Guidance Note on Framework Agreements for Consulting Services

AUGUST 2023

Project Procurement & Financial Management (PPFM)

For additional information on this document, please contact:

Project Procurement and Financial Management Division (PPFM)

Office of the Vice-President, Country Programs

The Islamic Development Bank

P.O. Box 5925, Jeddah 21432

Kingdom of Saudi Arabia

PPFMSTaff@isdb.org

www.isdb.org

Common Abbreviations and Defined Terms

Common abbreviations and defined terms that are used in this Guidance Note. Defined terms are written using capital letters.

Abbreviation / term	Full terminology / definition
Beneficiary	A Beneficiary is the recipient of IsDB Project Financing. This term includes any entity involved in the implementation of an IsDB financed project on behalf of the Beneficiary.
Bid	An offer, by a Bidder, in response to a Request for Bids, to provide the required Goods, and/or Works and/or related services.
Bidder	A Firm that submits a Bid for the provision of Goods and/or Works and/or related Services
Consultant	A Consultant Firm or Individual Consultant that provides Consultant Services. A Consultant is independent of both the Beneficiary and IsDB.
Consultant Service(s)	Consultant Services are those intellectual services delivered by a Consultant Firm or an Individual Consultant. Consultant Services are normally of a professional, expert, or advisory nature. Consultant Services are governed by these Guidelines.
CV	Curriculum Vitae
EOI	Expression of Interest
Executing Agency	Executing Agency means the entity with legal capacity responsible for executing the Project and for using the proceeds of the funds.
FBS	Fixed Budget Selection
FRA	Framework Agreement
Framework Agreement	An 'umbrella agreement' that sets out the terms (particularly relating to price and quality) under which individual purchases (call-offs) can be made throughout the period of the agreement.
IsDB	Islamic Development Bank
LCS	Least Cost Selection
MC	Member Country
Prequalification	The shortlisting process, which can be used prior to inviting Request for Bids in the procurement of Goods, Works, and related services.
Procurement	The function of planning for, and sourcing Goods, Works, Non-Consulting Services, and/or Consulting Services to meet required objectives.
Procurement Documents	A generic term used in these Guidelines to cover all Procurement Documents issued by the Beneficiary. It includes: GPN, SPN, EoI,

Abbreviation / term	Full terminology / definition
	REoI, Prequalification document, RFQ, RFB and RFP, including any addenda.
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
RFP	Request for Proposal
SBDs	Standard Bidding Documents
Standard Bidding Documents	Standardised procurement documents issued by IsDB to be used by Beneficiaries for IsDB financed projects. These include IsDB's standard documents for, e.g.: GPN, SPN, Prequalification, LOI, RFB and RFP.
TOR	Terms of Reference

Contents

Section 1 - Introduction

This guidance note.

- Is intended to complement and elaborate the provisions of the IsDB's *Guidelines for the Procurement of:*

  (i) *Goods and Works and Related Services under Islamic Development Bank Project Financing* (April 2019 edition, revised in February 2023, amended from time to time); and

  (ii) *Consultant Services under Islamic Development Bank Project Financing*, (April 2019 edition, revised in February 2023, amended from time to time)

  applicable to executing and implementing agencies under sovereign projects financed in whole or in part through IsDB loans, grants, or funds administered by IsDB.[1].

- Should be also read in conjunction with the Guidance Note on Selection of Consultants (April 2019 edition), which details the procurement procedures that also generally apply to the procurement of Framework Agreement (FRA) Consultants. It, however, highlights some of the differences as well as additional considerations that arise from the FRA structure.
- Excludes FRA for Goods and Works as separate guidance note is available for them.[2] FRAs for non-consulting services may be adapted from the principles outlined in this note.
- May be used and reproduced for non-commercial purposes. Any commercial use, including without limitation reselling, charging to access, redistribute, or for derivative Works such as unofficial translations based on these documents is not allowed.
- Is intended to be a living document and will be revised as required.

FRAs are planned and used throughout the IsDB procurement cycle.

[1] In the event of any discrepancy between this guidance note and the Bank's Procurement Policy and Procedures, the latter will prevail.

[2] More information on Framework Agreements for Goods and Works is provided in IsDB's Guidance Note on Framework Agreements for Goods and Works, 2023 edition.

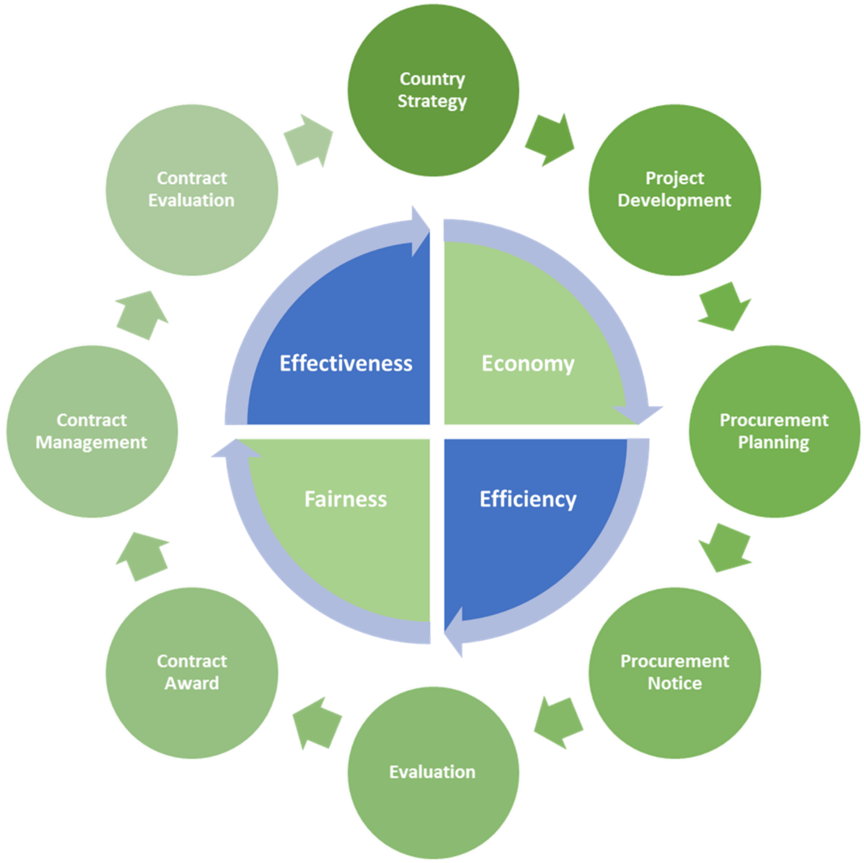


Figure I – The IsDB procurement cycle (Source: IsDB)

Section 2 - Framework Agreements for Consulting Services

2.1 Background

A FRA is a procurement modality that can yield value for money and time savings where a significant volume of related consultancy services are envisaged. This guidance note sets out the advantages and limitations of the FRA structure and the key factors to consider when establishing FRA. It explains how executing agencies can establish their own FRAs or draw on IsDBs, and how single contracts or "call-offs" from FRAs are administered.

