



**Democratic Socialist Republic of Sri Lanka**

# **PROCUREMENT MANUAL - 2018**

## **SELECTION AND EMPLOYMENT OF CONSULTANTS**

**To be used along with Government Procurement  
Guidelines – 2018 for Selection and Employment of  
Consultants**

**NATIONAL PROCUREMENT COMMISSION**

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## DEFINITIONS

Unless the context otherwise requires the Terms whenever used in these Guidelines have the following meanings

<b>“Consultant”</b>	A variety of legally and financially public and private entities, joint ventures, or individuals (not engaged by the PE as an employee) that provide services of an advisory or professional nature.
<b>“Consultancy Organization”</b>	An entity whether national or international who has submitted a Proposal or who has invited to submit a Proposal or who has selected to provide Consulting Services.
<b>“Consulting Service”</b>	Covers a range of services that are of an advisory or professional nature and are provided by Consultants such as policy advice, institutional reforms, capacity building, communications consultants, management consultants, engineering services, quantity surveying, architectural services, construction supervision, feasibility studies, pre-investment studies, finance and accounting services, procurement services, social and environmental studies, identification, preparation, and implementation of projects, project management, training and development.
<b>“Consultants Selection”</b>	Obtaining by Procuring Entities of Consulting Services by the most appropriate means, with public funds or funds from any other source whether local or foreign received by way of loans, grants, gifts, donations, contributions and similar receipts.
<b>“Foreign Funding Agency”</b>	Means any multi-lateral or bi-lateral agency which has entered or intends to enter into an agreement with the Government of Sri Lanka for financing the Government.
<b>“Foreign Funded Project”</b>	A project fully or partially financed by a Foreign Funding Agency.
<b>“Fraud and Corruption”</b>	The sanctionable practices of corruption, fraud, collusion, coercion and obstruction.

<b>“Goods”</b>	Means all commodities, raw materials, products, Plant & machinery, equipment, Livestock, and other physical objects of every description, whether in solid, liquid, gaseous or living form.
<b>“Guideline”</b>	These guidelines for selection and employment of Consultants.
<b>“In Writing”</b>	This means communicated or recorded in written form. It includes, for example: mail, e-mail, fax or communication through an electronic procurement system (provided that the electronic system is accessible, secure, ensures integrity and confidentiality, and has sufficient audit trail features).
<b>“Non-consulting Services”</b>	Services which are not Consulting Services. Non-consulting Services are normally bid and contracted on the basis of performance of measurable outputs, and for which performance standards can be clearly identified and applied. Examples include: drilling, aerial photography, satellite imagery, mapping, electricity water supply, cleaning security, cargo clearance and other utility services and similar operations.
<b>“Procuring Entity”</b>	Means a Government Institution, which the particular procurement is meant for.
<b>“Procurement Guidelines”</b>	Means Guidelines for selection and employment of consultants.
<b>“Procurement Plan”</b>	Is a subset of the Master Procurement Plan which lists out the procurements planned to be carried out during a particular financial year, with emphasis to available budgetary provisions with planned target dates for completion of critical milestones pertaining to each procurement.
<b>“Selection Process”</b>	The process that starts with the identification of a need and continues through planning, preparation of requirements/terms of reference, budget considerations, selection, contract award, and

contract management. It ends on the last day of the contract period.

**“Proposal”**

A formal offer by a Consultant indicating the details and other terms at which the Consultant proposes to provide the Consultant Services.

**“Services”**

An object of procurement other than goods, works, and non-Consultancy Services.

**“Shortlist”**

The shortlisting process used prior to inviting request for proposals in the procurement of Consulting Services.

**“Standstill Period”**

The period following the Notification of Intention to Award.

**“Works”**

A category of Procurement that refers to divisional construction, decoration, repair, retrofitting, renovation, rehabilitation, demolition, restoration, maintenance of buildings, infrastructure, civil works structures and other associated activities.

