

**GOVERNMENT OF THE REPUBLIC
OF
TRINIDAD AND TOBAGO**

MINISTRY OF FINANCE

CENTRAL TENDERS BOARD



**HANDBOOK OF GUIDELINES FOR
CONSULTANCY SERVICES**

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LIST OF ABBREVIATIONS

CSS	Chief State Solicitor
CTB	Central Tenders Board
GCC	General Conditions of Contract
ITC	Instructions to Consultants
NGOs	Non-Governmental Organizations
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
QM	Quality Management
RFP	Request for Proposals
SBCQ	Selection Based on Consultant's Qualifications
SCC	Special Conditions of Contract
SRFP	Standard Request for Proposals
SSS	Single Source Selection
TOR	Terms of Reference

PREFACE

This Handbook of Guidelines on Consulting Services is a sequel to the Central Tenders Board Information Booklet which was launched on the Ministry of Finance website on 24th April, 2008.

It gives general and detailed guidelines on Consulting Services relating to the techniques to be used in the preparation of Terms of Reference (TOR), the fundamentals associated with the evaluation of Technical Proposals and the rudiments of Negotiations leading to the award of the consultancy contract.

These guidelines were adapted based on the World Bank's Consulting Services Manual for suitability in the context of our current local operational framework. It is therefore expected to assist persons involved in the Technical and Financial evaluation of proposals for Public Sector projects. Such persons would certainly gain a more in-depth knowledge and a deeper understanding of this critical element in the 360° Procurement Cycle - the Evaluation Phase.

It is also meant for readers of any field or discipline, stakeholders, business entrepreneurs and the general public to get a clearer picture of what activities go into the evaluation of consulting proposals.

Readers can visit the Central Tenders Board website at www.finance.gov.tt for additional procurement information.

Thank You.



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OVERVIEW

- **CONSULTANTS**

Consultants are private and public entities, including consulting firms, engineering firms, auditors, construction managers, management firms, procurement agents, inspection agents, U.N. agencies, multinational organizations, investment and merchant banks, universities, research centres, non-governmental organizations and individuals.

They perform professional services as Advisors, Administrators and Managers, Designers and Specifiers, Investigators and Expert Witnesses, Mediators and Arbitrators, Planners (R&D), Supervisors of Work and Trainers.

They engage in fields of expertise such as Agriculture, Commerce (including Shipping and Insurance), Communications, Economics and Finance, Education, Engineering and Construction, Manufacturing Industry, Mining and Petroleum, Public Health and Medicine, Socio-Economics, Public Works and Infrastructure Development.

They carry out typical assignments including Feasibility Studies, Reports, Designs and Specifications, Bid Preparations – Invitations, Bid Evaluations – Awards, Contract Negotiations, Procurement of Services, Goods and Materials/Equipment, Execution/Implementation of Contracts, Transfer of Technology, Resolution of Disputes, Performance of Tests, Assessment of Damages, Engineering and Construction Economics, and Infrastructure vs. Social Sector Programmes.

- **PROCEDURES FOR HIRING CONSULTANTS**

The Ministry/Department/State Agency requesting the engagement of the Consultant should have established the objectives for the consultancy services and prepared Requests for Proposals (RFP) and Terms of Reference (TOR) for submission to the CTB or State Agency along with the official request and evidence of funding.

If desired by the Client Ministry/ Department/State Agency, the CTB/Procurement Agency will invite expressions of interest from prospective Consultants through a public notice in the daily newspapers or International Journal of wide circulation.

An Evaluation Committee approved by the CTB/State Agency will be asked to evaluate the applications/questionnaires received and prepare a Short List for approval.

OVERVIEW cont'd

Proposals will be invited from all short-listed consultants approved by the CTB/State Agency. Documents to be collected include Request for Proposals and Terms of Reference as well as a copy of the Draft Contract Agreement.

The Evaluation Committee will then be asked to evaluate the proposals received and submit an Evaluation Report with merit ratings including detailed scorings of the proposals from consultants based on pre-determined weighted criteria, which were included in the Terms of Reference.

The CTB/State Agency will then be requested to consider and approve: -

- (a) the merit rating
- (b) the commencement of financial negotiations with the 1st ranked consultant.

Following successful negotiations with the 1st ranked consultant, the CTB/State Agency will be asked to consider the approval of an award of a consultancy contract. If negotiations fail, the Evaluation Committee will then proceed to negotiate with the 2nd ranked consultant and so on.

Agreement with the preferred consultant is to be prepared by the Chief State Solicitor's Office or Legal Unit of State Agencies and executed by the parties to the Contract (i.e. Client Ministry/Department/State Agency and the Consultants).

The Client Ministry/ Department/State Agency will then issue the written instructions to the successful consultant to commence the consulting services for the project.

Thereafter a Performance Evaluation Report on the Consultant is prepared by the Client/State Agency and submitted to the Procurement Agency at the end of the consultancy contract.

- **APPENDICES**

Appendix 1 depicts the phases of the 360° Procurement Cycle.

Appendices 2-4 provide specimen letters and memorandum regarding appointment to serve on Evaluation Committee

Appendices 5-8 show specimen format for Evaluation Reports (sample) with evaluation Score Sheets.

CHAPTER I

PREPARATION OF THE TERMS OF REFERENCE

1. Introduction

The Terms of Reference (TOR)¹ is the key document in the Request for Proposals (RFP). It explains the objectives, scope of services, activities, tasks to be performed, respective responsibilities of the Client/State Agency and the consultant, and expected results and deliverables of the assignment. Adequate and clear TOR are important for the understanding of the assignment and its correct execution. They help reduce the risk of unnecessary extra work, delays, and additional expenses for the Client/State Agency. In addition, they help reduce the risk of ambiguities during the preparation of consultant proposals, contract negotiation, and execution of services.

Drafting the TOR requires expertise with the type of assignment and the needed resources as well as familiarity with the project background and knowledge of the country, and the Client/State Agency's organization. If the needed qualifications to produce the TOR are not available in-house, the Client/State Agency should hire a specialized independent consultant. TOR have to be written by experts who have only the interest of the Client/State Agency in mind. It must be noted that Consultants employed by the Client/State Agency to prepare TOR should not be allowed to submit proposals as consultants in the resulting and subsequent assignments.

2. Drafting the Terms of Reference (TOR)

The following considerations must guide the preparation of the TOR:

- TOR should contain sufficient background information on the project to enable consultants to present responsive proposals.
- The scope of services in particular should be consistent with the available budget.

- TOR should take into account the type of organization of the Client/State Agency and its level of technical expertise and institutional strength.

The level of detail and quality of information that are contained in the TOR can influence the selection method to be adopted. For example, if the TOR cannot be defined with adequate precision and detail, then Quality Based Selection (QBS) may be more appropriate than Quality and Cost Based Selection (QCBS). The latter method is preferable when a defined scope of services and a reliable cost estimate are available.

The persons responsible for drafting the TOR should be familiar with local, natural and social conditions such as climate, topography, institutions, people, customs, holidays, remuneration levels and transportation systems. Seasonal variations, together with the peculiarities of the region where the assignment will take place, should be considered if they can affect the execution of any fieldwork. Aspects related to the logistics of the project should be researched thoroughly. If a field visit by the consultants is necessary but not feasible, an aerial trip may be arranged to enable them to form an overall impression of the area.

If transfer of knowledge and training are required as part of the assignment, the Client/State Agency should decide whether to include the need for a training program in the TOR. If a training program is included, additional time and budget should be allocated.

The TOR should clearly define the output and deliverables required of the consultants, such as reports, maps, drawings, or software, and should also list information that the Client/State Agency will furnish to the consultants. This information may include past studies, aerial photographs, maps, or records of surveys carried out in the assignment area. The TOR also should identify the Client/State Agency's Executing Agency and clarify institutional arrangements for the supervision of the consulting services. Additionally, the TOR should specify the facilities and counterpart staff to be provided or designated by the Client/State Agency.

3. Outline of the Terms of Reference (TOR)

The TOR normally consist of

- background of the project;
- objectives of the assignment;
- scope of services;
- transfer of knowledge;
- list of reports, schedule of deliverables, period of performance;
- data, local services, personnel and facilities to be provided by the Client/State Agency; and
- institutional arrangements.

3.1 BACKGROUND OF THE PROJECT

The background summarizes the main features of the project and describes the assignment's objectives and general purpose. In particular, it should include:-

- name of the Client/State Agency;
- project location;
- rationale of the project;
- project history (what has been done so far and by whom);
- list of relevant studies and basic data,
- need for consultants in the project and issues to be resolved;
- activities to be carried out by the consultants;
- source of financing for the assignment; and
- supervision arrangements.

3.2 OBJECTIVES OF THE ASSIGNMENT

To avoid misleading consultants, the TOR should precisely describe the objectives and expected results of the assignment. Typical objectives of an assignment may include:-

- preparation of development programs;
- determination of project feasibility before an investment is made;
- design of projects;

- preparation of bidding documents;
- supervision of works;
- provision of training;
- collection and analysis of data; and
- evaluation of Client/State Agency assets for sale, such as in privatization projects.

3.3 SCOPE OF SERVICES

This section of the TOR details all main activities (or tasks) to be conducted by consultants and the expected results. The TOR should describe only the, activities, not the approach or methodology by which the results are to be achieved, since these are the task of the proponents. Nevertheless, the TOR may provide suggestions on the approach, or the methodology that consultants could or should use to execute the assignment and, under certain selection methods, can indicate the estimated staff months required.

In TORs covering self contained assignments such as feasibility studies and project designs, consultants are generally required to describe the “activities” that they propose to carry out. In TORs of assignments consisting mainly of the provision of specialized staff to assist the Client/State Agency in certain functions, consultants are required to describe the “tasks” for which they will be responsible.

Often the project may require phased consultant assignments. In such cases, the TOR should be more detailed for the first phase and less detailed for the following ones. The TOR details for the subsequent phases will be refined as needed on the basis of the outcomes of earlier phases.

In a TOR, the scope of services of the assignment is usually defined by addressing the following issues:

- definition, scope, limits, and criteria of acceptance of the assignment;
- desired level of detail (including level of design, accuracy, composition of cost estimates);
- span of projections (including time horizon, life span of project components);
- necessary comparison of the assignment with similar projects;

- main issues to be addressed;
- alternatives to be considered;
- necessary surveys, special analyses and models;
- special equipment requirements;
- institutional and legal framework of the project;
- transfer of knowledge, objectives, and scope;
- language requirements;
- units of measurement to be used;
- need for continuity, such as data gathering; and
- quality management requirements (if needed).

Phased assignments are likely to require that the scope of services be modified depending on intermediate results. For instance, the scope of services for a feasibility study originally covering a number of alternatives will be reduced if, during execution of the assignment, some alternatives prove not viable. Similarly, the scope of services can be expanded if more accurate studies than initially anticipated become necessary. In such cases, the TOR should clearly indicate the circumstances under which a decision will be made by the Client/State Agency to modify the scope of services.