A FRA as outlined in paragraph 2.46-2.48 of the Procurement Procedures of the IsDB's *Guidelines for the Procurement of Consultant Services under Islamic Development Bank Project Financing*, (April 2019 edition, revised in February 2023, amended from time to time) means an agreement awarded pursuant to one or more of the methods set out in these Guidelines between one or more contracting authorities and one or more consultants. The purpose of the agreement is to establish the terms governing the award of contracts during a specific period, specifically in terms of price, quantity, and, where applicable, duration of the contract.

An FRA is a long-term agreement with Consulting Services providers that sets out terms and conditions under which specific procurements ("call-offs") can be made throughout the agreement term. In general, FRAs are based on prices agreed beforehand or determined at the call-off stage through competitive bidding or through a process that allows their revision without further competition.

When considered for use and justified as part of the procurement strategy, the Beneficiary submits to IsDB for its No-Objection the circumstances and justification for using a FRA, the approach and model adopted, the selection and award procedure, and contract terms and conditions.

A FRA should not impede foreign competition and should not be extended beyond three (3) years. In the Financing Agreement, IsDB shall describe the FRA procedures applicable to the project, which are those of the Beneficiaries that have been deemed acceptable by IsDB. An aggregate amount for the use of an FRA should be determined in accordance with risks in the PP.

2.2 Overview

The consultancy FRA allows executing agencies[3] to engage one or more qualified individual consultants or consulting firms (collectively, "Consultants") for multiple, planned consultancy assignments, include:

- Belong to a category of similar assignments from a technical and thematic perspective;
- Require similar expertise and can be repeated;
- Is capable of being described under a broad (generic) Terms of Reference (TOR);

[3] FRAs may be set up by an executing agency, by multiple Beneficiary agencies for mutual benefit, or by a third party (such as IsDB) for use by multiple Beneficiary agencies. In this guidance note, the term "executing agency" refers to the party or parties that set up or use any of these arrangements, as the context dictates.

- Are for a predefined period; and
- To be performed in a specific location (ranging from one country to multiple regions); however, the precise scope, location, and duration of required consultancy services are unknown at the time of award.

As a result of a competitive procurement process, a number of Consultants may be awarded FRAs with generic Terms of Reference that define broadly the nature and scope of the services to be provided during the FRA period. As a general rule, the FRA may be used by the executing agency for multiple loan or grant projects, and/or technical assistance projects.

There should be as many terms and conditions established as possible between the executing agency and the Consultant by the FRA (or on behalf of the executing agency). In addition to the core contractual terms, such as liability limits, ownership of deliverables, and names of experts the Consultant will provide, the fee rates for these experts (or a method for establishing them) should be included.

The FRA should also specify the procedure under which specific contracts, known as "call-offs," can be made during the term of the FRA when actual consultancy services are required. Due to the fact that a FRA does not entail any obligation on the part of the executing agency to purchase, and no obligation on the part of the consultant to provide, it is not considered a contract. Contractual terms are established for call-offs to be awarded under the FRA. Due to the intention of procuring at call-off level, the procurement and administration of the FRA will follow the Guidelines for the Procurement of Consultant Services under IsDB Project Financing.

Establishing a FRA and call-off structure takes more time and effort than selecting a single consultant. It permits downstream Consultant mobilization within a significantly reduced timeframe than initiating a new procurement process for each executing agency consultancy requirement.

FRAs are most appropriate in situations exhibiting some of the following characteristics:

- There will be multiple call-offs over an extended period of time;
- The activity or service can be repeated;
- Impracticable or inefficient tendering processes; and/or
- Contracts may be relatively small, making a costly selection process inefficient (although, in aggregate, the value of the FRA could be substantial).

2.3 Framework Agreement or Framework Contract

FRA may be awarded to empanel multiple consultancy firms or to individual consultants. Secondary competition between the empanelled consultants may occur during the call-off process, in which framework Consultants may compete for a given assignment. Budgets are estimated based on the number of contracts anticipated to be awarded during the course of the agreement.

In contrast, a framework contract is awarded to an individual consultant or a single consulting firm to perform numerous related contracts. There is no secondary competition, and fees are normally agreed in advance, along with out-of-pocket expenses at the time of call-off. In cases where consulting services are required from a single provider, framework contracts may be used, but the timing and nature of the services cannot be precisely determined at the beginning of the contract.

To manage its evolving needs carefully and to maintain cost control, the executing agency may issue its requirements in a series of parts (call-offs) once a framework contract has been established. The services must, however, remain within the scope as defined in the generic TOR for the assignment.

In the advertisement, it should be clearly stated whether a FRA or framework contract will be used. In contrast to FRAs, which can be used by parties other than the original executing agency in certain circumstances, framework contracts may only be used by the original executing agency. Table 1 provides a detailed comparison between framework contracts and FRAs.

Although they differ in many ways, they are procured in largely the same way. The guidance note will use the term "FRA" to refer to both framework contracts and FRAs.

Framework Agreement	Framework Contract
Awarded to multiple firms (generally at least three), normally following QBS (or QCBS).	Awarded to a single firm, normally following QBS (or QCBS).
May include secondary competition, normally through QBS or QCBS.	Does not involve secondary competition and rates are predetermined.
An estimated budget is typically indicated in the advertisement.	An actual budget is typically indicated in the advertisement.
The framework is periodically readvertised, and the least active Consultant(s) are replaced with new entrants.	If the Consultant underperforms, the framework may be terminated, and substitution is not possible.
Not generally considered a contract.	Has many similarities to a standard, phased contract. Often issued immediately prior to or in conjunction with the first call-off, so it may be considered a contract, although the legal obligation still vests with the call-offs.

Table I - Framework Agreements and Framework Contracts—A Comparison

2.4 IsDB Projects

The following three categories of FRA may be utilized by executing agencies to support projects that are financed in whole or in part by IsDB, whether via loan, leasing, instalment sale, profit-sharing, Istisna'a or any other method of financing used by IsDB:

(i) Generally, the executing agency performs the Consultant selection process for loans, grants, and delegated technical assistance financed by IsDB, or by IsDB-administered funds. An executing agency may set up its own FRA if it anticipates a significant number of similar assignments and receives the approval of IsDB. The executing agency may also have (or have access to) an existing FRA (including those established by their procurement agents); or an equivalent arrangement that may be acceptable to the IsDB.