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**ACRONYMS**

AO	-	Accounting Officer
CAO	-	Chief Accounting Officer
CSC	-	Consultant Selection Committee
CCSC	-	Cabinet Appointed Consultants Selection Committee
DCSC	-	Department Consultants Selection Committee
MCSC	-	Ministry Consultant Selection Committee
PCSC	-	Project Consultant Selection Committee
CQS	-	Selection Based on Consultant's Qualification
CV	-	Curriculum Vitae
DPP	-	Detailed Procurement Plan
e-GP	-	e-Government Procurement
EOI	-	Expression of Interest
FBS	-	Selection under a Fixed Budget
FFA	-	Foreign Funding Agency
GOSL	-	Government of Sri Lanka
HD	-	Heads of Departments
ICB	-	International Competitive Bidding
LCS	-	Least Cost Selection
LKR	-	Sri Lanka Rupees
MPP	-	Master Procurement Plan
NCB	-	National Competitive Bidding
NPC	-	National Procurement Commission
PC	-	Procurement Committee
PE	-	Procuring Entity
PP	-	Procurement Plan
PTS	-	Procurement Time Schedule
QCBS	-	Quality and Cost Based Selection
QBS	-	Quality Based Selection
REOI	-	Request for Expression of Interest
RFP	-	Request for Proposal
TCE	-	Total Cost Estimate
TOR	-	Terms of Reference

## **CHAPTER 1 – GENERAL**

### **PROCUREMENT GUIDELINE REFERENCE: 1.1**

#### **PURPOSE**

The purpose of this Manual is to help Government Institutions (hereinafter referred to as ‘the procuring entities’ or PE) to engage consultants, through a competitive or direct selection procedure where the Procuring Entity is lacking the necessary expertise, knowledge, or organizational capacity to carry out the proposed assignments and to obtain the Value for Money(VfM); Value for Money (VfM) includes three basic elements: economy, efficiency and effectiveness, and is achieved when PEs use their resources, including bought-in external consultants suitably. The Manual will assist Government Institutions that need to hire external consultant to ensure that their VfM objective for the procurement is met. Government institutions must also comply with the relevant circulars and supplements issued time to time by the NPC.

## PROCUREMENT GUIDELINE REFERENCE: 1.3

### SCOPE OF APPLICATION

**These Guidelines are applicable to all Procurements of Consultancy Services carried out by the Government Institutions in Sri Lanka.**

In May 2015, Government of Sri Lanka issued an amendment to the Constitution of the Democratic Socialist Republic of Sri Lanka, where Chapter XIXB establishes the foundation and one of the function of the National Procurement Commission, which provided the functional scope of the commission “to formulate fair, equitable, transparent, competitive and cost effective procedures and guidelines, for the procurement of Goods and Services, Works, Consultancy Services and Information Systems by Government Institutions.

The manual is designed to ensure that procedures allow for timely, cost-effective, responsive and transparent procurement of Selection and Employment of Consultants and under procedures acceptable to the Government of Sri Lanka and/or donors. These details will be updated periodically by the NPC.

The Consulting Services may be grouped in to three major categories: Advisory Services, Preparation Services and Implementation Services. Few examples are given below;

Advisory Services	Preparation Services	Implementation Services
Policy and Strategy	Sector Studies	Bidding Documents
Restructuring/Privatization	Master Plans	Procurement Assistance
Capacity Building	Feasibility Studies	Construction Supervision
Training/knowledge transfer	Design Studies	Project Management
Management Advice	Environment studies	Quality Management
Technical/Operating Advice		Commissioning
Engineering Services		
Architectural Services		
Quantity Surveying Services		
Institutional Reform		

However, it is important to distinguish between Consulting Services and other types of services in which the physical component of the activity is crucial. These types of services often involve equipment-intensive assignments using established technologies and methodologies that have measurable physical outputs.

For example: field investigations and surveys such as cartography, aerial surveys, satellite mapping, drilling, computer services and installation of information systems, and plant operation and maintenance, Janitorial Services, Courier Services, Transport Services are procured based on guidelines for procurement of goods, services, works and information systems.

In some cases, such as utility management and plant operation, it may be necessary to determine the predominant features of the assignment to decide whether to award the contract following methods of selection and employment of consultants or in accordance with the Procurement Guidelines for procurement of goods, services, works and information systems.

In cases of doubt, NPC may be consulted.

### **Why proficient Public Procurement so important?**

Public Procurement is the process by which the PEs, purchase the inputs for vital public-sector investments. Those investments, both in physical infrastructure and in strengthened institutional and human capacities, lay foundations for national development. In procurement terms, those inputs are generally grouped into four categories:

Works	for example, bridges and buildings, harbors and highways;
Goods	typically equipment, materiel and supplies, commodities, textbooks, medical supplies;
Information-Systems	Networking, LAN, WAN, Management Information Systems, RAMIS, ITMIS, HMIS etc.
Services	expert advice and training, conventionally labelled Technical Assistance, as well as such things as building maintenance, computer programming, etc.