3.4 TRANSFER OF KNOWLEDGE

If transfer of knowledge is an objective of the assignment, the TOR should provide specific details on the characteristics of the required services and ask consultants to propose training approaches and methods.

3.5 REPORTS AND SCHEDULE OF DELIVERABLES

The TOR should indicate the estimated duration of the assignment, from the date of commencement to the date the Client/State Agency receives and accepts the consultant's final report or a specified completion date. The date of commencement refers to the date on which the consultants are expected to start the services.

Other dates may be considered, for example, the date of effectiveness of the contract. The assignment's reporting requirements should be clearly specified. In particular, for inception and progress reports, there should be a balance between keeping the Client/State Agency well informed and not forcing consultants to spend an excessive amount of time preparing minor reports.

The TOR should indicate the format, frequency and content of reports as well as the number of copies, the language, and the names of the prospective recipients of the reports. For all major reports, an executive summary is recommended as a separate volume.

Depending on the assignment, the following reports are usually required:

(a) Inception Report

This report should be submitted about six weeks after the commencement date. Any major inconsistency in the TOR, staffing problems, or deficiency in Client/State Agency's assistance that have become apparent during this period should be included. The inception report should be designed to give the Client/State Agency confidence that the assignment can be carried out as planned and as agreed upon in the contract, and should bring to their attention major problems that might affect the direction and progress of the work.

(b) Progress Reports

These reports keep the Client/State Agency regularly informed about the progress of the assignment. They may also provide warnings of anticipated problems or serve as a reminder for payment of invoices due. Depending on the assignment, progress reports may be delivered monthly or bi-monthly. For feasibility studies and designs assignments, delivery of progress reports at two-month intervals is satisfactory. For technical assistance and implementation supervision, for instance-construction works, progress reports are best submitted monthly. Progress reports may include a bar chart showing details of progress and any changes in the assignment schedule. Photographs are a quick and easy way of conveying the status of a project, and their use in progress reports is encouraged. For technical assistance services, progress reports also serve as a means of setting out the work program for the following months. Each team member usually contributes to the preparation of the monthly report.

(c) Interim Reports

If the assignment is phased, interim reports are required to inform the Client/State Agency of preliminary results, alternative solutions, and major decisions that need to be made. Since the recommendations in an interim report may affect later phases of the assignment and even influence the results of the project, the Client/State Agency should discuss the draft interim report with the consultants in the field. The Client/State Agency should not take more than fifteen (15) days to review and approve draft interim reports.

(d) Final Report

The first report is due at the completion of the assignment. The Client/State Agency and the consultants should discuss the report while it is still in draft form. The consultants alone are responsible for their findings. Although changes may be suggested in the course of the discussions, consultants should not be forced to make such changes. If the consultants do not accept comments or recommendations from the Client/State Agency, these should be noted in the report. The consultants should include in the report the reasons for not accepting such changes.

3.6 DATA, LOCAL SERVICES, PERSONNEL AND FACILITIES TO BE PROVIDED BY THE CLIENT/STATE AGENCY

The Request for Proposals (RFP) indicates the inputs provided by the Client/State Agency to the consultants. The TOR should complement the Instructions to Consultants (ITC) by listing in detail all the information and services that will be made available by the Client/State Agency. The TOR also should describe the Client/State Agency's available software and computer models to be used by the consultants. Facilities to be provided by the Client/State Agency may include office space, vehicles, survey equipment, office and computer equipment and telecommunication systems.

When possible, the Client/State Agency may provide vehicles for use by consultants during the course of their assignment. Otherwise, these should be provided for under the consultants' contract and turned over to the Client/State Agency at completion. The same procedure can apply to items such as office and computer equipment. The Client/State Agency should request compatibility with its own equipment. To avoid difficulties caused by delays in allocating Client/State Agency's counterpart staff to the project, the TOR should provide for such staff to be assigned to the consultants before the assignment begins. During the initial drafting of the TOR, the Client/State Agency should determine which of their staff can act as counterpart. If the Client/State Agency provides support staff who will work under the consultants' responsibility, the TOR should clearly indicate that such staff will work the same hours as the consultants, will be under the consultants' supervision and will not be remunerated under the consultants' contract.

The Client/State Agency's inputs, if not well defined in advance, are often a matter of contention for the duration of the assignment. Consultants tend to overestimate the Client/State Agency's contribution to reduce their proposal price, particularly if the method of selection takes price into account and Clients/ State Agencies tend to promise more than they can actually deliver. It is therefore important that Client/State Agency's inputs are defined in the TOR as precisely and realistically as possible.

3.7 INSTITUTIONAL ARRANGEMENTS

The TOR should define the institutional setup surrounding the assignment; indicate the role and responsibilities of all persons involved; and specify the type, timing, and relevance of each person's participation, including the Client/State Agency's. The TOR should define the hierarchy and level of authority of counterpart personnel as well as the requested level of experience of the Client/State Agency's personnel who will be integrated into the consultants' team.

¹ (Adapted from the World Bank's Consulting Services Manual)

CHAPTER 2

FUNDAMENTALS FOR EVALUATION OF TECHNICAL PROPOSALS

1. Introduction

Technical proposals for consulting services are an intellectual product and their evaluation² cannot be reduced to a purely mathematical exercise but instead must be based on the professional judgment of competent evaluators. The difficulty is to ensure that this judgment is not exercised in an unreasonable or arbitrary manner. Evaluators may, either consciously or unconsciously, manipulate the points awarded to specific factors in the evaluation for a number of reasons, including inadequate experience in the field of the assignment or in evaluating proposals of this nature. Therefore, it is important that subjectivity be mitigated to achieve the required transparency, consistency, and fairness. One way of achieving this is by adopting a suitable rating system for the evaluation of technical proposals under the criteria (and sub-criteria) established in the RFP.

This Chapter provides detailed recommendations on good practices for rating evaluation criteria (and sub-criteria) and scoring various sections of the technical proposal.

2. Rating System

The Standard RFP (SRFP) specifies the five (5) general criteria used to evaluate technical proposals and the points (or weights) given to each of them. The responsiveness of a proposal to the TOR is determined by its responsiveness to the criteria and sub-criteria adopted for the evaluation indicated in the RFP. These criteria include the following:-

- specific experience of the consultants in the field of the assignment;
- adequacy of the proposed methodology and work plan in responding to the TOR;

- qualifications and competence of key staff proposed for the assignment;
- suitability of the transfer of knowledge program; and

- local participation.

The transfer of knowledge criterion is included wherever it forms an explicit aspect, of the assignment. The local participation criterion is optional to the Client/State Agency.

The RFP should specify the sub criteria for the proposed key staff as indicated in the SRFP, as well as other adopted sub-criteria, together with the points to be allocated to each of them for evaluation.

In the RFP the points assigned to a particular criterion (or sub criterion) show the maximum score (maximum number of points) that can be allocated to it when evaluating each proposal. The actual score given indicates the degree to which the proposal being evaluated under that particular criterion or (sub-criterion) meets the requirements, that is, its level of responsiveness. The level of responsiveness for each criterion (and sub-criterion) is rated on a scale of 1 to 100.

Each committee member scores the technical proposals in two steps. First, the level of responsiveness of the proposals to each of the criteria or sub criteria is estimated on a percentage scale. Second, each percentage rating is multiplied by the maximum number of points assigned to the relevant criterion (or sub-criterion) in the RFP to obtain the score (percentage rating x maximum number of points = score). For example, the criterion “specific experience of the consultant in the field of the assignment” may have been allocated a maximum of ten (10) points in the RFP. A proposal with a good level of responsiveness to this criterion is given a ninety (90) percent rating and therefore receives a score of nine (9) points.

To make the scoring easier and transparent, the rating scale of the level of responsiveness is usually divided into a number of discrete grades. It is a good practice to give scores based on the following grades: poor, satisfactory, good, very good. Prior to receiving the technical proposals, the Evaluation Committee should agree on the definition of each grade for each criterion (or sub-criterion). That is, the committee should establish what will be considered poor,

satisfactory, good, and very good. Since each of the criteria (or sub-criteria) refers to a different aspect of the proposal, the definition of grades will differ from one criterion to the next.

Scoring technical proposals by this method offers the following advantages:-

- It provides the Evaluation Committee with a shared definition of the grades, making the evaluation easier and comparable (this is particularly helpful for less experienced evaluators).
- It minimizes the risk of scoring inconsistencies and discretion.
- It binds each committee member to justify his or her evaluation on the basis of a common definition of grades, discouraging intentionally biased evaluations.
- It adds transparency and fairness to the evaluation process.

Defining the grades is a difficult exercise that requires a thorough knowledge of the terms of reference, the main technical issues to be covered by the consultant assignment, and the qualifications expected from the consultants. However, it is worth going to such trouble because it may substantially improve the quality of the evaluation. Rating proposals without using agreed upon predefined grades of responsiveness leaves the definition of the grades to each evaluator, very likely making the scoring subjective and difficult to compare.

Figure 1 – Evaluation of Quality illustrates a sample evaluation for one of the five (5) main criteria specified in the RFP.

The following paragraphs illustrate how to select the rating grades and their definitions.

3. Specific Experience of Consultants that Relates to the Assignment

3.1 RATING SCALE

The Consultant Guidelines allow a maximum of ten (10) points to be allocated to the specific experience of the firm. The grades indicated in **Table 1** are recommended for percentage ratings related to the evaluation of this criterion. Since all consultants should have been short-listed based on experience, ideally their experience should not be rated normally less than satisfactory, that is, not less than seventy (70) percent.

Table 1 - Recommended Grades and Percentage Rating for Specific Experience

Grade (level of responsiveness)	Percentage rating
Satisfactory	70
Good	90
Very Good	100

3.2 ASPECTS TO CONSIDER FOR THE EVALUATION

The committee should consider the following aspects in evaluating the relevant experience of the consultants:-

- **Experience in Similar Projects.** Evidence of having successfully carried out similar assignments.
- **Experience in Similar Areas and Conditions.** The consultants have worked in regions or countries with physical, cultural, social, and institutional characteristics comparable to those of the country of the assignment.
- **Size, Organization and Management.** The consultants have the capacity - for instance, staff, organization and managerial skills - to carry out the assignment. For some assignments, consider how long the consultants have been established.

- **Specialization.** For some assignments it may be important to evaluate the consultants' specialized skills and access to particular technologies related to the assignment.
- **Experience in Transfer of Knowledge and Training.** The consultants' experience in transfer of knowledge and training of client's personnel (if relevant).
- **Quality Management.** The availability of a well-established QM system may be taken into account for large and complex assignments.

3.3 DEFINING THE GRADES

Since sub-criteria are usually not provided for the specific experience of the consultants, the specific experience will be evaluated as a whole using the grades set out in **Table 1**. An example of the definition of these grades based on the specifics listed in subsection 2.2 above is given below (definitions may differ from case to case depending on the characteristics of the assignment).