(ii) If the executing agency is procuring consultants, IsDB may already have an established FRA that it may utilize to procure consultants expeditiously using the terms that IsDB has established with the firms or individuals through the agreement. As an alternative to establishing the FRA itself, the executing agency may conduct secondary competitions based on the project-specific TOR using IsDB's FRA, if IsDB approves the use.

(iii) IsDB may serve as the procuring authority for technical assistance procurement, such as transaction technical assistance procurement. IsDB may create a new FRA or use an existing one to procure Consultants in such cases. The procurement process will be governed by IsDB staff instructions, and the Beneficiary will not be involved directly in the process. As part of the shortlisting process, the Beneficiary may be consulted due to the immunities and privileges granted under the contract, and its concurrence will be required prior to mobilization of the Consultant. Further details on this are beyond the scope of this guidance note.

As described in this guidance, the executing agency can establish its own FRA as well as call-off from a third party's FRA (including IsDB) or establish its own FRA. As detailed in IsDB's Guidance Note on Prior and Post Review[4], any FRAs established or used by the executing agency, as well as any resulting call-offs, are subject to IsDB's post or prior review. In addition, IsDB may conduct ongoing monitoring of any FRA to ensure that the contracts it finances are awarded in accordance with the agreement and IsDB's relevant policies and procedures.

2.5 Benefits of Framework Agreements

FRAs have several advantages. Once they have been established, they allow the executing agency to mobilize consultants more rapidly than could be achieved under a full, stand-alone procurement process. Some of the benefits related to time savings include the following:

(i) Procurement activities are "Front-Ended" in anticipation of future needs.

(ii) Less efforts for procurement cycle and better outcomes by engaging more qualified consultants.

(iii) FRAs avoid duplication of effort by avoiding the need for the executing agency to repeat nearly identical procurement processes.

(iv) Call-offs do not require the publication of a procurement notice, saving several weeks from a typical stand-alone procurement process.

(v) Contractual terms such as expert lists, their fee rates, and liability and ownership of

[4] Refer to the Guidance Note on Prior and Post Review for further details on when and how post or prior review arrangements apply.

deliverables are pre-arranged by the parties to the contract, reducing the time required for negotiation.

(vi) In cases where secondary competition is used, the FRA justifies a reduction in the time required for proposal preparation.

(vii) The use of FRAs enables Consultant deployment to be completed within a shorter period of time, and the executing agency is able to conduct the bulk of the contractual negotiations at a time when there is no operational urgency.

Apart from time savings, FRAs may also provide the following benefits:

(i) They may achieve value for money by establishing predetermined rates during the term of the FRA, such as FRA Consultants offering a discount relative to their standard rates because of anticipated volume of work and committing themselves to current rates for an extended period of time.

(ii) Consultants of high quality may be more inclined to participate in FRAs where they believe they will receive large numbers of contracts and there is limited competition downstream for call-offs.

(iii) They allow flexibility in determining precise requirements at the time of call-off.

(iv) They may enable delegation within the Beneficiary's organization. In the establishment of the FRA, senior staff can make higher-level decisions while more junior staff may be permitted to award and administer call-offs, particularly if the call-offs are of lower value or risk.

(v) Small national consulting firms can benefit from carefully planned FRAs by collaborating with larger international firms, improving their skills, and gaining valuable experience. As an example, an international consultant may require local regulatory advice from a small national consultant.

(vi) No need to publish an EOI, reduced procurement cycle for technical and financial proposals preparation) and reduced contract negotiations time with no need standstill period/provision application.

2.6 Disadvantages of Framework Agreements

In addition to the advantages associated with FRAs, there are potential disadvantages as well:

(i) The scope of FRAs may be too broad and a "one size fits all" approach may not meet each call-off's objective.

(ii) There is no guarantee that Consultants will receive any business from FRAs.

(iii) There is no guarantee that experts will be available.

(iv) FRAs may become overly dependent on one consultant (e.g., one framework Consultant dominates call-off awards).

(v) Call-offs for FRAs are less competitive than selections that are open to the entire market.

(vi) Consultants can be bound to long-term arrangements by FRAs, thereby excluding other Consultants from participating.

(vii) Framework Consultants may "price in" uncertainty and projected inflation, resulting in higher fee rates than would be achievable through open competition.

(i) The call-offs for FRAs are less competitive than a selection that is open to the entire marketplace.

(ii) FRAs can lock certain Consultants into long-term arrangements to the exclusion of others.

(iii) Framework Consultants may "price in" uncertainty and projected inflation, thus resulting in higher fee rates than those that may have been achieved through open competition.

The following table summarizes the advantages and disadvantages of FRAs.

	Strengths	Weaknesses
Value for Money	• Bundling and economies of scale enhance value for money. • The pre-agreement of key contract terms reduced the time necessary for mobilization of consultants. • Reduced the cost of bidding for call-off contracts (secondary competition) for consultancy firms. • Call-off contracts may be used by multiple executing agencies. • Avoids duplication of tendering for similar services by more than one executing agency. • Expressions of interest do not need to be repeated. • Can be used for repeat contracts with similar terms and conditions. • The key contractual terms have been pre-agreed and do not need to be renegotiated.	• Establishing the FRA requires a significant amount of time and effort on the part of executing agencies. • Could limit participation by smaller or local businesses. • Good planning is required to prevent underuse or non-use due to poor TORs, which can result in reputational damage for ISDB or the executing agency. • There may be a disincentive for consultancy firms to apply if opportunities are too widely distributed (this may occur in FRAs that are open and nonexclusive). • It may result in a "one size fits all" approach. • Lack of competition may lead to distortions in the marketplace. • There is a potential for overreliance on one consultant. • Contract management of multiple Consultants, may be time consuming and onerous, such as the need to issue multiple variations to FRAs. • Consultants are not guaranteed to receive work as a result of FRAs.