The quality, timeliness, appropriateness and affordability of those procured inputs can largely determine whether the public investments will succeed or fail. So, the beneficial impact and contribution of the input, particularly in the case of technical assistance services, can exceed their direct costs, by several orders of magnitude. Yet procurement costs can be substantial, consuming scarce resources of tightly constrained government budgets. Often the required funding must be borrowed. Moreover, the process also consumes scarce skilled public-sector human resources. It takes time, not merely for procurement planning and contracting but also for contract supervision and execution. And much of this process is highly visible, as well as controversial; exposing politicians and public officers to scrutiny and second-guessing for procurement choices they made deferred or discarded.

On the other hand, the desired impact of procurement is also to inspire the confidence and willingness-to-compete of well-qualified suppliers and contractors. This directly benefits the Government and the PE, responsive contractors and suppliers, and the funding agencies.

**A sound procurement system is one that combines all the following hallmarks:**

- **Maximizing Economy**, Efficiency, Fairness, Transparency and effectiveness (Value for Money);
- **Adhering to prescribed standards, specifications, local laws rules and regulations and international obligations;**
- **Fair, equal and maximum opportunity for interested parties to participate in Procurement;**
- **Expeditious execution of Works and delivery of Goods, Services & ISs;**
- **Ensuring Transparency and consistency in the evaluation and selection procedure:**  
and
- **Retaining confidentiality of information:**

**Maximizing Economy:**

Procurement is a purchasing activity of which is to give the purchaser best Value for Money. For complex purchases, value may imply more than just the price, since quality issues also need to be addressed. Moreover, lowest initial price may not equate to lowest cost over the operating life of the item procured. But the basic point is the same: the ultimate purpose of sound procurement is to obtain the best Value for Money.

**Adhering to prescribed standards, specifications, local laws rules and regulations and international obligations:**

Good procurement holds its practitioners responsible and accountability for enforcing and obeying the rules. It makes them subject to challenge and to sanction.

**Fair, equal and maximum opportunity for interested parties to participate in Procurement:**

Good procurement is unbiased, consistent, competitive, trustworthy and therefore reliable. It offers all interested contractors, suppliers and consultants a level playing field on which to compete and thereby, directly expands the purchaser's options and opportunities.

**Expeditious execution of Works and delivery of Goods, Services & ISs:**

The best Public Procurement is simple and swift, producing positive results without protracted delays. In addition, efficiency implies practicality, especially in terms of compatibility with the administrative resources and professional capabilities of the PE and its procurement personnel.

**Ensuring Transparency and consistency in the evaluation and selection procedure:**

Good procurement establishes and then maintains rules and procedures that are accessible and unambiguous. It is not only fair, but should be seen to be fair. The officials involved in a Procurement Action shall not abuse their powers. An official who abuses one’s position in a procurement action to derive benefits for oneself or one’s close associates would deem to be engaged in corrupt practices. Officials shall not take advantage of their involvement in a Procurement Action for personal gain.

**Retaining confidentiality of information:**

Parties associated with Procurement Actions, namely, suppliers/contractors and officials shall ensure that they maintain strict confidentiality throughout the process. No information on the evaluation of bids shall be disclosed to bidders or any person other than those officially involved in the process until the Stand Still Period or contract is awarded.

**Some of the substantial differences between Goods and Consultancy Services are highlighted below:**

Parameters	Goods	Consultancy Services
Base for evaluation	Pre-defined specifications	TOR, qualification and experience
Tangibility	Tangible	Intangible
Variability	Standard	Variable

**1.3.2 Guidelines of Foreign Funding Agencies**

In the case of a Foreign Funded Project, if the Foreign Funding Agency mandates the use of guidelines of such funding agency, such funding agency guidelines/regulations and user guide shall prevail over these Guidelines and Manuals to the extent applicable. In the event of a conflict between these Guidelines and Manuals and that of the Funding Agency, the funding agency guidelines shall take precedence over these Guidelines and Manuals.

## **PROCUREMENT GUIDELINE REFERENCE: 1.4**

### **ETHICS IN SELECTION AND EMPLOYMENT OF CONSULTANTS**

#### **1.4.1 Confidentiality:**

Parties associated with selection steps, namely, Consultants and Officials (any public officer or any other person who is engaged in any activity related to a specific selection step) shall ensure that they maintain strict confidentiality throughout the process.