- **Satisfactory:** The consultants have relevant experience in the field of the assignment but have not dealt with critical issues specific to the assignment such as delicate social or environmental issues. The consultants are fully experienced in the use of standard approaches and methodologies required for the assignment. The consultants' permanent staff is adequate.
- **Good:** The consultants have extensive experience in the field of the assignment and have worked in countries with similar physical and institutional conditions, including similar critical issues. Permanent staff is adequate and highly specialized to cover the needs of the assignment and the firm has additional resources at its command to cope with unexpected requirements. The consultants have experience with advanced approaches and methodologies for dealing with the specific requirements of the assignment.
- **Very Good:** The consultants have outstanding, state-of-the-art expertise in assignments similar to the one being considered. Quality and composition of the consultants' staff easily cover

the needs of the assignment and ensure an excellent level of backstopping. The consultants' staff include top experts in the field of the assignment. The consultants are considered world-class specialists in the approaches and methodologies dealing with specific issues of the assignment. The consultants operate according to well established QM procedures.

Ratings should not be too rigid. In the likely event that a firm does not satisfy all the conditions set forth in one of the grade definitions, but that particular grade appears to reflect the overall specific experience of the firm better than the lower grade, the upper grade may be assigned.

If in exceptional circumstances the Client/State Agency wants to take into account the possibility that a firm with less than satisfactory specific experience is short-listed, it may decide to include in **Table 1** an additional grade ("poor") with a rating of or about forty (40) percent. Such a decision should be made at the time of definition of the rating system and before the opening of the proposals.

4. Adequacy of Proposed Methodology and Work Plan

4.1 RATING SCALE

The Consultant Guidelines allocate between twenty (20) and fifty (50) points to the "adequacy of methodology and work plan" criterion. The grades indicated in **Table 2** are recommended for percentage ratings related to the evaluation of this criterion.

Table 2 - Recommended Grades and Percentage Rating for Methodology and Work Plan

Grade (level of responsiveness)	Percentage rating
Poor	40
Satisfactory	70
Good	90
Very Good	100

- The lowest grade is forty (40) percent instead of zero because:

- A zero rating is not realistic, since it would imply that the consultant has not responded at all to the TOR under this criterion and
- A zero rating given to a poor methodology may hardly be compensated even by high scores of remaining criteria. This could lead to rejection of a proposal that is attractive in all other aspects.

In case a proposal appears to be unacceptable under this criterion, that is, it doesn't deserve to be rated "poor," it may be considered non-responsive.

4.2 ASPECTS TO CONSIDER FOR THE EVALUATION

The committee evaluates the quality and the adequacy of the proposed methodology and work plan by considering such aspects as the following:

- **Understanding of the Objectives of the Assignment:** The extent to which the consultants' technical approach and work plan respond to the objectives indicated in the TOR.
- **Completeness and Responsiveness:** Does the proposal respond exhaustively to all the requirements of the TOR?
- **Creativity and Innovation:** Does the proposal suggest any new approaches to the assignment or new methodologies that help achieve better outcomes?
- **Clarity:** Are the various elements coherent and the decision points well defined?
- **Efficiency and Resource Utilization:** Is the staffing schedule appropriate, with neither too many short-term experts nor too many generalists? Is the proposed staff permanent or formed by external consultants? In the latter case, check whether the external consultants have worked on previous assignments with the consultants' permanent staff. This aspect should always be considered.

- **Flexibility and Adaptability:** Are the methodology and work plan flexible and easy to adapt to changes that might occur during implementation of the assignment? This aspect is especially relevant when the assignment takes place in potentially changing environments.
- **Technology:** Does the methodology propose the use of appropriate technologies and the adoption of innovative solutions?
- **Timeliness of Output:** Does the proposed activity schedule provide the requested outputs in a timely manner?
- **Logistics:** If the consultants have to work at remote sites, the consultants' approach to logistics could also be considered.
- **Quality Management:** Especially for large and complex assignments the TOR may include a requirement to provide a Quality Plan, or its detailed list of contents.

4.3 EVALUATION WHEN SUB-CRITERIA ARE PROVIDED

With the exception of small or simple assignments, the quality and adequacy of the proposed methodology and work plan are evaluated by means of the following three (3) sub-criteria. Additional sub-criteria may be specified in the RFP when there is a need to focus on particularly important aspects of the assignment.

- Technical Approach and Methodology;
- Work Plan; and
- Organization and Staffing

First, the Evaluation Committee shall define, for each of the three sub- criteria above, the definition of the grades indicated in **Table 2**. Such grade definitions should be based on the specific aspects listed in subsection 3.2. An example of the definition of the four (4) grades in **Table 2** for the three (3) sub-criteria listed above may include the following (definitions may differ from case to case depending on the characteristics of the assignment):

(a) Technical Approach and Methodology

- **Poor:** The technical approach and/or the methodology to carry out important activities indicated in the TOR are inappropriate or very poorly presented, indicating that the consultant has misunderstood important aspects of the scope of work. The list of contents of the Quality Plan (required in the TOR) is missing.
- **Satisfactory:** The way to carry out the different activities of the TOR is described generically. The approach is standard and not specifically tailored to the assignment. Although the approach and methodology are suitable, they don't include a discussion on how the consultant proposes to deal with critical characteristics of the assignment. The list of contents of the Quality Plan (if required in the TOR) is provided, but it is generic and does not reflect the specific features of the assignment.
- **Good:** The proposed approach is discussed in full detail and the methodology is specifically tailored to the characteristics of the assignment and flexible enough to allow its adaptation to changes that may occur during execution of the services. The list of contents of the Quality Plan (if required in the TOR) is tailored to the specific characteristics of the assignment.
- **Very Good:** In addition to the requirements listed above under "good," important issues are approached in an innovative and efficient way, indicating that the consultants have understood the main issues of the assignment and have outstanding knowledge of new solutions. The proposal details ways to improve the results and the quality of the assignment by using state-of-the-art approaches, methodologies and knowledge. A detailed description of the Quality Plan is provided in addition to its list of contents (if required).

(b) Work Plan

- **Poor:** The activity schedule omits important tasks; the timing of activities and correlation among them is inconsistent with the approach and/or methodology

proposed. There is lack of clarity and logic in the sequencing.

- **Satisfactory:** All key activities are included in the activity schedule, but they are not detailed. There are minor inconsistencies between timing, assignment outputs, and proposed approach.
- **Good:** The work plan fits the TOR well. All important activities are indicated in the activity schedule and their timing is appropriate and consistent with the assignment outputs and the interrelation between the various activities is realistic and consistent with the proposed approach. There is a fair degree of detail that facilitates understanding of the proposed work plan.
- **Very Good:** In addition to the requirements listed above under “good”, decision points and the sequence and timing of activities are very well defined, indicating that the consultants have optimized the use of resources. A specific chapter of the proposal explains the work plan in relation to the proposed approach. The work plan permits flexibility to accommodate contingencies.

(c) ***Organization and Staffing***

- **Poor:** The organization chart is sketchy, the staffing plan is weak in important areas, and the staffing schedule is inconsistent with the timing of the most important outputs of the assignment. There is no clarity in allocation of tasks and responsibilities. The proposed specialists have never worked together as a team.
- **Satisfactory:** The organization chart is complete and detailed, the technical level and composition of the staffing arrangements are adequate, and staffing is consistent with both timing and assignment outputs.
- **Good:** In addition to the definition above in “satisfactory,” staff is very well balanced, that is, they show good coordination, clear and detailed definition of duties and

responsibilities, not too many short-term experts, not too many generalists, precise matching of staff skills and needs, and efficient logistic support. Some members of the project team have worked together before to some extent.

- **Very Good:** Besides meeting all the requirements for a “good” rating, the proposed team is integrated and several members have worked together extensively in the past; a detailed explanation of the Client/State Agency’s role and integration in the assignment is provided. The proposal contains a detailed discussion demonstrating that the consultants have optimized the use and deployment of staff from the point of view of efficiency and economy, based on the proposed logistics.

4.4 EVALUATION FOR SMALL AND SIMPLE ASSIGNMENTS

For small and simple assignments, the Client/State Agency may choose not to identify sub-criteria under the methodology and work plan. Instead, the proposed methodology and work plan are evaluated as a whole using the four (4) grades in **Table 2**. An example of how these grades could be defined, based on the aspects listed in subsection 3.2 is given below (definitions may obviously differ from case to case depending on the characteristics of the assignment):

- **Poor:** The methodology for important activities in the TOR is inadequate, indicating that the consultants may have misunderstood relevant aspects of the scope of services; the schedule of activities is incomplete; staffing is inadequate; and the staffing schedule is not fully consistent with the timing of the outputs. The proposed specialists have never worked together as a team.
- **Satisfactory:** Proposed methodologies are standard and generally suitable for the assignment, but no detailed discussion of the specific aspects of the assignment is provided; the activity schedule is complete and clear; composition of the staff is adequate and staff levels are consistent with timing and outputs.

- **Good:** Approach and methodology are well defined and respond to the assignment. The work plan is detailed and addresses the TOR well; all important activities are indicated in the activity schedule and their timing is correct and consistent with the assignment outputs; and staffing is well balanced (good coordination, clear, detailed definition of duties and responsibilities). Some members of proposed team have worked together on limited occasions.
- **Very Good:** Besides meeting the requirements listed above under “good”, the proposal includes important innovations in approach relevant to the Client/State Agency and makes practical suggestions on how to improve the overall quality and efficiency of the assignment, indicating clearly how they would be implemented. The implementation of key activities is explained in detail. The proposed team is well integrated and several of its members have worked together previously.

In the event that the consultants’ approach and methodology do not fully satisfy all the conditions set forth by one of the grade definitions, but that particular grade appears to reflect the overall adequacy of approach and methodology better than the lower grade, the upper grade may be assigned.

5. Qualifications and Competence of Proposed Key Staff

5.1 RATING SCALE

The Consultant Guidelines allocate between thirty (30) and sixty (60) points to “qualifications and competence of key staff.” The grades indicated in **Table 3** are recommended for percentage ratings related to the evaluation of the proposed key staff. The lowest grade is forty (40) percent instead of zero for reasons similar to those described in subsection 3.1 above.

Grades in **Table 3** apply to both individual staff members and to members grouped by discipline (or activity) when interdisciplinary weighting is required. When evaluating staff, it is recommended that

only those proposed for key positions should be considered. Junior or clerical staff shall not be evaluated.

Table 3 - Recommended Grades and Percentage Rating for Qualifications and Competence of Key Staff

Grade (level of responsiveness)	Percentage rating
Poor	40
Satisfactory	70
Good	80
Very Good	100

5.2 ASPECTS TO CONSIDER FOR THE EVALUATION

The committee should evaluate key staff by considering the following aspects:

- **General Qualifications.** It is important to consider the number of years of professional experience of the consultants in the field to which they are assigned. For evaluation purposes, the value of previous university education diminishes with age. Experts with more than ten (10) years experience should be evaluated on their current position and the level of responsibility entrusted to them in previous projects rather than on their acquired university degrees. Since experience accumulates with age, staff members who are sixty (60) years or older are often satisfactorily employed on complex or sensitive assignments.