Flexibility	• A contract under the FRA is not contractually binding; executing agencies may choose to contract outside of it. • An agreement can be closed or open, exclusive, or nonexclusive. • At the call-off stage, fine-tuning may take place.	• FRAs may not be useful if they are not well constructed (not broad enough in scope to meet needs). • When the FRAs are not used, procurement efforts can be duplicated. • It can be difficult to manage if it is open or nonexclusive. • Invitation of out-of-framework bidders may discourage participation.
Transparency	• An increase in transparency based on fair procedures. • Market-oriented medium-term objectives.	• If the executing agency expands the scope of the original FRA beyond what was originally advertised, transparency may suffer.
Quality	• As a result of the volume of opportunities available, high-quality consultants are attracted. • Improved process as a result of pre-agreed contractual terms.	• If a particular firm wins too many call-offs, its key experts may become too thinly distributed among the various call-offs. • If a firm establishes an effective monopoly on call-offs, quality may suffer due to a lack of competition. • For each consultancy requirement, testing the entire market is likely to yield a higher quality result.

Table II - Summary of Strengths and Weaknesses of Framework Agreements Linked to Procurement Principles

Section 3 – Framework Agreement Planning

3.1 Framework Agreement Considerations

A successful FRA requires a substantial amount of time and effort to establish, and Consultants incur significant costs in participating in the procurement process without any assurances of revenues. Poorly planned FRAs may be underused and may damage the reputation of the executing agency and IsDB in relation to the consultancy market, as well as adversely affect future procurements.

The FRA's success is dependent on the executing agency planning it well, anticipating future problems, and transparently incorporating a level of flexibility at the beginning that is acceptable to the executing agency. During the process of determining whether a new FRA is appropriate, the executing agency needs to make an assessment of the consultancy services required well in advance of the actual need for those services. It must be confident that there is a sufficient pipeline of appropriate consultancy requirements to justify setting up a FRA over a separate procurement process.

As FRAs are medium-term arrangements, they are generally not intended to last more than three years. In addition, executing agencies should ensure that they can accurately present the scope of services required to the consulting market. This is done by defining the requirements in generic terms but with sufficient precision. The executing agency should consult IsDB during the project's procurement planning stage about its intention to use a FRA, and any plan to use a FRA should be incorporated into the procurement strategy.

To establish a framework, the executing agency must ensure sufficient market interest. For example, niche service providers may be reluctant to participate. The executing agency should also ensure that the FRA is established for an appropriate period that considers market volatility, especially in markets where volatility is high.

FRAs should, wherever possible, establish a pricing mechanism to ensure value for money. Nevertheless, that does not mean executing agencies should always inflexibly set actual prices, such as fees for all experts. As a result, a method of pricing specific requirements for call-offs for the duration of the FRA should be agreed upon.

If secondary competition is anticipated by the executing agency, it is imperative that enough FRA Consultants are available for the anticipated services to facilitate an adequate level of competition at the call-off stage. It is recommended that such FRAs include at least two FRA Consultants. If the scope of services encompasses multiple call-offs over a diverse geographical area, more Consultants should be selected. It is also important not to have too many FRA Consultants for a particular purpose, as this may discourage Consultants from applying if they consider the opportunities to be too numerous.

Due to the level of resources required, and depending on how they are designed, certain FRAs may be primarily attractive to large international firms that are able to conduct multidisciplinary assignments simultaneously in multiple locations. Due to this, the use of FRAs may result in a narrower geographical scope of consultancy opportunities and a reduction in the number of consultancy assignments awarded to smaller consulting firms, including those located in the beneficiary's country. It is possible for executing agencies to design the generic TOR of the FRA in such a way as to encourage or mandate the association with small firms or local partners.

Closed or Open, and Exclusive or Nonexclusive Framework Agreements

The FRAs must make sure that they remain relevant throughout their medium-term commitments and are able to access the consultancy resources available in the market. To ensure that the FRA remains effective and maximizes efficiency throughout its duration, the executing agency should consider adjusting the FRA to meet the executing agency's requirements as necessary.

In the Procurement Documents, it should be indicated (i) whether the FRA is closed or open to the addition of framework consultants, and (ii) whether contracts of the kind envisaged under the FRA will be awarded exclusively to framework consultants.

For the duration of the agreement, closed FRAs utilize only the consultants that were originally selected. The executing agency closes the FRA to new providers, which means that no new framework consultants are permitted to join. As a result, FRA Consultants have strong prospects of receiving call-offs. The following table compares closed, open, exclusive, and nonexclusive FRAs.

Closed Framework Agreements	Open Framework Agreements
Only the originally selected Consultants are drawn from for the duration of the FRA.	Additional Consultants may be added periodically, or continuously, for the duration of the FRA.
and	
Exclusive Framework Agreements	**Nonexclusive Framework Agreements**
The executing agency intends to use only the FRA Consultants for contracts of the type envisaged under the FRA.	The executing agency reserves the right to award contracts of the type envisaged under the FRA outside of the FRA, at their sole discretion.

Table III: Closed or Open, and Exclusive or Nonexclusive Framework Agreements

An open FRA allows additional FRAs to be awarded through periodic or ongoing readvertisements for individual consultants and can be particularly beneficial when panels of individual experts are required, and the supply of individual experts is flexible. As a result of open FRA, the executing agency is faced with an increased administrative burden of evaluating new applicants.

An exclusive FRA indicates that the executing agency intends to award contracts of the type outlined in the FRA only to the FRA Consultants over the term of the agreement. This option may be too restrictive for the executing agency and is generally discouraged unless the framework is for a short period, or the consultants would otherwise not be able to participate on a nonexclusive basis unless the framework is for a short period.

As a result of nonexclusive FRAs, executing agencies retain the sole discretion to award contracts of the type envisaged under the FRA outside of the agreement. Although nonexclusive FRAs permit greater flexibility, the lack of a clear commitment on the part of the executing agency may reduce market interest.

IsDB Approval

If, after due consideration, the executing agency wishes to utilize a FRA structure, it must discuss this with IsDB as soon as possible and incorporate it into the procurement strategy and procurement plan. To ensure that all necessary approvals are obtained for the use of a FRA, the executing agency should coordinate with IsDB to ensure that the agreement is either newly created or existing.

Selection Method

The selection methods available to FRAs are generally limited to those listed in Section 2 of the Guidance Note on Selection of Consultants for IsDB Bank financed Procurements (April 2019 edition).

Section 4 - Engaging Consultants under Framework Agreements

4.1 Pre-existing Framework Agreements

IsDB may review and approve the use of a preexisting FRA by the executing agency. IsDB's Guidelines for the Procurement of Consultant Services and Guidance Note on Alternative Procurement Arrangements describe what criteria IsDB will consider in evaluating third-party procurement practices under its procurement guidelines.

4.2 New Framework Agreements

A FRA can be procured in a variety of ways. The following figure illustrates a typical procurement process for a FRA for a consulting firm.