#### **1.4.2 Fraud and Corruption:**

The officials involved in Selection Process shall not abuse their powers. An official who abuses one's position in a Selection Process to derive benefits for one self or one's close family or business associates, would be deemed to be engaged in corrupt practices.

#### **1.4.3 Conflict of Interest:**

**Officials** shall declare that they shall remain without a conflict of interest throughout the process and deal with any perceived conflict of interest. Should such a compromising situation arise, the official shall declare his/her interest and disassociate himself/ herself from the process.

**A Consultant** conflict of interest is a situation in which consultants provide, could provide, or could be believed as providing biased professional advice to the PE to obtain from that PE or from others an undue benefit for themselves or their affiliates. Although conflict of interest is an easily understood concept, to identify and prevent it or address its consequences (that is, the potential or actual prejudice to the PE's interests) requires in practice the exercise of common sense, sound judgment, and expertise. Conflicts of interest must be avoided because they affect the consultants' impartiality and spoil the quality of their advice.

#### **Gifts or Inducement:**

Officials shall refrain from compromising the Code of Ethics by accepting inappropriate gifts and hospitality at any stage of the Procurement process, Consultant shall be disqualified from the selection process if found offering any gift or inducement which may have an effect to influencing a decision or impairing the objectivity of an official.

**Refer Annexure 1 of Chapter 1**

**PROCUREMENT GUIDELINE REFERENCE: 1.6**

**CONSULTING SERVICES LEADING TO DOWNSTREAM  
PROCUREMENT**

The PE may carry out the selection of a consultant for the Consulting Services that will lead to downstream procurement/s such as subsequent contract awards for construction activities (non-consultancy component), following a Consulting Services for design of construction works (consultancy component) using either of the following options.

**Option A**

The PE may carry out the selection of consultant for the consultancy component as described under these Guidelines, as an independent procurement following the procedures and through the appropriate CSC as described in these Guidelines.

**Option B**

Non-consultancy component and consultancy component as described under these Guidelines, shall be aggregated and appropriate CSC for the aggregated amount shall carry out both consultancy and non-consultancy procurement activities.

The Bid Evaluation Committee (BEC) for non-consultancy component shall be selected in accordance with the Guideline. For consultancy component, the PC shall be enhanced to act as CSC as described in these Guidelines.

If the aggregate amount is falling within the purview of CCSC and the estimated cost of the consultancy component alone is:

- a. less than the threshold of CCSC, then the determination of the CCSC for the consultancy component shall be notified to the Cabinet of Ministers as an information note only, at the time the Cabinet Memo is presented for the non-consultancy component.
- b. falling within the purview of CCSC, then the determination of the CCSC too shall be subjected to the approval of the Cabinet of Ministers.

## **PROCUREMENT GUIDELINE REFERENCE: 1.4**

### **ETHICS IN SELECTION AND EMPLOYMENT OF CONSULTANTS**

All employees of the PE, whether employed on permanent basis or on contract basis or any other basis involved in procurement activities are required to comply with the following Code of Ethics.

#### **Ethical Principles**

An employee shall not use his authority or office for personal gain. Personal gain includes accepting or requesting anything of material value from firms, prospective firms or suppliers for the employee, her/his spouse, parents, children or other close relatives, or for other persons from whom the employee might gain direct or indirect benefit from the gift.

An employee shall seek to maintain and enhance the reputation of the Government of Sri Lanka by:

- Maintaining the highest standards of honesty and integrity in all relationships both inside and outside the PE;
- Developing the highest possible standards of professional competence;
- Using funds and other resources for which she/he is responsible in order to provide the maximum benefit to the Government; and
- Complying with all;
  - The laws, guidelines, circulars of GOSL,
  - Accepted professional ethics, and
  - Contractual obligation.

#### **1.4.3 Conflict of Interest**

All employees shall declare any personal interest they may have in any procurement that may affect, or may reasonably be deemed by others to affect, their impartiality in any matter relevant to their duties.

#### **Confidentiality and Accuracy of Information**

All employees shall respect the confidentiality of information gained in the course of their duties and shall not use such information for personal gain or for the unfair benefit of any firm or supplier. Information given by an employee of the PE in the course of her/his duty shall be true, fair, and not designed to mislead.

**Competition**

All employees shall treat all consultants/firms with fairness and impartiality, and avoid any business arrangement that might prevent the effective operation of fair competition.

**Hospitality**

All employees shall refrain from accepting any business hospitality that might be viewed by others as having had an influence in making the PE business decision as a result of accepting that hospitality.