Long term experience in consulting assignments may be advantageous, but evaluators should not give points to older candidates when age is not especially relevant for the assignment. When knowledge of recent approaches, methodologies and technologies are critical, younger experts may be preferable.

- **Adequacy for the Assignment.** Is the expert suitable for the job and has he or she recently held similar positions? Has the

proposed team leader been a successful team leader before, and has the team leader been proposed mainly because of leadership or professional skills? How well do the knowledge and skills of the staff offered meet the needs of the assignment? Appropriate, capabilities, adequate professional skills, and experience should always be the key evaluation aspects.

- **Experience in the Region and Language.** When evaluating experience in the region, consider factors such as the number of assignments carried out in the country and/or in countries with similar cultures, administrative systems, and government organizations. For expatriate staff, the RFP should specify local language requirements for adequate communication in the country of the assignment, if needed. Scores should be given only for the local language.

Evaluate key staff in terms of their skill and suitability for the job, irrespective of their nationality. The qualifications of the team leader should be carefully evaluated because that position plays a crucial role in the success of the assignment. If the team leader is acting as both project manager and expert, evaluate his or her qualifications for each function and assign the scores to each function proportional to the time effort dedicated to each of them, if the two (2) functions overlap. Full marks to each function are assigned only if the functions can be clearly separated without affecting the quality of the services.

5.3 EVALUATION USING THE THREE SUB-CRITERIA SPECIFIED IN THE RFP

The qualifications and competence of key staff shall be evaluated using the following three (3) sub-criteria specified in the RFP:

- General Qualifications;
- Adequacy for the Assignment; and
- Experience in the Region and Language.

Under each of these sub-criteria, individual staff members are evaluated using the grades in **Table 3**. The Evaluation Committee shall determine for each of the three sub-criteria the definition of each

of the grades indicated. Such definitions should be based on the qualifications listed in subsection 4.2.

An example of the definition of the four (4) grades in **Table 3** for each of the three (3) sub-criteria listed above may include the following:

(a) General Qualifications

- **Poor:** The proposed expert has less experience than that specified in the RFP or less than ten (10) years of relevant experience.
- **Satisfactory:** The proposed expert has ten (10) years or more of overall working experience relevant to the assignment, with relevant academic education and training.
- **Good:** The proposed expert has more than fifteen (15) years of overall working experience and a substantial part of that experience relates to consulting assignments similar to the one in question; the expert's professional achievements, such as position within the firm and level of responsibility, have steadily increased over time.
- **Very Good:** The proposed specialist has more than twenty (20) years of specialized experiences in the field of the assignment and is recognized as a top expert in his or her specialty. The specialist is fully up to date in the state-of-the-art technology of the concerned discipline.

(b) Adequacy for the Assignment

- **Poor:** The proposed expert has never or only occasionally worked in a position similar to the one required under the assignment. His or her qualifications do not match closely the assigned position. For instance, the position requires a highly experienced project manager, while a relatively junior professional with brief experience is proposed.

- **Satisfactory:** The experience of the proposed expert fits the assigned position in the past ten (10) years or more he or she has successfully held positions similar to the one proposed for the assignment in at least one project of a similar nature. The proposed expert's skills (either professional or managerial as the proposed position may require) are adequate for the job.
- **Good:** The qualifications of the expert are suitable for the proposed position; over the past ten (10) years he or she has held several similar positions in similar assignments; the expert's skills (either professional or managerial) are fully consistent with the position and characteristics of the assignment.
- **Very Good:** In addition to the criteria under "good", the expert has qualifications and experience that exceed substantially the requirements for positions similar to the one being considered.

(c) ***Experience in the Region and Language*** (this example refers to expatriate staff)

- **Poor:** The proposed expert has never or only occasionally worked in countries similar to the one of the assignment and his or her knowledge of the local language is insufficient to properly communicate orally and in writing.
- **Satisfactory:** The expert has worked in countries with cultural, administrative and governmental organizations similar to the ones of the country of the assignment; his or her knowledge of the local language is adequate.
- **Good:** In recent years the expert has worked in the region of the assignment for at least one (1) year; and he or she is fluent in the local language.

- **Very Good:** In addition to meeting the above definition of “good”, the expert has detailed, direct knowledge of the country and the language through years of professional work in the country.

If the key staff proposed by the consultants does not fully satisfy all the conditions set forth by one of the grade definitions, but that particular grade appears to reflect the overall adequacy of the key staff better than the lower grade, the upper grade may be assigned.

Table 4 - Recommended Grades and Percentage Rating for Transfer of Knowledge (Training)

Grade (level of responsiveness)	Percentage rating
<ul style="list-style-type: none"> • Poor 	40
<ul style="list-style-type: none"> • Satisfactory 	70
<ul style="list-style-type: none"> • Good 	90
<ul style="list-style-type: none"> • Very good 	100

² (Adapted from the World Bank’s Consulting Services Manual)

CHAPTER 3

RUDIMENTS OF NEGOTIATIONS

1. Introduction

The objective of negotiations³ is to arrive at a mutually satisfactory contract between the Client/State Agency and the preferred consultants. The parties will discuss the technical proposal submitted, agree on the detailed scope of services, negotiate financial terms and discuss and finalize contract conditions. A good contract should protect the interests of both parties adequately.

2. Preparations for Negotiations

The Central Tenders Board (CTB) or State Agency notifies the preferred consultant in writing indicating that they would be invited soon for negotiations of the Financial Proposal. The Client/State Agency indicates in the subsequent notification to the Consultant the date and time set for negotiations and any issues or comments on the preferred consultants' Technical Proposal to enable them to prepare a response and make any necessary arrangements.

The CTB or State Agency appoints a negotiating team whose members should be provided thereafter with the TOR, the consultant's proposals, the comments and suggestions of the Evaluation Committee relating to and including the technical evaluation report, and the decision of the Procurement Agency. At least one member of the Evaluation Committee should take part in the negotiations. Where the financial conditions of the proposal are being negotiated, the team should have independent information and rates and salaries of consultant staff in their country. Both parties should appoint a chief negotiator and if so required, the consultants' representative should submit a power of attorney.

Negotiations are based on a mutually agreed upon agenda composed of the main items to be negotiated, that is, methodology, work plan, proposed staff, inputs, financial terms, and special conditions of the contract.

3. Items Subject to Negotiation

Depending on the selection method and proposed type of contract, technical and financial items that may be negotiated, within the limits indicated, include the following:

- scope of services;
- technical approach and methodology;
- work plan and activity schedule;
- organization and staffing, and time schedule for key staff;
- deliverables;
- counterpart staff;
- counterpart facilities and equipment;
- contract special conditions;
- staff unit rates;
- reimbursable expenses; and
- proposed contract price.

Unless the consultant contract is tax exempt, during negotiations local tax liabilities are a subject of clarification between the Client/State Agency and the consultant and adequate provisions have to be made for them in the contract.

The contract should indicate the remuneration of the consultants separately from all identified local taxes payable under the contract. If the consultants are to be reimbursed by the Client/State Agency for such levies, the contract should specify the manner in which this should be done.

4. Outline of Negotiation Procedures

Contract negotiations for small assignments are usually completed within one (1) or two (2) days. However, for large assignments at least one (1) full week should be allowed. Negotiations may even be carried out in phases when decisions are needed from other authorities.

The financial proposal is negotiated on the basis of the list of deliverables, scope of services and plan of work, and staff-months

effort proposed by the consultant, including the agreed upon modifications.

The CTB or State Agency should keep the minutes of the negotiations. If the issues to be negotiated are many and complex, significant points can be initiated by the counterparts as the negotiations progress. When cost is not a factor of selection and the CTB or State Agency has reason to believe that the staff rates proposed by the consultants are higher than market rates, the CTB or State Agency may request the consultants to provide financial or administrative records that justify such rates.

During the course of negotiations, the Negotiation Team of the Client/State Agency and the preferred consultants may initially disagree on some important issues. In rare cases, agreement between the Negotiation Team of the Client/State Agency and the preferred consultants may not be possible. If any issue remains unresolved after being referred to the decision-making authority, the only recourse may be to call off negotiations. A letter of such notification is then issued to the first-ranked consultants. Thereafter, the CTB or State Agency invites the second-ranked consultant for negotiations of their proposals.

If the validity period of the proposals is about to come to an end the Procurement/State Agency should ask all consultants for an extension. In that case, the consultants may propose staff modifications without changing their price, or may withdraw their proposal. However, consultants' staff can only be replaced with staff that are equally qualified or better, that is, the new staff should be evaluated using the criteria and points specified in the RFP and must receive equal or better scores.

5. Limits of Negotiations

Negotiations should begin by considering the requests, comments and suggestions made by the Evaluation Committee on the technical evaluation report, and approved by the decision-making authority.

The technical aspects (approach, methodology, work plan, and staffing) are discussed to reconcile the consultant's proposal and the views of the Client/State Agency. Technical negotiations impact the quality and the cost of services. The financial proposal (including remuneration rates when price has not been a factor of selection)

may also be negotiated, thus impacting the financial score of the proposal.

Since the quality of the technical proposal is the main factor in ranking the consultant, the discussion shall not substantially alter such quality to reduce the proposed price because doing so may affect the basis of the technical evaluation on which the ranking was determined.

Sometimes, consultants intentionally propose methodology and key staff with qualifications above the requirements of the assignment in order to be selected and called to negotiate (“high- balling”). Although this strategy of increasing quality also implies an increase of the offered price, chances of being selected would remain high because either the price is not a factor of selection (QBS) or it is allocated a limited weight (QCBS).

During negotiations the consultants could propose to trim the scope of services or the quality of their proposal if the offered price exceeds the budget. This practice should not be accepted and may require calling for new proposals.

There are also limits to financial negotiations. They should be used by the Client/State Agency to achieve consistency between the quality and the price of the offered services, and not just a price reduction at all costs. For instance, if staff rates proposed by a consultant are consistent with market rates for similar services, the only negotiable item would be the fee component of the rate, and this cannot be cut unreasonably. Client/State Agency’s negotiating teams may want to extract arbitrary reductions of price from consultants or force them to accept extensions of the scope of services without price adjustments. These practices are unacceptable.

The following paragraphs discuss in more detail the main items to deal with during negotiations and offer examples of good practices to consider in different cases. **Figure 2(a) - Steps in Procuring Consulting Services and Figure 2(b) - Detailed Negotiations on Technical and Financial Proposals** contain flowcharts indicating the main steps of the consultancy process.

6. Negotiations of Technical Aspects

Technical negotiations can, within the limits imposed by the selection method, attempt to reduce the proposed price without affecting the quality, or the scope of the services by seeking a more efficient use of proposed staff to reduce the staff-months effort (for example a better allocation of tasks to key experts in the work plan, or a more efficient schedule of activities), or simplifying the proposed methodology, or a combination of both.