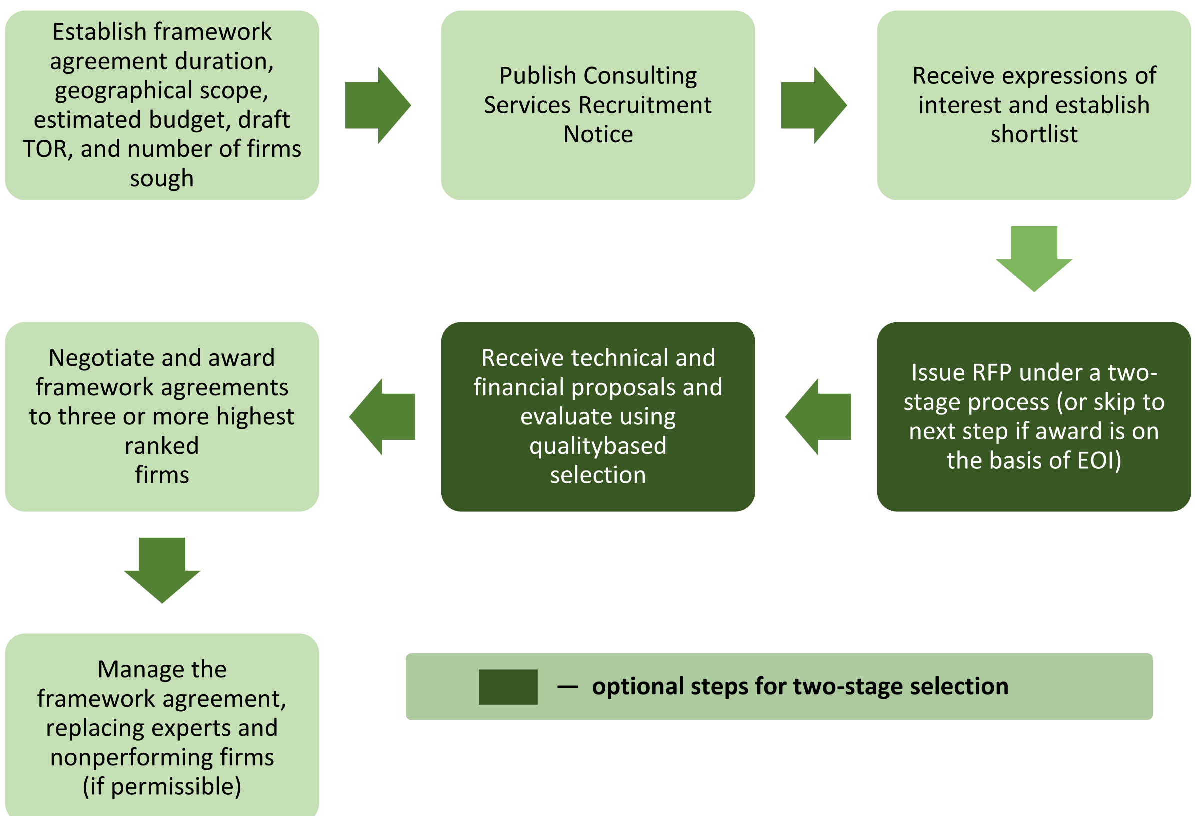


Figure II - Typical Framework Agreement Procurement Process for Consulting Firms

When recruiting individual Consultants, or when recruiting firms where a single- stage process is permitted any negotiation occurs directly after the shortlist is established, so steps four and five are bypassed.

Section 5 sets out a procedure that the executing agency may follow for procuring FRAs through open or limited competition, using the Quality-based Selection (QBS) methodology.

Framework Agreement Core Elements

In general, the FRA document should contain the following core elements:

(i) The duration of the agreement;

(ii) The names of the experts (or as many as possible) and the procedure for replacing them (if applicable);

(iii) A generic scope of work outlining the services that will be provided under the agreement;

(iv) The procedures and criteria for awarding call-off contracts to consultants;

(v) Terms of the contract known at the time of award, and which will apply throughout the execution of the contract;

(vi) An explanation of the circumstances that may lead to a firm being removed from the FRA, as well as the procedure for securing that removal; and

(vii) The contract terms that will be confirmed, or in certain circumstances, refined as part of the process for awarding call-off contracts.

Performance and participation of the Consultants should be monitored closely to ensure the FRA is effective. The agency should monitor Consultants that:

(i) Consistently choose not to submit proposals for call-off contracts;

(ii) Repeatedly fail to submit a technically qualified proposal;

(iii) Receive unsatisfactory performance ratings; and/or

(iv) Are debarred or suspended in accordance with IsDB's Guidelines on Combating Fraud and Corruption and in IsDB Group Anti-Corruption Guidelines on Preventing and Combating Fraud and Corruption in IsDB Group-Financed Projects.

If the frameworks are established as closed or open, the executing agency may change the composition of the FRA Consultants by removing or replacing some and adding others. If a contract variation is envisaged for a debarred or suspended Consultant, the executing agency or sanctioned entity should discuss any request for a contract variation with the concerned IsDB project department, which will seek endorsement from the Office of Anticorruption and Integrity.

Occasionally, the executing agency may be required to amend the FRAs for consulting firms to replace and add their listed experts as needed. Unless exceptional circumstances are encountered, such as when expensive niche expertise is required that was not originally anticipated, the executing agency should not permit firms to set fees for new experts above those awarded to comparable original experts. There should be no fundamental changes to the TOR from the original FRA.

Call-Offs

It should be noted that FRAs do not guarantee work for Consultants and that retainer fees are generally not paid. When a need for consulting services arises, an executing agency may issue a simplified contract, known as a call-off, to a Consultant.

This call-off will refer to the FRA and use any pre-agreed contractual terms that it may contain. If secondary competition is envisaged, the executing agency can award the call-off through an accelerated competitive procurement process; or, if a framework contract is in place, they may award directly. The approach to call-off procurement and award must follow what the executing agency communicated early in the procurement process for the FRA.

Individual Consultants

Call-offs will be procured by the executing agency in one of two ways:

(i) FRA Consultants are shortlisted by the executing agency, assessed based on their skills and experience, and sent a noncommittal inquiry for the award of the contract. The shortlist will be composed of the individual Consultants whom the executing agency believes are most qualified for the assignment. Consultants will be evaluated based on the Curriculum Vitae (CV) provided at the Expression of Interest (EOI) stage, which they may update from time to time, and there will be no requirement to seek new Expressions of Interest.

(ii) For smaller assignments or when a framework contract is used, the executing agency awards the call-off directly to one of the FRA Consultants.

Consultancy Firms

It is possible for the executing agency to procure call-offs for consulting firms using one or more of the following approaches, which should be transparently identified in the Request for Proposals (RFP) for the FRA:

(i) Contact all FRA Consultants simultaneously and invite them to submit proposals.