**Reporting**

All employees have a duty to report any unethical conduct by a colleague, a consultant/firm to their superiors. Examples of unethical conduct include:

- Revealing confidential or “insider information” either directly or indirectly to any consultant/firm or prospective consultant/firm;
- Discussing a procurement/hiring with any consultant/firm or prospective consultant/firm outside the official rules and procedures for conducting procurements/hiring;
- Favoring or discriminating against any consultant/firm or prospective consultant/firm in the drafting of terms of reference/technical specifications or standards or the evaluation of proposals;
- Destroying, damaging, hiding, removing or improperly changing any official Procurement Document;
- Accepting or requesting any money, travel, meals, entertainment, gifts, favors, discounts or anything of material value from consultants/firms or prospective consultants/firms;
- Discussing or accepting future employment with a consultant/firm or prospective consultant/firm;
- Requesting any other PE employee or Government official representing the PE to violate the Public Procurement rules or procedures;
- Ignoring evidence that the Code of Ethics has been violated by a member of a Selection Committee, or any other employee or representative of the PE; and
- Ignoring illegal or unethical activity by the consultants/firm or prospective consultants/firms.

**CHAPTER 2 - GOVERNANCE OF PROCUREMENT**

## **ACTION**

The governance of procurement operations shall be managed through clear and transparent lines of accountability, and the clear definition of the roles and responsibilities of each party authorized by the government. Governance structure of procurement operations are detailed in this section.

All selection and employment related to consultancy services shall be carried out in accordance with the selection and employment of Consultancy Services Guidelines, and Manual, 2018 announced by National Procurement Commission (NPC).

In order to gain the confidence of the Government of Sri Lanka and/or the international donors (where applicable), in the transparency and probity of the procedures and processes involved, the governance structure or selection of committees be adopted and implemented demonstrating accountability and where decision making is recorded and each step can be seen to have been taken in a fair and visible manner. The PE shall constitute and announce committees well in advance for the evaluation of proposals, short listing and selection of consultants following the selection and employment of Consultancy Services Guidelines, and Manual 2018.

### **PROCUREMENT GUIDELINE REFERENCE: 2.1**

#### **NATIONAL PROCUREMENT COMMISSION (NPC)**

The National Procurement Commission (NPC), which was established under the 19<sup>th</sup> Amendment to the Constitution of Democratic Socialist Republic of Sri Lanka, is the principal authority for governance of all procurement of GOSL.

As such these Procurement Guidelines and Manual are issued by the NPC and any clarifications on the provisions of these Guidelines & Manuals shall be sought from the NPC

### **PROCUREMENT GUIDELINE REFERENCE: 2.3**

#### **ROLES AND RESPONSIBILITIES OF PROCURING ENTITY (PE)**

The officer-in-charge of a Procuring Entity (PE), such as Head of Department (HD) and Project Director (PD), together with the assistance of the procurement specialists, subject specialists, and other staff shall be responsible for the following:

- a. ensure procurement plans are prepared and budget is available for the procurements as planned;
- b. maintenance of necessary communication with all stakeholders of the process of Selection and Employment of Consultants;
- c. ensure proper documentation of procurement proceedings and safe custody of all procurement records in accordance with the Guidelines and Manuals;
- d. preparation of Request for Expressions of Interest (REOI) and its submission to the Consultant Selection Committee (CSC) for review and approval;
- e. allow sufficient time for the submission of Expressions of Interest and proposals by consultants as specified in the Guidelines and Manual;
- f. assist CSC to shortlist only those Consultants who are qualified for the assignment in accordance to the criteria specified in the REOI advertisement;
- g. assist CSC to consider only Consultants with a reputation of professional integrity;
- h. ensure that all documents forming the RFP are clear and unambiguous;
- i. ensure that the REOI is widely circulated through electronic and other platforms as necessary, and easily accessible to the prospective consultants;
- j. preparation of the draft Request for Proposal (RFP) including the Terms of Reference (TOR) and its submission to the CSCs for review and approval;
- k. clearly specify in the Data Sheet of the RFP the selection criteria, sub criteria, and relevant points and CSC is not allowed to change against previously stated scheme in the RFP;
- l. with CSC help to select the most suitable selection method given in the GLs & Manuals for the assignment;
- m. preparation of data and information prior to the evaluation;
- n. issuance of invitations and facilitating the meetings of CSCs;
- o. assist and ensure that the CSC agrees on the definition of grades and points allocated to be used for assessing the level of responsiveness of the technical proposals to the criteria and sub-criteria specified in the Data Sheet of the RFP;
- p. assist and ensure that each evaluator of the CSC first evaluates the technical proposals independently from other evaluators and that evaluators discuss their scores with the chairperson of the relevant CSC before reaching final decisions;
- q. during the evaluation of proposals, assist to appoint a negotiation committee including one or more members of CSC and with technical and legal experts relevant to the assignment;
- r. provide each negotiation committee member with clear procedures and objectives and assist them to aim for a fair and balanced contract;
- s. establish a reliable complaint management system;