When the offered price exceeds the available budget and negotiations fail to bring the price within the Budget, the Client/State Agency may negotiate a reduction in the scope of services. In some cases, reductions in the scope of services may not be possible without affecting the outcome or quality of the assignment. In such cases, the Client/State Agency may have to seek additional financing, or as a last resort new proposals may be invited after revision of the TOR and/or the budget.

6.1 TECHNICAL APPROACH, METHODOLOGY AND WORK PLAN

The technical approach, methodology and work plan proposed by the consultant should be discussed, taking into consideration observations of the Evaluation Committee on the technical evaluation report and the consultant's comments on the TOR. Any differences between the consultants understanding of the TOR and the position of the Client/State Agency should be examined in detail with a view toward reconciliation.

Therefore, once discussions are completed, the proposal should be revised to include any modification of the scope of services agreed upon between the Client/State Agency and the consultant. The revised proposal is included in the contract under Description of the Services. The methodology and work plan agreed upon, including the activity schedule with the list of documents to be delivered by the consultants and the staffing schedule, are annexed and also form part of the contract.

When a training program is a specific component of the assignment, it should also be discussed in all the necessary detail as any other component of the technical proposal.

6.2 ORGANIZATION AND STAFFING

In the discussion of organization and staffing, clarifications should be obtained on the role of each key member of the consultant's team. Substitutions should not be allowed except where justified by circumstances beyond the control of the consultant, including, for example, undue delay in the selection process. One practice that the Client/State Agency should carefully monitor against is sometimes called "bait and switch." The consultant proposes high quality key staff in the technical proposal in order to win the contract and subsequently seeks to substitute them with other less qualified staff at the time of negotiations, or in the early implementation stage of the assignment. Evidence of such practice would be grounds for contract termination. If substitutions are unavoidable (an expert resigned from the firm or became sick, for instance), each replacement should be evaluated to ensure that the qualifications of the proposed candidate are equal to or better than those of the staff being replaced.

Individual qualifications shall be evaluated according to the provisions of Chapter 2 - Section 4 and the remuneration rate charged by the consultant for the replacement shall not exceed the rate set forth in the proposal. The adequacy of each candidate for teamwork shall be evaluated under the aspect "efficiency and resource utilization" of Chapter 2 - subsection 3.2.

The composition of the consultant's team, the assignment of tasks and the time schedule should be reviewed and agreement reached on the period of time each key member is expected to work in the field and at the home office.

6.3 COUNTERPART STAFF, FACILITIES AND EQUIPMENT

The extent and timing of provision of counterpart staff and of facilities should be agreed upon. All equipment and supplies required for carrying out the services and all necessary surveys should be identified, agreed upon, and included in the contract. All too frequently, counterpart staff and facilities are not specified clearly during negotiations and are later interpreted differently by the consultants and the Client/State Agency with serious consequences for the smooth and timely execution of the services.

7. Negotiation of Financial Conditions

Items to discuss during financial negotiations will vary according to the selection method adopted (that is, whether or not cost is a factor in selection) and the payment provisions provided for in the contract (whether the contract is time-based or lump-sum). When price is a factor of selection, negotiation of unit rates is not allowed. Negotiation of unit rates for reimbursables is not permitted either. However, total costs can sometimes be reduced by adopting more efficient solutions, for example, having teleconferences instead of meetings, or adopting electronic automation for technical and administrative functions instead of using draftsmen or clerks. When price is not a factor of selection, negotiation of all financial conditions is allowed.

7.1 TIME-BASED CONTRACTS

Under a time-based contract, the assignment must be completed within the time and the budget ceiling specified in the contract. These amounts are based on schedules that form part of the contract and give details on the inputs (staff, vehicles, and so forth) and the cost of these inputs. A list of such schedules is given in the appendices to the Form of Contract attached to the RFP. With some limited flexibility, the contract requires consultants to adhere to these schedules. Field work is billed at monthly, daily, or hourly staff rates, which need to be clearly indicated in the contract to avoid any misunderstanding during implementation. Home office work is billed at staff hour or staff daily rates calculated on the basis of hours worked. If the selection methods did not include price as a factor of selection, financial negotiations include unit rates and reimbursable expenses and begin with a discussion of the billing rates in foreign currency for expatriate staff and in national currency for local staff.

7.2 LUMP-SUM CONTRACTS

Under a lump-sum contract, the consultant is paid an agreed lump-sum price based on a schedule of payments linked to delivery of outputs. The unit rates for personnel and reimbursable expenses used by the consultant to arrive at the lump-sum amount are included in Appendices to the contract, solely in order to determine the remuneration due for any additional services beyond the agreed

scope of services (for example, an extension). Consultants are paid according to the schedule of payments specified in the contract, which shows the assignment's specific outputs.

The terms of payment to be applied by the Client/State Agency should also be defined during negotiations and included in the Special Conditions of Contracts (SCC).

Since lump-sum contracts are frequently adopted with selection methods in which price is a factor of selection, financial negotiations are usually not allowed. However, the Client/State Agency can negotiate only the unit rates for personnel and reimbursables to be used for additional services.

7.3 STAFF BILLING RATES

When price is a factor of selection, negotiation of staff rates is not permitted except for exceptional cases (for example, staff rates are far above market rates and above the rates usually charged by the consultants for similar contracts).

Billing rates offered by consultants typically depend on three factors: the internal structure of the rates, the ongoing market rates in the country of the consultants, and the level of the technical, institutional and country risk that consultants can bear when working for a Client/State Agency. Consultant market rates in the country or region of the consultants may provide a valid reference point to help the Client/State Agency understand the consultant's requested rates.

Client/State Agencies generally may use the Section of the RFP entitled "Financial Negotiations, Breakdown of Remuneration Rates", as a guide when negotiating consultant billing rates.

Use of this Section may not be relevant, or may need adaptations when considering organizations with different cost structures from those of conventional consultants, such as financial intermediaries, NGOs, universities.

Although the parties may try first to reach an agreement based on the breakdown of rates proposed, such breakdown should be considered with caution because it is generally based on past statistics.

A breakdown of staff rates includes the following elements, which are also described in the Instructions to Consultants (ITC):-

(a) Basic Salary

Basic Salary is the gross monthly salary paid to staff. Any overseas allowances should be identified separately, and not be included in the basic salary. It shall not contain any premium or bonus, except where required by law or regulation, or where it can be demonstrated that the bonus is part of the regular salary. The salaries of permanent staff are usually not negotiable.

(b) Social Charges

Social charges are the costs to the firm of non-monetary benefits paid to staff under legislation in the consultant's home country or under the consultant's own policies.

They include such items as vacation, official holidays, sick leave, pension, social security, and medical and life insurance. These costs vary from country to country and, to a lesser extent, from consultant to consultant within the same country. Because most of the payments are required by law or by the consultants' personnel policies, they are not negotiable.

(c) Overhead

Overhead expenses are the firm's costs due to general expenses that are not directly related to the execution of the assignment and cannot be reimbursed as separate items under the contract. Overhead includes such items as home office costs, the cost of staff not currently employed on revenue-earning projects, rent, support staff, marketing, and business development costs, including the preparation of proposals.

Overhead varies from firm to firm and depends on the size, type of organization and core business of the firm. Some

consultants charge different overhead for home office and for fieldwork, and distinguish between short or long-term assignments. The Client/State Agency should not accept an add-on margin for social charges and overhead expenses for staff who are not permanent employees of the firm. In such cases, the consultants are entitled only to reasonable administrative and technical back-up costs as well as fees on the monthly payments charged for subcontracted staff. Overhead is not negotiable except for non-permanent staff (individual consultants) and where double counting of overhead items in foreign or national reimbursable expenses appear (for instance, office rent, paid leave, and equipment).

(d) *Fee or Profit*

This is the consultant's fee expressed as a percentage of the sum of salary, social costs, and overhead. It usually ranges between five (5) and twenty (20) percent depending on the nature and duration of the services and on the level of specialization and the risks of the assignment. Fee or profit shall not be allowed on international travel and living allowances, or other reimbursable expenses (except if an unusually large amount of equipment must be procured). The fee is a negotiable item under those selection methods in which price is not a factor in selection.

(e) *Away from Headquarters and Overseas Allowance*

This amount is added to the salary paid to staff on overseas assignments or assigned to projects away from the home office. The allowance is normally calculated as a percentage of the basic salary and depends on the location of the assignment. Within certain limits, overseas allowances are negotiable. In exceptional cases, consultants could be asked to substantiate the level of each cost element.

7.4 BILLING TIME

Time spent in the country of the assignment is generally billed monthly or as a fraction of a month, while home office time is generally measured and billed in working days or hours. For billing purposes, a day worked is usually equal to 1/22 of a month and an hour is equal to 1/176 of a month, but it can vary between countries depending on labour regulations. The “unit of account” (month, day, or hour) used for payment purposes should be clearly mentioned for each key staff in the contract. Overtime for professional staff is not billed, whereas overtime of support staff at the home office and in the field is generally billable.

7.5 REIMBURSABLE EXPENSES

A list of reimbursable expenses payable in foreign and local currencies is provided in the Special Conditions of Contracts (SCC).

The Client/State Agency usually reimburses expenses at cost upon presentation of receipts, invoices, and so on. In certain cases, such as for the acquisition and import of equipment needed for the execution of services and where the consultants incur additional administrative costs, the consultants may be paid a fee or “handling charge” of five (5) to ten (10) percent over the invoice.

Often Client/State Agencies prefer to negotiate and pay fixed rates to cover certain costs such as living expenses, international travel of the consultants from the country of origin to the country of the assignment and back, and shipment of personal effects. The largest living expense items of consultants in the country of the assignment are board and lodging of consultant staff.

For short-term assignments (usually less than six months) the daily allowance for board and lodging may be estimated on the basis of reasonable cost for hotels, meals, and local transportation. Some Client/State Agencies may choose to reimburse consultants’ living expenses at cost. When local practices require the consultants’ staff to pay several months’ rent in advance, suitable advance arrangements should be included in the contract. Living expenses are generally paid in the currency of the Client/State Agency.

7.6 PAYMENT PROVISIONS

Client/State Agencies should avoid delaying payments without due cause, to ensure that the consultants do not delay their assignment for lack of funds. In general, consultants will seek to be paid up front as much as possible for cash-flow reasons. They may also prefer up front payment if there is a possibility that the Client/State Agency will default on a payment. On the other hand, it is in the interest of the Client/State Agency to retain a final payment (usually not more than ten (10) to twenty (20) percent) until the final outputs have been delivered to the requisite standards.

Payment provisions, including amounts to be paid, schedule of payments, and payment procedures, shall be agreed upon during negotiations. Usually, consultants are paid either at regular intervals, upon presentation of invoices under time-based contracts, or in line with agreed-upon outputs according to a contractual payment schedule under lump-sum contracts.

