Award of Contract

Award & Signature of Contract

- The award of contract is subject to IsDB No-Objection following the Standstill Period and shall be made, within the period of the validity of Proposals, to the Proposer that meets the appropriate standards of technical capability and financial resources and whose Proposal has been determined to offer maximum VfM.
- The successful Proposer shall not be required, as a condition of award, to undertake responsibilities or work not stipulated in the TOR or to modify its Proposal as originally submitted.
- The Beneficiary shall furnish to IsDB a copy of the signed contract, together with the first request for disbursement and the performance guarantee

Step 8: Award of Contract

Contract Award Notice

- Beneficiary shall publish a Contract Award Notice in UNDB Online or Dg Market websites in addition to IsDB's external website.
- In the case of Domestic Shortlist, the Contract Award Notice should be published using the same media as used for the REOI, in addition to IsDB's external Website.
- The Contract Award Notice shall contain:
 - a) the name and reference number of the contract being awarded;
 - b) the name of the successful Proposer;
 - c) the subject matter of the contract; and
 - d) the value and duration of the contract.





Thanks!

Any questions?