- t. it is advisable to organize pre-proposal meeting appropriately;
- u. circulation of the minutes of the meetings of CSC;
- v. provision of any requisite assistance to CSCs on any request made by them to facilitate the process and all other matters incidental thereto;
- w. disclose the results of the selection process to those interested after the contract award with the concurrence of the CSC;
- x. provide a debriefing to those Consultants who request it after contract award with the concurrence of the CSC;
- y. pay consultant's invoices promptly according to the terms and conditions of the contract, holding back only disputed amounts;
- z. for all activities related to the assignment shall adhere to the provisions of the contract;
  - aa. keep orderly records and accounts relating to the assignment and the Consultant's contract;
  - bb. include sessions on integrity and other important areas in the project launch workshop; <sup>[1]</sup><sub>SEP</sub>
  - cc. set up a reporting channel for incidents of alleged fraud and corruption;
  - dd. organize periodic and final audits of technical, financial, and administrative records;
  - ee. avoid from helping consultants to award the contract unfairly;
  - ff. exercise impartial professional judgments;

## **PROCUREMENT GUIDELINE REFERENCE: 2.4**

### **APPOINTMENT OF CONSULTANT SELECTION COMMITTEES (CSCs) AND PAYMENT FOR CSC MEMBERS**

CSCs shall be responsible for the entire Consultants selection process. The appropriate CSC, as described in the Guidelines shall carry out the entire process of Selection of Consultants.

#### **All the members shall be in attendance for a Consultant Selection Committee (CSC);**

Generally, all the members inclusive of the chairperson shall be in attendance for all the meetings of the CSC. However, in the case where the chairperson has been appointed in his ex-officio capacity and is unable to attend a meeting, the person acting in the post of an ex-officio member shall chair the meeting and perform all such functions as would have been required to be performed by such ex-officio member.

**Absent Members;**

- a) Members of CSCs shall make every possible effort to attend all the meetings;
- b) In the event a member is unable to attend a scheduled meeting for whatever reason is required to inform in writing to the secretary of that committee;
- c) In the absence of such member, the members present may decide to proceed with the meeting as scheduled;
- d) In the event of Chairperson is unable to attend, another member nominated by the Chairperson shall act as an interim Chairperson so that the meeting can proceed as scheduled;
- e) if a member is absent from three consecutively scheduled meetings, without a valid reason, and then such member is liable to be removed from being a member of such committee.

**The members of the CSCs are jointly and severally liable for the following:**

- a. all members of CSCs shall give priority to the duties assigned to them in the CSC, over their routine functions.
- b. to guide, direct and monitor the entire Consultancy Service Procurements.
- c. Review and recommend the work plan/strategic plan.
- d. ensuring that the funds are available for the Consultancy Services under consideration;
- e. reviewing and agreeing upon the PTS in order to award the contract as planned;
- f. deciding on the selection method and type of contract to be used;
- g. capacity to develop required Request for Expression of Interest (REOI), evaluation and approving the short list;
- h. review and approve RFP including the TOR prepared by PE, to ensure that the selected consultant will deliver the required output and competitiveness could be promoted on an equal level;
- i. approve procurement processes under the relevant Guidelines and Manuals;
- j. approve and issue addenda to the RFP where necessary;
- k. handling pre-proposal meetings;
- l. seek clarifications on Proposals through the PE where appropriate;
- m. prepare the proposal evaluation report; After the evaluation is completed by the CSC, the chairperson of the CSC shall jointly discuss with all the members to review and minimize the disparities of marks given among such evaluation and a compromise average shall be agreed;
- n. The CSC evaluates the financial proposal and prepare final combined evaluation report together with contract award recommendation/ determination;
- o. prepare final recommendations for approval of the appropriate authority and debriefing about the entire procurement process;

- p. the CSC may get assistance from any external personnel besides CSC only on exceptional circumstances, where expert opinion is important. However, any services performed by such external persons should be under the guidance and supervision of the CSC; and
- q. to review the draft contract prepared by the PE to ensure that it complies with the determination of the CSC;
- r. Monitor progress according to established timelines and benchmarks.
- s. Monitor performance through reports;
- t. Provide guidelines to the PE in managing the Service contract

### **Termination of CSC;**

The CSC for a particular procurement cease to exist after the contract award is made. Thereafter entire responsibility of implementation of the contract lies with the PE and the line ministry. CSC may be reconstituted with a new mandate from the appointing authority.