The Client/State Agency and the consultants should agree on the amount of the advance payments (for example, for mobilization costs). Such payments normally do not exceed twenty (20) percent of the contract value. If the advance exceeds ten (10) percent of the contract amount, it must normally be backed by an advance payment security, generally a commercial bank guarantee or other suitable guarantee issued by a reputable financial institution acceptable to the Procurement/State Agency. When payment is on a lump-sum basis, payment against progress targets can be made when the consultants' output is produced at reasonable intervals and is easy to identify. The bank guarantee could be released when total payments reach fifty (50) percent of the lump-sum amount. **Table 5** gives an example of a payment schedule for the detailed design of an infrastructure project. For smaller projects, the last payment may take place upon the delivery of the final documents.

Table 5. Sample Payment Schedule

Progress target	Payment percentage
Contract signature (mobilization)	15
Definition of design criteria	15
Layout of major works	20
Draft of final documents	40
Approval of final documents	10
Total	100

7.7 CONTINGENCIES

(a) Price contingencies

For contract durations of more than eighteen (18) months or when the expected rate of price inflation is more than five (5) per cent per year, it is recommended that the consultants' contract provide for price escalation, the cost of living indices used as a basis for calculation should be of the countries of the consultants and of the Client/State Agency, taking into consideration the currency of the contract. Price escalation can also be used to adjust the cost of services to account for longer than expected administrative delays that occur between submission of the proposal and the date of effectiveness of the contract.

Lump-sum contracts, which are generally used for assignments of shorter duration, usually do not provide for price escalation.

(b) Physical Contingencies

An amount to cover physical contingencies should be included in all time-based contracts. The amount depends on the degree of definition of the consultant's scope of services and the type of services required. For example, it

may be zero for lump-sum contracts the scope of which is precisely defined; it may be set at five (5) percent for the supervision of site investigations; it may rise to ten (10) percent for well-defined assignments such as the detailed design of a complex project; and it may rise to fifteen (15) percent or more for master plans and complex feasibility studies. Physical contingencies will generally be below for advisory services assignments.

(c) Calculation of Contingencies

The following example shows how a calculation may be carried out for price and physical contingencies. A contract has been negotiated for US\$900,000 equivalent, of which US\$780,000 covers foreign costs and US\$120,000 equivalent represents local costs. A total of US\$180,000 of the foreign cost component of US\$780,000 is paid for mobilization and is not subject to price escalation. The contract will run for three years and it is assumed that both foreign and local costs are evenly distributed over this period. The indices representing the foreign and local cost inflation have risen by eight (8) and ten (10) percent respectively, in the past three (3) years and are expected to do the same in the next three (3) years.

The calculation of price and physical contingencies might look as follows:

- | | | | | |
|-----------------------|---------------|---------------|---------------|--------------|
| Foreign costs: | Year 1 | Year 2 | Year 3 | Total |
| | \$ | \$ | \$ | \$ |
| | 200,000 | 216,000 | 233,000 | 649,000 |

- Local costs:** a similar calculation gives a total of US\$132,400 equivalent.

- Total price contingency:** the total price variation amounts to (US\$649,000 + US\$132,400 — US\$600,000 - US\$120,000) = US\$61,400 equivalent.

- Physical contingency:** allow a total of 10 percent of contract value,

that is ten (10) percent of (US\$900,000 + US\$61,400), or US\$96,140.

Total contingency allowance: the total contingency allowance (price and physical) is about: (US\$61,400 + US\$96,140)=US\$157,540 equivalent, which brings the total contract value up to US\$1,057,540 equivalent.

8. Negotiation of Contract Conditions

After discussing the financial proposal, the parties should discuss the clauses of the draft contract. The General and Special Conditions of Contract (GCC & SCC) should be reviewed to ensure that both parties understand the contract terms and conditions and that they faithfully and clearly reflect the parties' agreement. The GCC cannot be changed. Special conditions are subject to negotiation. However, since they have already been adapted to the assignment before issuing the RFP, negotiations should be limited to specific and justified requirements of the consultants.

Contract negotiations should end with both parties initialing a draft contract and its annexes.

The draft contract should include all appendices required by the applicable standard contract form, providing the following information:

- Revised Proposed and negotiated TOR, including the scope of services, agreed upon methodology, organization chart, and program of activities indicating dates for completion of the various tasks;
- list of reports indicating format, frequency and content, submission dates, and approval procedures;
- job descriptions of key personnel and the staffing schedule;
- list of services, facilities, and counterpart personnel to be made available by the Client/State Agency;

- estimated contract amounts in foreign and/or local currency, indicating monthly rates for foreign and local staff and reimbursable expenses; and
- detailed training program if training is a specific requirement of the TOR.

³ (Adapted from the World Bank's Consulting Services Manual)