(ii) Inviting multiple FRA Consultants who the executing agency believes are qualified for the particular call-off to submit proposals. It may be the case, in a regionwide FRA for instance, that some consultants possess proven strengths in certain countries, while others do not.

(iii) In addition, the FRA may have subdivided the Consultant pool into several categories, referred to as lots, each covering a specific, specialized service. The executing agency only needs to consult with the consultants involved in the relevant lot. Divvying up a large, multifaceted FRA into lots can help the market by allowing Consultants to focus on the specific requirements and strengths they possess. It may also make the framework more attractive to smaller consulting firms by opening opportunities that would otherwise remain unattainable.

(iv) Invite a shortlist of framework firms to submit technical proposals rotationally (in accordance with a transparent formula).

(v) Directly select the most appropriate FRA Consultant. A competitive process is usually undertaken to establish a framework in this case, so it will always serve as the method for awarding framework contracts. Direct contracting is not considered single-source selection.

(vi) Determining that none of the FRA Consultants have the capacity or experience to perform a particular call-off, and an outside consultant is sought.

It is expected that the first four options above will follow a process like that shown in Figure 3. Framework contracts do not have secondary competition, whereas FRAs may be subject to secondary competition depending on the award.

It is stated in Section 6 that the executing agency may follow the Quality and Cost-Based Selection (QCBS) procedure when procuring call-offs, in accordance with Section 2 of the Guidance Note on Consultant Selection. This section highlights additional concerns and considerations regarding the procurement of call-offs. Other procurement methods, such as Fixed Budget Selection (FBS) and Least Cost Selection (LCS), may also be considered, especially when the consultancy services required are highly standardized.

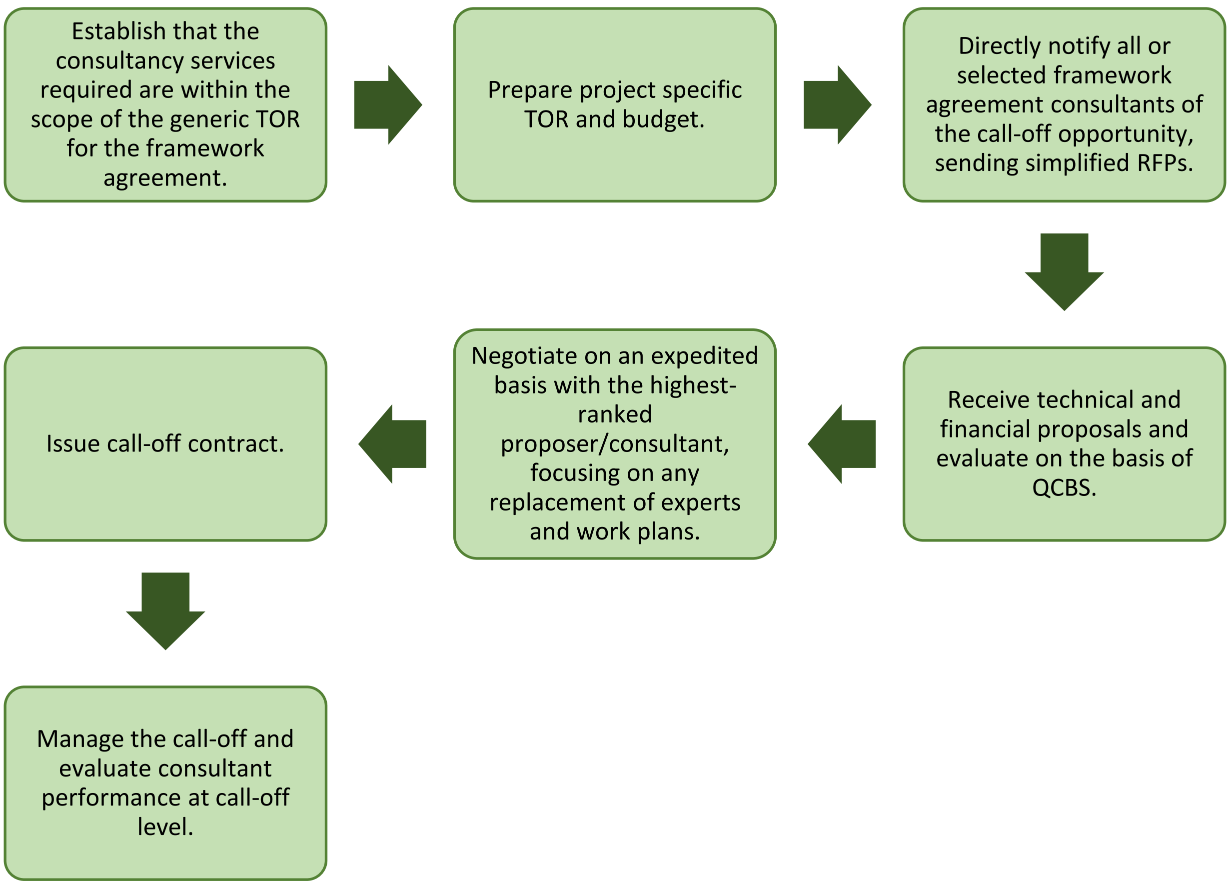


Figure III - Typical Process Flow for Competitively Awarded Call-Offs for Consulting Firms under a FRA

According to the nature and scope of the call-off, the executing agency may contract the successful firm or consortium using a lump sum, partial lump sum, time-based, or performance-based contract, using the fee rates established in the FRA. The FRA will determine the other expenses and costs, including travel and per diems.

Section 5 - Procurement Process

The following section focus on the key additional considerations when using a FRA that are similar to those described by the beneficiary in section IV of the Guidance Note on Selecting Consultants for IsDB financed procurement.

5.1 Advertisement

The executing agencies should publicly announce all FRAs that have been financed by ISDB or by funds administered by IsDB.

a) In accordance with the Guidelines for the Procurement of Consultant Services under IsDB Project Financing (April 2019 edition, revised in February 2023, as amended from time to time) and the Guidance Note on the Selection of Consultants for IsDB financed procurements (April 2019 edition);
b) Through a Request for Expressions of Interest.

IsDB recommends a two-stage selection process for consulting firms for agency-administered FRAs, with the first stage being the shortlisting through an Expression of Interest (EOI).

The IsDB recommends the selection of individual Consultants be conducted based solely on Expressions of Interest. IsDB may allow this approach in the case of firms with justification that it deems acceptable.

In the advertisement, certain information specific to FRAs should be included.