However, Ministry Consultant Selection Committee, Department Consultant Selection Committee and Project Consultant Selection Committee may be recalled for consideration of matters arising in relation to the contract such as any variations to contract. If such CSCs or new CSCs are re-called, any additional payment as determined by CAO may be made to those members.

### **Declarations by members of Consultants Selection Committees (CSCs)**

- a) All members of CSCs are required to sign a declaration in the prescribed format at its first meeting, affirming:
  - a. Their respect for the commercial confidentiality of the proceedings of the committee;
  - b. Their impartiality and probity; and
  - c. Absence of personal interest.
- b) All staff officers and clerical staff assisting to CSC are required to sign a declaration in the format affirming their respect for the commercial confidentiality.
- c) The PE shall provide for the safe custody of such declaration, which shall be preserved for a period of at least five (05) years after the completion of the consultancy assignment.

See format for the Declaration by Members of CSC at **Annex I and II of Chapter 2** for the declaration by Staff Officers and Clerical staff.

**PROCUREMENT GUIDELINE REFERENCE: 2.4.1**

**CABINET APPOINTED CONSULTANTS SELECTION  
COMMITTEES (CCSC)**

Under delegated authority by the Cabinet of Ministers, the Secretary to the Treasury shall appoint CCSCs to undertake high value consultancy assignments depending on the threshold.

**Composition**

- a) The number of members in a CCSC shall be not less than five;
- b) The Secretary to the Line Ministry or his nominee not below than the level of Additional Secretary shall be the chairperson;
- c) The other members shall be conversant with outcome expected from the proposed consultancy and in addition one of them shall be a person knowledgeable on consultant selection procedures, ideally a procurement specialist/procurement consultant from outside the same Procuring Entity.

The Liaison Officer for procurement or where a Liaison Officer is not available, a senior officer from the Line Ministry, shall be the non-member Secretary of the CCSC.

Each CCSC member other than the chairperson shall carry out the evaluation of technical proposals individually. The CCSC first reviews each proposal to confirm that it is substantially responsive, that is, that there are no important omissions or deviations from the stated objectives, TOR, or other key requirements of the RFP. Individual evaluators' results shall be recorded on pre-established worksheets. By applying the criteria and sub-criteria specified in the RFP, CCSC shall establish the absolute, not the relative, quality of the proposals. After the independent evaluation by the members, the CCSC should meet to review, and if necessary discuss the merits of, individual evaluations and scores. The chairperson of the CCSC shall review the large differences and discuss with the members at the joint meeting to achieve a joint decision.

**Request for appointment of CCSC: (Use the format given in this manual)**

- i. The CAO/Secretary to the Line Ministry shall submit names of the members with two additional/alternate names to Secretary to the treasury, to be appointed for CCSC with copy to NPC.

- ii. The Secretary to the treasury shall send his/her selection for the CCSC to NPC for suitability clearance as requested by the constitution for the appointments.
- iii. If NPC satisfied with the names of all members of CCSC, it shall be informed to the Secretary to the Line Ministry with copy to the Secretary to the Treasury.
- iv. CAO/Secretary to the respective line ministry shall send letters of appointments to those members.

The composition, names or any other details of the CCSC shall not be divulged to the prospective consultants. The CCSC members should not communicate directly with the prospective consultants except at the negotiations. The communications other than that required during the negotiations should be done through the PE in Writing.

Please refer to the Format for Requesting the Appointment of CCSC in Annex III of Chapter 2.

## **PROCUREMENT GUIDELINE REFERENCE: 2.4.2**

### **MINISTRY CONSULTANTS SELECTION COMMITTEE (MCSC)**

The CAO/Secretary to the relevant ministry shall appoint the MCSC to handle Selection of Consultants depending on the appropriate threshold.