Figure 1 – Evaluation of Quality

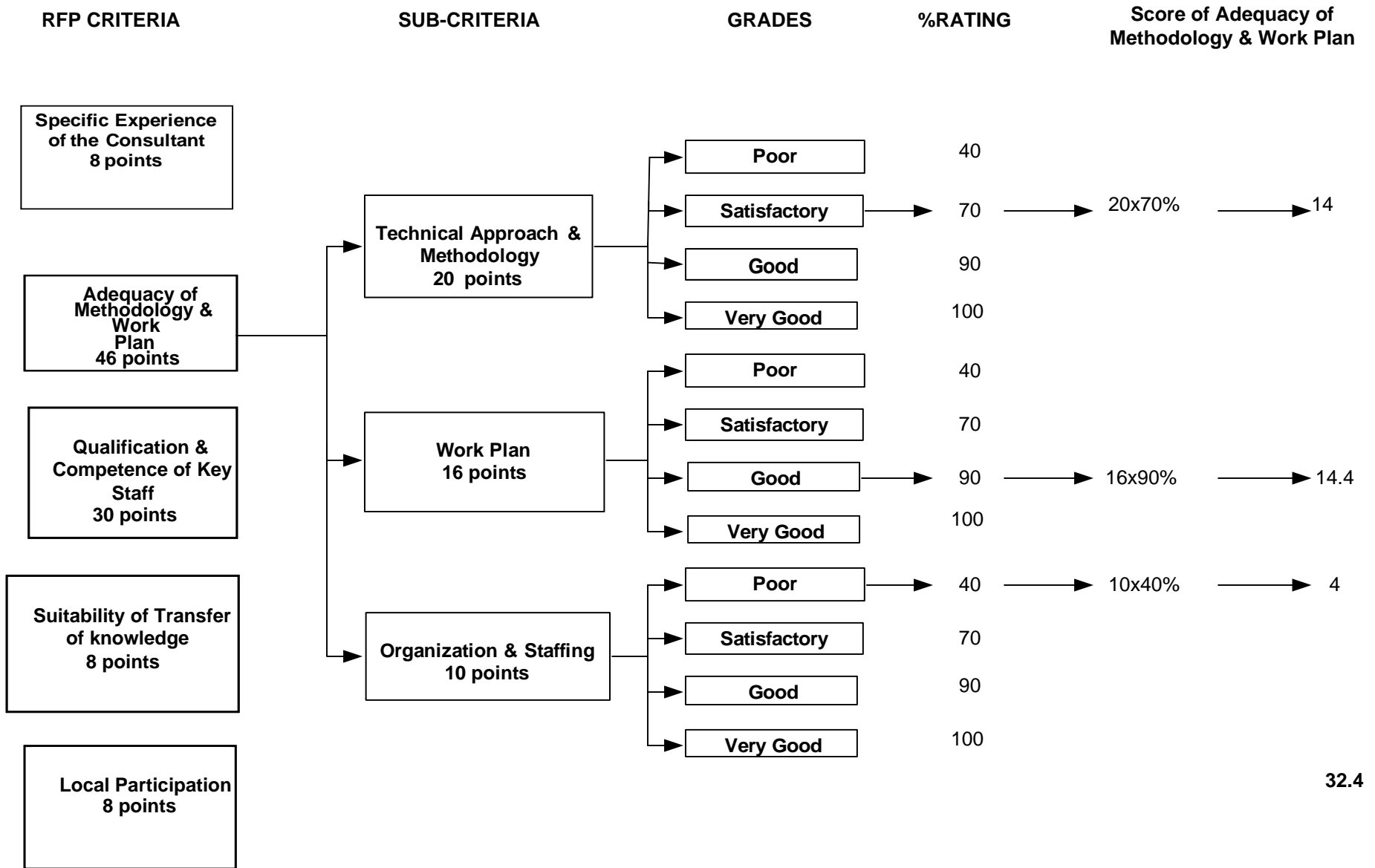


Figure 2(a) STEPS IN PROCURING CONSULTING SERVICES

PREPARATION, SUBMISSION AND EVALUATION OF PROPOSALS

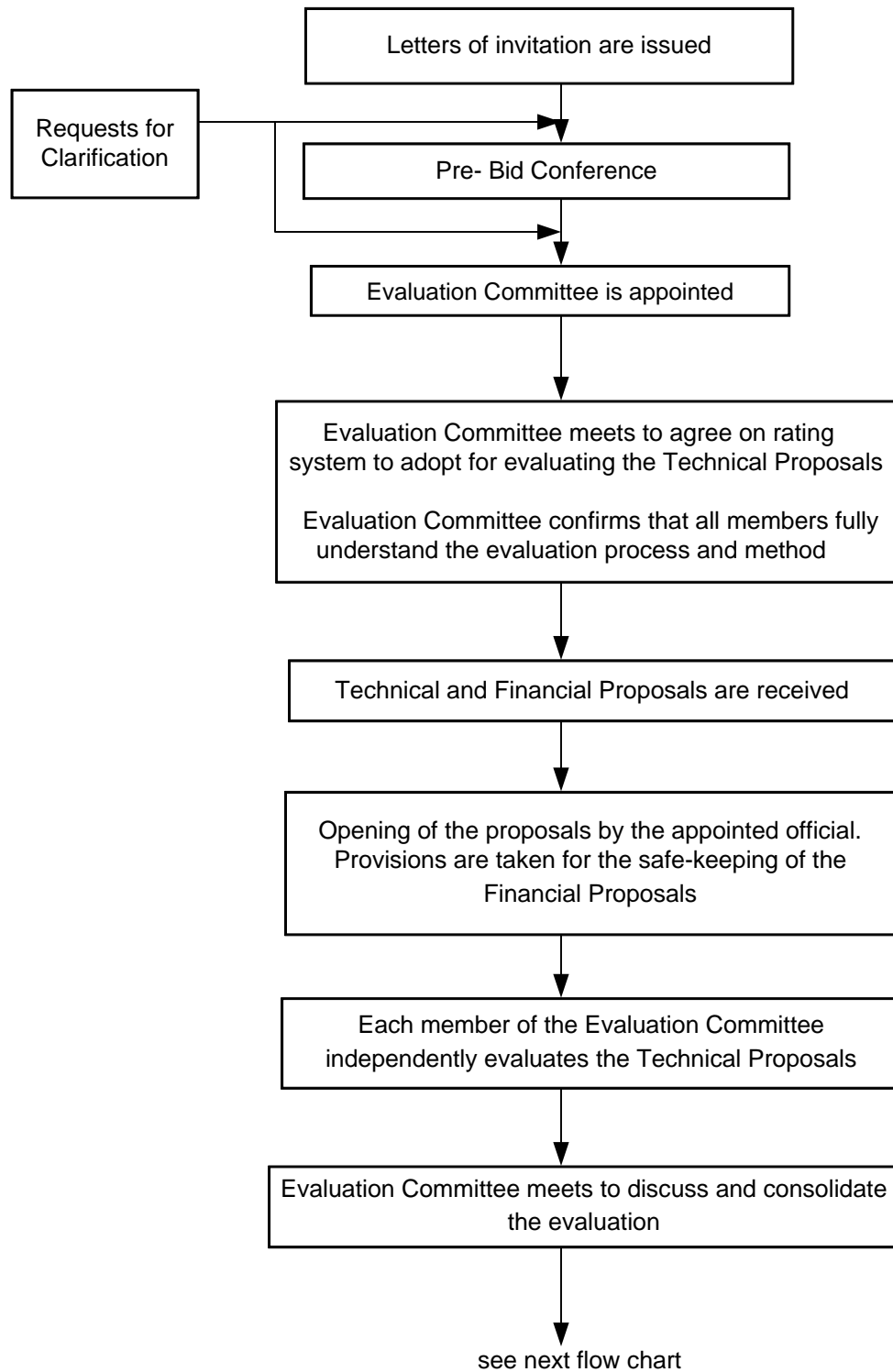


Figure 2(a) STEPS IN PROCURING CONSULTING SERVICES cont'd

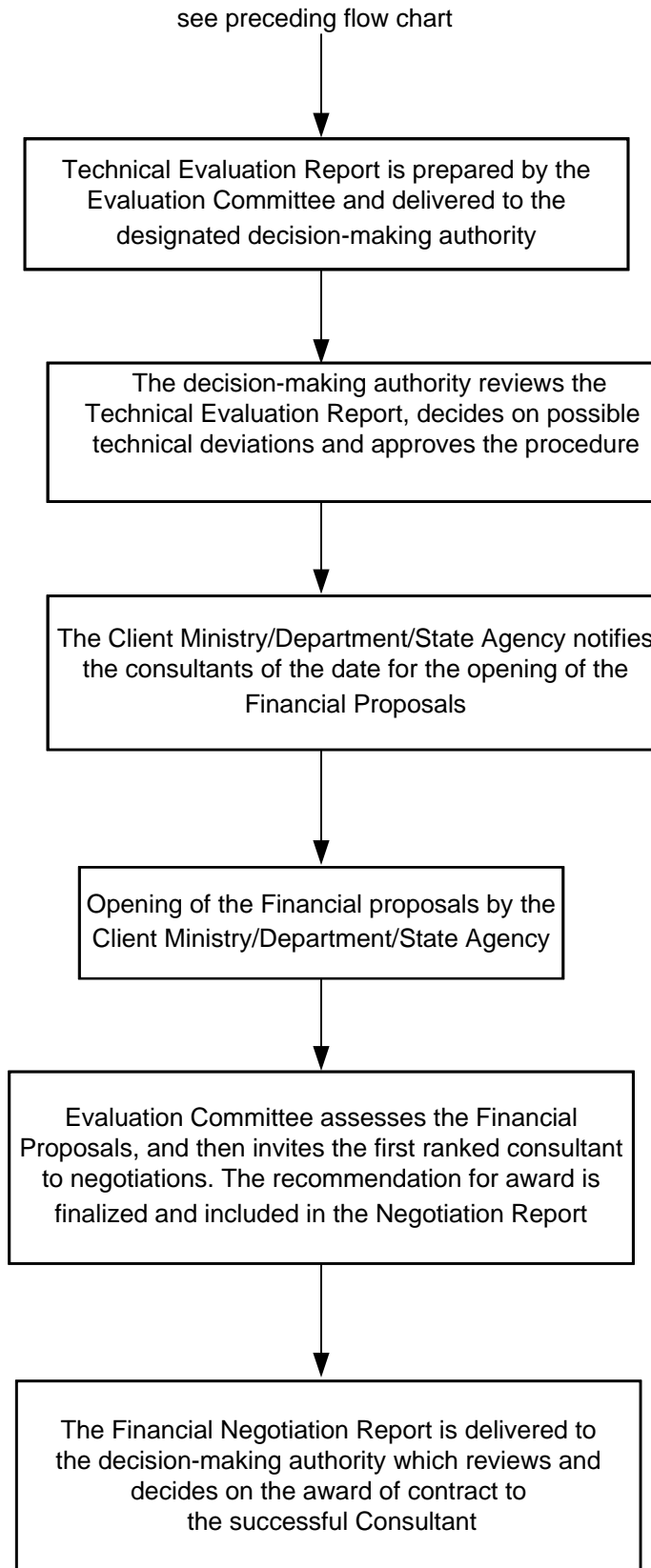
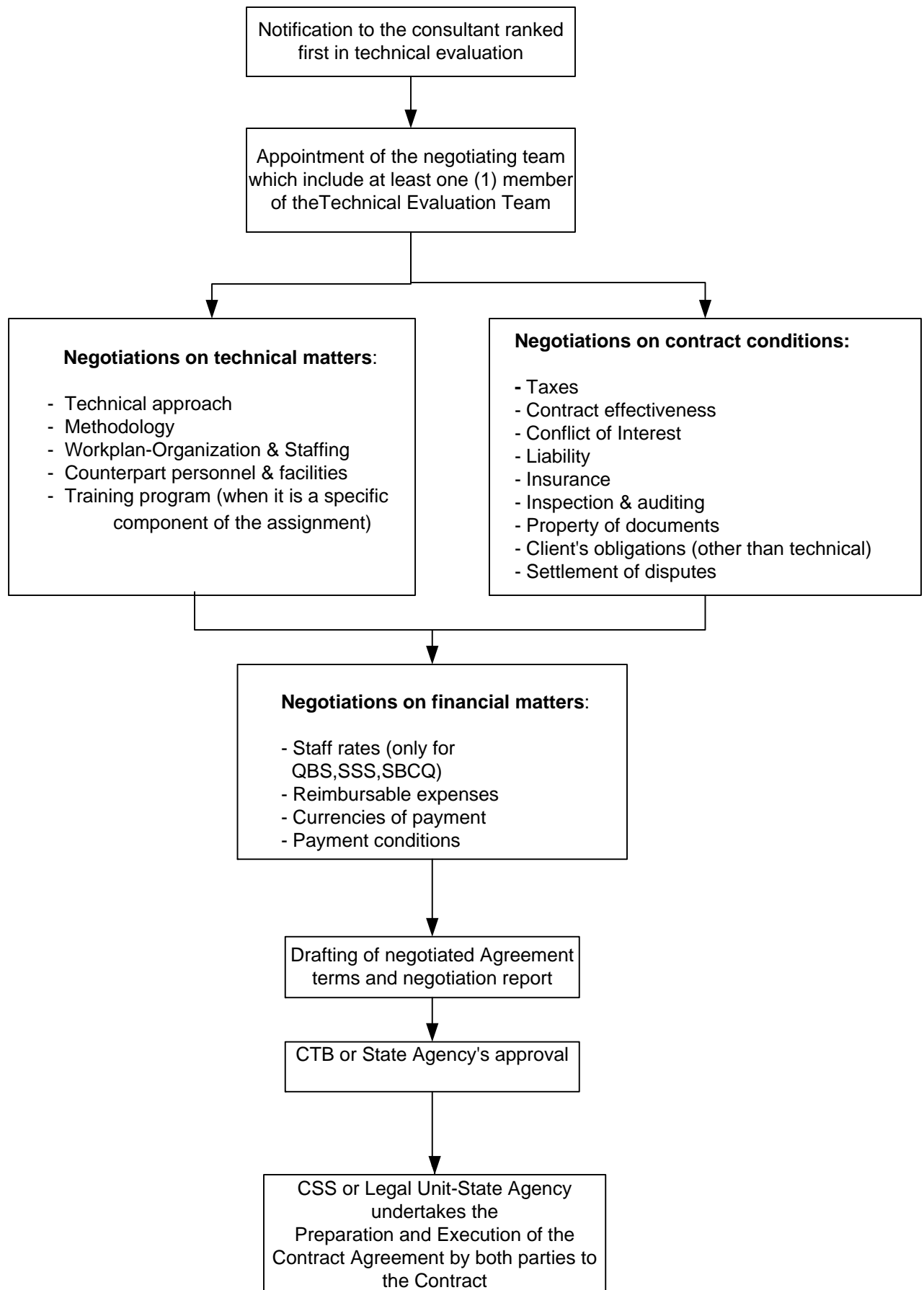
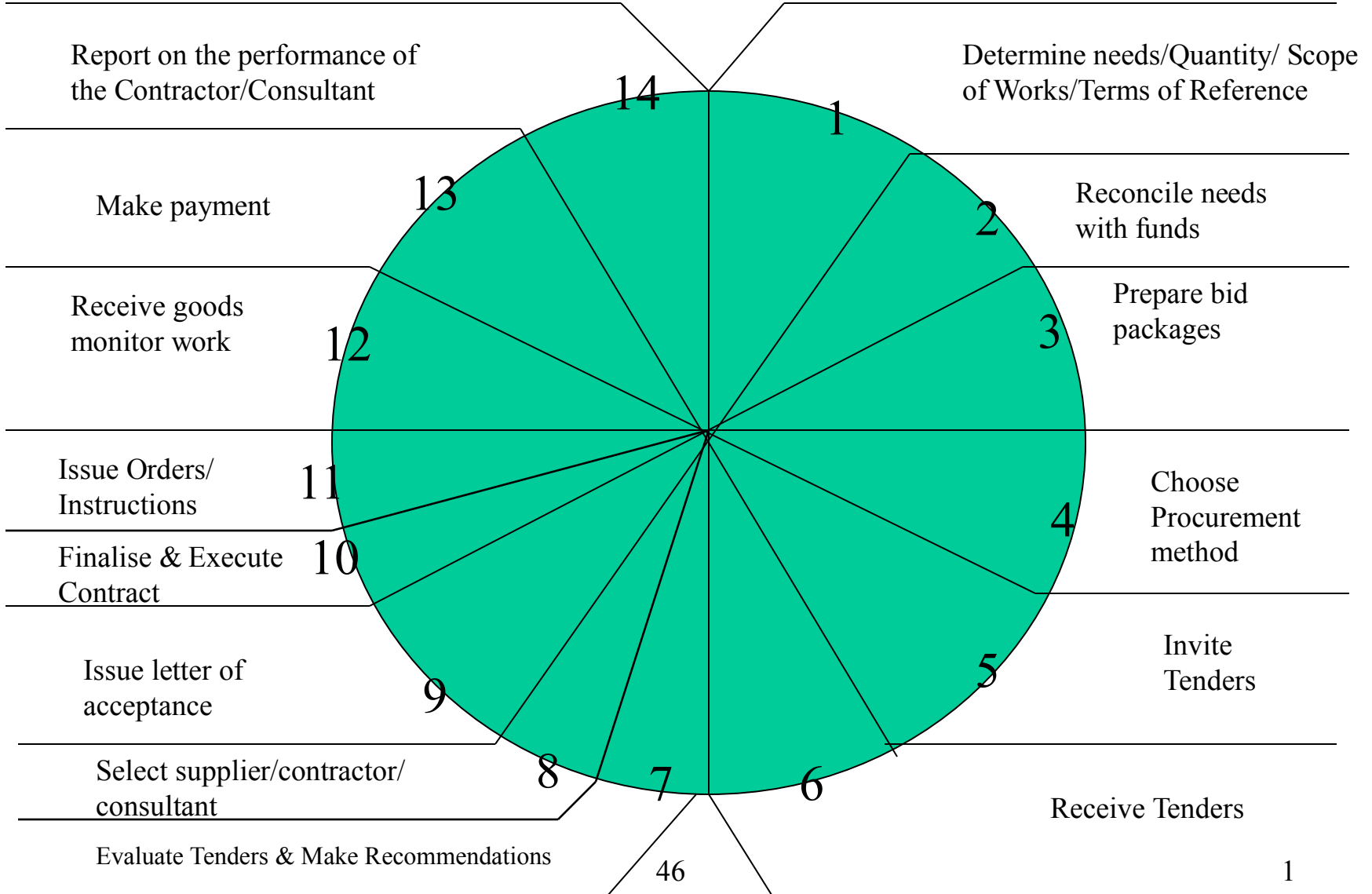