(i) Provide a link to generic TOR (rather than contract-specific TOR);
(ii) Indicate how many FRAs the executing agency intends to award;
(iii) Indicate the intended duration of the FRA;
(iv) Specify which geographical area(s) the FRA covers;
(v) Provide an estimate of the total value of assignments anticipated to be issued and/or, estimated total person-months (national and international);
(vi) Transparently explain how secondary competition (if any) will be conducted; and
(vii) Specify the intentions in terms of whether the FRA will be closed or open, and exclusive or nonexclusive.

Additionally, the advertisement should include any additional questions required to allow direct comparison of EOIs with the Terms of Reference.

The selection process must allow sufficient time for interested Consultants to submit EOIs. The selection process usually uses a standard template in conjunction with the relevant provisions of the Guidance Note on the Selection of Consultants for IsDB-financed procurements. Due to the complexity of establishing a FRA, it is generally recommended that EOIs be received within thirty (30) calendar days rather than fifteen (15) calendar days.

After the FRA is issued, it is possible that some Consultants choose not to compete for some or all call-off assignments, consistently underperform, or fail to put forward their strongest experts, thereby diminishing the effectiveness of the FRA structure. Therefore, it is important at this stage to ensure that sufficient frameworks are awarded to permit adequate secondary competition downstream, should some FRA Consultants prove to be uncooperative or unusable. Furthermore, it is best practice to make FRAs nonexclusive as well. For specific assignments where the existing pool of FRA Consultants may not have sufficient expertise, the executing agency may invite Consultants outside of the framework to participate in the procurement process. In the request for EOIs, the executing agency should clearly state the number of Consultants to which it intends to issue FRAs.

It is possible for the executing agency to evaluate expressions of interest in one of two ways, depending on whether a one- or two-stage selection process is employed:

(i) As a result of one-stage processes, the executing agency awards the agreement solely based on the Expressions of Interest. Detailed negotiations are conducted at the call-off stage, and the following steps (Shortlisting and RFPs) are bypassed.

(ii) During a two-stage process, the executing agency conducts a full RFP procedure on shortlisted EOIs, and the following steps are followed.

Two-stage approaches have the advantage of allowing financial proposals to be received and fee rates to be negotiated for inclusion in the FRA. However, these approaches may not be appropriate for straightforward or low-value consultancy assignments.

5.2 Shortlisting

Shortlisting procedures are the same as described in the Guidance Note on the Selection of Consultants for IsDB-financed procurement. Generally, it will be prudent to shortlist more firms when multiple FRAs are to be awarded than when a single procurement or framework contract is to be awarded. To ensure adequate competition, at least ten (10) firms should be shortlisted by the executing agency if they are seeking six (6) FRA Consultants.

5.3 Request for Proposals

RFP procedures are like those described in the Guidance Note for Selection of Consults for IsDB-financed procurements. Instead of preparing a proposal for a particular contract assignment, shortlisted firms prepare proposals based on the generic Terms of Reference. At the call-off stage, the detailed approach will be requested, so a simplified technical proposal with an outline methodology will generally suffice. At FRA level, there is typically no work plan and no detailed allocation of resources. The financial proposal will also only provide fee rates, not an overall budget.

As part of the evaluation process, the executing agency may request that shortlisted firms prepare detailed work plans for indicative, typical assignments of the type that will be undertaken under the project to assist in the evaluation of proposals. This enables the agency to see how the shortlisted Consultant would approach and resource an assignment. However, the agency should note that there are limitations to this request, as the Consultant may not demonstrate the same approach to actual projects.

An important feature of the FRA is the ability to incorporate fee rates for experts used, or to agree on mechanisms for establishing fee rates for future experts. Although the initial FRA lists experts that can be consulted by the executing agency during the term of the agreement, the reality is that the FRA covers a lengthy period without ensuring that the Consultant will receive continuous or predictable assistance during the period. It is inevitable that additions and substitutions of experts will be required for a FRA contract, negating some of the time savings that were achieved with a stand-alone consulting contract.

In this regard, the executing agency should consider how experts can be added to the agreement as required. It is useful to require shortlisted consulting firms to categorize their experts into a limited number of categories based on their skills and experience. To minimize secondary negotiation, the executing agency may permit the firm to add new experts to existing bands at existing fee rates. As an example, the executing agency may permit the firm to include a new expert at the agreed rate if the firm adds an expert to the list or replaces an existing expert with more than twenty (20) years of relevant experience.

The executing agency may elect to include mechanisms for inflationary annual increases in fee rates. This may be appropriate for long-term FRAs. Alternatively, the executing agency may require consultants to commit to a fixed fee rate for the duration of the FRA. All framework Consultants should be treated equally when it comes to inflation.

5.4 Evaluation

The goal of FRAs is to establish a cost mechanism that can be applied at the call-off stage. In general, it is not practical to include price in the evaluation process for the FRA itself, since the precise consultancy services are determined only at the call-off stage. The QCBS method is not generally used and executing agencies usually procure FRAs for consultancy firms using the QBS method, where the quality of the consultants is the sole determinant for the procurement of the agreement. However, a financial proposal detailing the fee rates of the named experts will still be required from the shortlisted consultants. During the negotiation of a FRA, the executing agency receives all financial proposals from all firms with which it intends to enter.[5].

5.5 Contract Negotiations

Negotiation procedures for IsDB-financed procurements are outlined in the Guidance Note on Selection of Consultants. EOIs are the selection method for the FRA one-stage process and QBS are the selection method for a two-stage process, so financial considerations are not included in the evaluation process. For agreements to be effective when the executing agency envisions secondary competition, it is important that none of the FRA Consultants propose fee rates that severely restrict their chances of future success. The negotiation process should include the persuasion of proposers/consultants to maintain competitive expert fee rates. If the highest-

[5] This happens in typical “two-envelope” submissions under QBS, when candidates submit technical and financial proposals at the same time in separate sealed envelopes. However, in some cases, the executing agency and IsDB may agree to request submission of technical proposals only under QBS, and subsequently request the firm receiving the highest technical score to submit a financial proposal to negotiate.

ranked proposer/consultant propose excessive fee rates, they may have limited opportunities to succeed in secondary competition against other high-quality Consultants with lower fee rates if their fee rates are excessive. The executing agency reserves the right to dialogue or negotiate the fee rates proposed by the highest-ranked proposer/consultant. In any such dialogue, the executing agency must not reveal the actual proposed fee rates of the other highest-ranked proposer/consultant but must explain if the proposer/consultant in question is significantly more expensive than the average. In case the executing agency cannot reach agreement with any proposers/consultants, including on this point, it should reserve the right to terminate negotiations with the proposers/consultants

Whenever there is to be secondary competition, the executing agency should minimize negotiations on FRA terms, as if different Consultants agree to different terms (e.g., liability caps), the secondary competition may be adversely affected.

Section 6: Procurement Process for Call-offs

FRA procurement procedures are like those described in the Guidance Note on the Selection of Consultants for IsDB-financed procurements. The following paragraphs provide an overview of the key additional considerations when using a call-off approach.

6.1 Establish the Scope and Competence of the Framework Agreement

It is imperative that the executing agency first establishes that the consulting services required are within the geographic and technical scope of the FRA before starting the call-off process. It should also satisfy itself that there is sufficient interest and technical competence within the existing FRA Consultants to hold meaningful competition. In that case, the agency will have to procure the contract outside of the framework.

6.2 Shortlisting and Request for Proposals

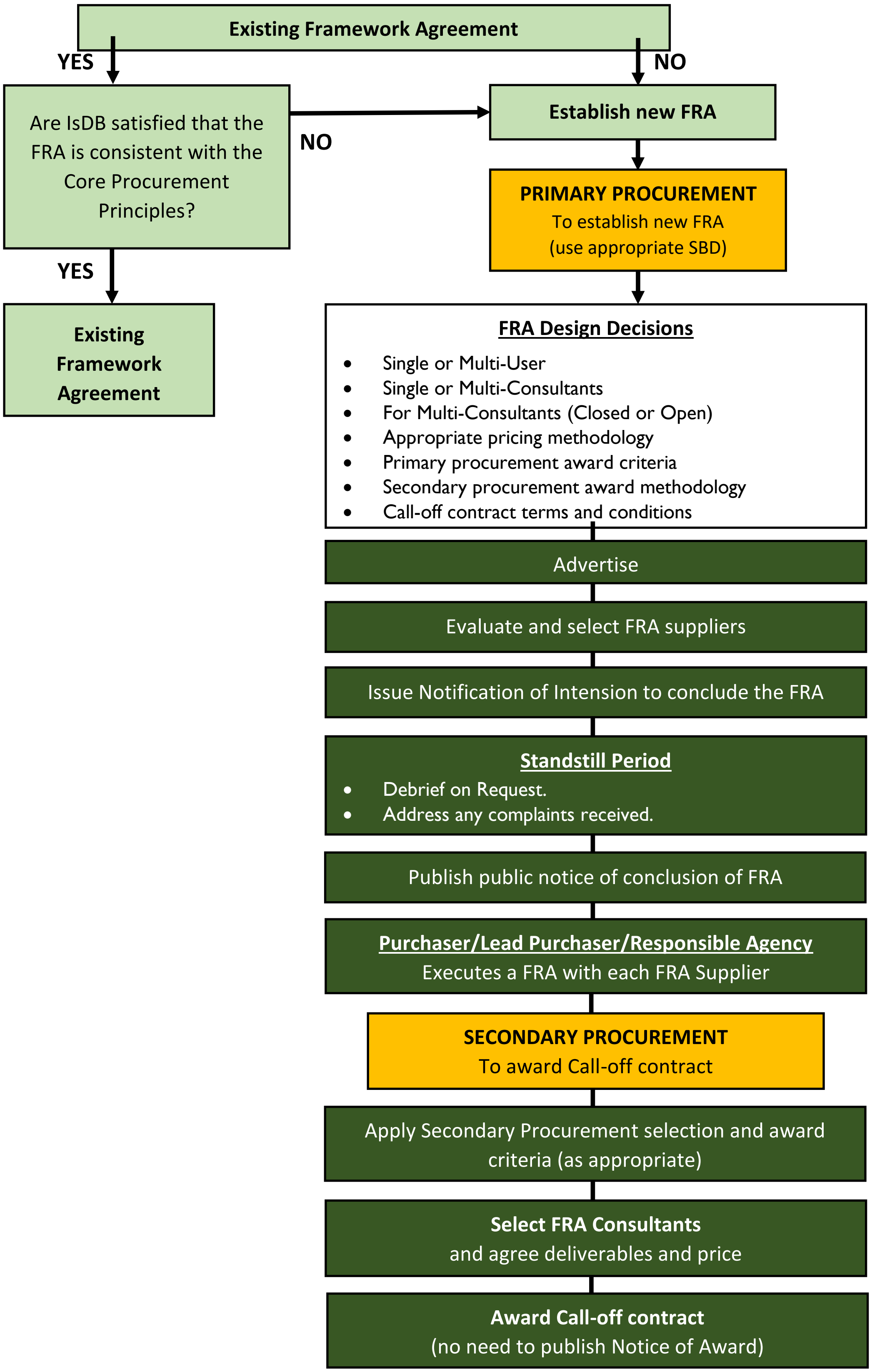
Because the FRA constitutes a pre-selected list of Consultants, there is no need to advertise for call-offs or otherwise seek new expressions of interest. The executing agency establishes the shortlist using one of the described methods. In accordance with the guidance note on the selection of consultants for IsDB-financed procurement, the agency invites each FRA Consultant to submit a proposal. As the Consultant has already prepared an EOI based on the generic TOR and as the expert lists have already been prepared, the submission period has been reduced to fifteen (15) days. In contrast to the generic TOR that was applied at the framework level, assignment-specific TORs must be prepared for each call-off.

ANNEX I – Member Countries

The Islamic Development Bank is made up of fifty-seven (57) Member Countries.

- Afghanistan
- Albania
- Algeria
- Azerbaijan
- Bahrain
- Bangladesh
- Benin
- Brunei
- Burkina Faso
- Cameroon
- Chad
- Comoros
- Cote D'Ivoire
- Djibouti
- Egypt
- Gabon
- Gambia
- Guinea
- Guinea Bissau
- Guyana
- Indonesia
- Iran
- Iraq
- Jordan
- Kazakhstan
- Kuwait
- Kyrgyz Republic
- Lebanon
- Libya
- Malaysia
- Maldives
- Mali
- Mauritania
- Morocco
- Mozambique
- Niger
- Nigeria
- Oman
- Pakistan
- Palestine
- Qatar
- Saudi Arabia
- Senegal
- Sierra Leone
- Somalia
- Sudan
- Suriname
- Syria
- Tajikistan
- Togo
- Tunisia
- Turkey
- Turkmenistan
- Uganda
- United Arab Emirates
- Uzbekistan
- Yemen

ANNEX II – Framework Agreement Process Overview



For any additional information, such as Standard Bidding Documents (SBDs), Guidance, training materials and briefing, please see
www.isdb.org/procurement