Figure 2 (b) Detailed Negotiations on Technical and Financial Proposals



360° PROCUREMENT CYCLE



Specimen

CTB: _____



**MINISTRY OF FINANCE
CENTRAL TENDERS BOARD**

Tel : 1-868-625-4569
Fax : 1-868-625-1809
e.mail:mofctb@tstt.net.tt

116 Frederick Street
Port of Spain

July 2009

Name
Position
Department/Ministry/State Agency
Address

Sir/Madam

Provision of Consultancy Services for _____

_____ to the Ministry of _____

In accordance with Section 30 (1) (b) of the Central Tenders Board Ordinance No. 22 of 1961, you are hereby requested to assist the Central Tenders Board in the performance of its functions.

In this regard, the Board has selected you as a Member of a committee to evaluate proposals for the above request:-

The members of the committee are:-

Name - Position
Ministry/Department

Name - Position
Ministry/Department

Name - Position
Ministry/Department

Name - Position
Central Tenders Board Division

This request for proposals is scheduled to close on **Thursday July, 2009**.

The Chairman will communicate with you concerning the time, date and place for the meeting.

I must remind you that all documents and deliberations are **confidential**. I have attached a copy of an extract from the Central Tenders Board Ordinance No. 22 of 1961 (Confidentiality Clause – Section 32) for your information and adherence. All documents must be returned to the Central Tenders Board immediately after the evaluation is completed.

Yours faithfully

Chairman
Central Tenders Board

Specimen

CTB: _____



**MINISTRY OF FINANCE
CENTRAL TENDERS BOARD**

Tel : 1-868-625-4569
Fax : 1-868-625-1809
e.mail:mofctb@tstt.net.tt

116 Frederick Street
Port of Spain

July, 2009

Name
Position
Department/Ministry/State Agency
Address

Sir/Madam

Provision of Consultancy Services for _____

_____ to the Ministry of _____

In accordance with Section 30 (1) (b) of the Central Tenders Board Ordinance No. 22 of 1961, you are hereby requested to assist the Central Tenders Board in the performance of its functions.

In this regard, the Board has selected you as the Chairman of a committee to evaluate the proposals received for the consulting services at caption.

The members of the committee are:-

Name - Position
Ministry/Department

Name - Position
Ministry/Department

Name - Position
Ministry/Department

Name - Position
Central Tenders Board Division

This request for proposals is scheduled to close on **Thursday July, 2009**.

You should therefore communicate with the other members on the committee concerning the time, date and place for the evaluation meeting.

I must remind you that all documents and deliberations are **confidential**. I have attached a copy of an extract from the Central Tenders Board Ordinance No. 22 of 1961 (Confidentiality Clause – Section 32) for your information and adherence. All documents must be returned to the Central Tenders Board immediately after the evaluation is completed.

Yours faithfully

Chairman
Central Tenders Board

*Specimen***MEMORANDUM****CTB:** _____**FROM:** Chairman
Central Tenders board**TO:** Permanent Secretary
Ministry of _____**DATE:** July 2009**SUBJECT:** **Evaluation of proposals for the provision of Consultancy Services
for ___ to the ___ Division, Ministry of _____ -
Appointment of Evaluation Committee**

I refer to your memorandum Reference No. _____ dated _____ June, 2009
on the subject at caption.

In accordance with Section 30 (1) (b) of the Central Tenders Board Ordinance No. 22 of
1961, the Central Tenders Board has agreed to appoint the under-mentioned officers to serve
on a committee to evaluate proposals for the project at caption:-

Name	-	Position Ministry/Department
------	---	---------------------------------

Name	-	Position Ministry/Department
------	---	---------------------------------

Name	-	Position Ministry/Department/State Agency
------	---	--

Name of CTB Division Representative	-	Position Central Tenders Board Division
--	---	---

This request for proposals is scheduled to close on **Thursday July, 2009**.

The members of the committee have been informed accordingly.

Chairman
Central Tenders Board

Copy: Head of Division

Specimen

**EVALUATION REPORT ON THE TECHNICAL PROPOSALS FOR
CONSULTANCY SERVICES TO PROVIDE SERVICES
FOR THE MINISTRY OF _____**

BACKGROUND

On behalf of the Government of the Republic of Trinidad and Tobago proposals were invited by the Central Tenders Board for Consultancy Services to provide _____ Services for a period of _____ years.

The Scope of _____ Services are required in the following areas:-

- (a)
- (b)
- (c)
- (d)

The Scope of services includes assisting with _____ in the preparation of tender documents for construction, renovations and maintenance of _____ .

Consultants were required to make every effort to prepare comprehensive proposals and submit details of their methodology with respect to the firm's approach to the administration and execution of the services including a work plan.

The consultants were also required to provide details of general and specific experience and past performance of the firm on projects of a similar nature including any currently being undertaken.

Prospective consultants were required to submit their proposals by 1.00 p.m on THURSDAY

_____ 2009. Proposals were received from:

- 1.
- 2.
- 3.
- 4.
- 5.

The proposals were evaluated by an evaluation committee appointed by the Central Tenders Board. The Committee held _____ meetings on _____. The Members of the Committee were:

- NAME OF PERSON - Deputy Permanent Secretary
(Chairperson)
- (NAME) - Technical Director
Management Division

- (NAME) - Project Unit Manager (Ag.)
- (NAME) - Contracts Officer
Central Tenders Board

EVALUATION CRITERIA

The proposals were evaluated on the following criteria as outlined in the bid package documents:

(I)	General Background	(10)
(ii)	Qualifications and Similar Experience	(40)
(iii)	Available Manpower Resources	(10)
(iv)	Methodology	(30)
(v)	Financial Capability	(10)

The evaluation criteria were further broken down into sub-criteria as follows:

The Committee agreed to this scoring method.

Before marking the proposals, the Chairman intimated that for proposals to be considered, they should gain an aggregate of at least 70% calculated on the basis of the points assigned in the various categories and 50% on each category.

After careful consideration the committee reports as follows:

- (I) NAME OF CONSULTANT
Synopsis (strong and weak points)
- (II) NAME OF CONSULTANT
Synopsis (strong and weak points)

SELECTION AND RECOMMENDATION

The scores assigned to each firm are as follows:

Points out of 100

- 1. (NAME OF FIRM)
- 2. “ ()
- 3. “ ()
- 4. “ ()
- 5. “ ()

GENERAL COMMENTS

For Example:

The Committee noted that Firm ‘A’ and ‘B’ did not present audited financial statements and were unable to be graded in the financial capacity category, etc.

The Committee discussed the final scores and ranking for which (FIRM A) received the highest average score of () points.

The Committee unanimously agreed to the acceptance of (FIRM A’s) proposal and recommended that the Central Tenders Board should consider the appointment of (Firm A) to provide_____ services for the period ending , 2009.

Respectfully submitted

.....
Signature
(NAME)
(Position)
(Ministry/Department)
(Chairman)

.....
Signature
(NAME)
(Position)
(Ministry/Department)
(Member)

.....
(NAME)
(Position)
(Ministry/Department)
(Member)

.....
(NAME)
(Position)
(Ministry/Department)
(Member)

.....
Signature
(NAME)
(Position)
(Ministry/Department)

Date:

EVALUATOR'S WORKSHEET

EVALUATION OF PROPOSALS

Provision of consultancy services for _____ to the Ministry of _____.

Name of Consultant:

1. General Background of Firm (10)
Evaluator's points ()
Comments:

2. Qualifications and Similar Experience (40)
Evaluator's points ()
Comments:

3. Available Manpower Resources (10)
Evaluator's points ()
Comments:

4. Methodology (30)
Evaluator's points ()
Comments:

5. Financial Capability (10)
Evaluator's points ()
Comments:

Total points out of 100 -----

General comments:

Evaluator: -----

Date: -----

Specimen

**PROVISION OF CONSULTANCY SERVICES FOR
.....TO THE MINISTRY OF**

.....

EVALUATION SCORESHEET – INDIVIDUAL CONSULTANT

Consultant’s Name: _____

Criteria	Maximum Scores	Evaluators					Average Scores
		1	2	3	4	5	
General Background of Firm	10						
-							
-							
-							
Qualifications and Similar Experience	40						
-							
-							
-							
Available Manpower Resources	10						
-							
-							
-							
Methodology	30						
-							
-							
-							
Financial Capability	10						
-							
-							
-							
TOTAL	100						

1. Evaluator’s Name: _____ Signature: _____ Date: _____

2. Evaluator’s Name: _____ Signature: _____ Date: _____

3. Evaluator’s Name: _____ Signature: _____ Date: _____

4. Evaluator’s Name: _____ Signature: _____ Date: _____

5. Evaluator’s Name: _____ Signature: _____ Date: _____

Specimen

**PROVISION OF CONSULTANCY SERVICES FOR
TO THE MINISTRY OF.....**

EVALUATION OF CONSULTANTS

	Max. Scores	Firm 1	Firm 2	Firm 3	Firm 4	Firm 5
General Background of Firm	10					
Qualifications and Similar Experience	40					
Available Manpower Resources	10					
Methodology	30					
Financial Capability	10					
Total	100					

- 1) Name of Firm 1 -
2) Name of Firm 2 -
3) Name of Firm 3 -
4) Name of Firm 4 -
5) Name of Firm 5 -

RANKING

- 1st - Firm # - points
2nd - points
3rd - points
4th - points
5th - points

Date:

Referencing

Parts of this publication may be reproduced with acknowledgement of the source of the information as referenced in this Handbook.