#### **Composition**

- a. The number of members in a MCSC shall be not less than five; In the case of selection of Individual Consultant (IC) the minimum number shall be three.
- b. The Secretary/Additional Secretary to the Line Ministry shall be the chairperson;
- c. The other members shall be conversant with outcome expected from the proposed consultancy and in addition one of them shall be a person knowledgeable on consultant selection procedures.

The Liaison Officer for procurement or where a Liaison Officer is not available, a senior officer from the Ministry, shall be the non-member Secretary of the MCSC.

Each MCSC member other than the chairperson shall carry out the evaluation of technical proposals individually. The MCSC first reviews each proposal to confirm that it is substantially responsive, that is, that there are no important omissions or deviations from the stated objectives, TOR, or other key requirements of the RFP. Individual evaluators' results

shall be recorded on pre-established worksheets. By applying the criteria and sub-criteria specified in the RFP, MCSC shall establish the absolute, not the relative, quality of the proposals. After the independent evaluation by the members, the MCSC should meet to review, and if necessary discuss the merits of, individual evaluations and scores. The chairperson of the MCSC shall review the large differences and discuss with the members at the joint meeting to achieve a joint decision.

**Request for appointment of MCSC:**

- i. The request for the appointment of a MCSC shall be made to the relevant CAO, by the Head of the Department/Project Director/Senior Officer of the Ministry as appropriate.
- ii. Head of the Department/Project Director/Senior officer of the Ministry shall send letters of appointments to those members.

The composition, names or any other details of the MCSC shall not be divulged to the prospective Consultants. The MCSC members should not communicate directly with the prospective consultants. The communications other than that required during the negotiations should be done through the PE in writing.

Please refer to the Format for Requesting the Appointment of MCSC in **Annex IV of Chapter 2.**

**PROCUREMENT GUIDELINE REFERENCE: 2.4.3**

**DEPARTMENT CONSULTANTS SELECTION COMMITTEE (DCSC)**

The CAO/AO shall appoint the DCSC to handle Selection of Consultants depending on the appropriate threshold.

**Composition**

- a. The number of members in a DCSC shall be not less than five; In the case of selection of Individual Consultant the minimum number shall be three.
- b. The Head of the Department shall be the chairperson;
- c. The other members shall be conversant with outcome expected from the proposed consultancy and in addition one of them shall be a person knowledgeable on

consultant selection procedures.

A senior officer from the Department, shall be the non-member Secretary of the DCSC.

Each DCSC member other than the chairperson shall carry out the evaluation of technical proposals individually. The DCSC first reviews each proposal to confirm that it is substantially responsive, that is, that there are no important omissions or deviations from the stated objectives, TOR, or other key requirements of the RFP. Individual evaluators' results shall be recorded on pre-established worksheets. By applying the criteria and sub-criteria specified in the RFP, DCSC shall establish the absolute, not the relative, quality of the proposals. After the independent evaluation by the members, the DCSC should meet to review, and if necessary discuss the merits of, individual evaluations and scores. The chairperson of the DCSC shall review the large differences and discuss with the members at the joint meeting to achieve a joint decision.

**Request for appointment of DCSC:**

- i. The request for the appointment of a DCSC shall be made to the relevant CAO/AO, by the Head of the Department (HD)
- ii. CAO/AO may delegate this authority to HD.
- iii. Head of the Department shall send letters of appointments to those members.

The composition, names or any other details of the DCSC shall not be divulged to the prospective consultants. The DCSC members should not communicate directly with the prospective consultants except at the negotiations. The communications other than that required during the negotiations should be done through the PE.

Please refer to the Format for Requesting the Appointment of DCSC at **Annex V of Chapter 2.**

**PROCUREMENT GUIDELINE REFERENCE: 2.4.4**

**PROJECT CONSULTANTS SELECTION COMMITTEE (PCSC)**

The CAO/AO shall appoint the PCSC to handle the selection of Consultants depending on the appropriate threshold.

**Composition**

- a. The number of members in a PCSC shall be not less than five; In the case of Selection of Individual Consultant the minimum number shall be three.
- b. The Project Director shall be the chairperson;
- c. The other members shall be conversant with outcome expected from the proposed consultancy and in addition one of them shall be a person knowledgeable on consultant selection procedures.

A senior officer from the Project, shall be the non-member Secretary of the PCSC.

Each PCSC member other than the chairperson shall carry out the evaluation of technical proposals individually. The PCSC first reviews each proposal to confirm that it is substantially responsive, that is, that there are no important omissions or deviations from the stated objectives, TOR, or other key requirements of the RFP. Individual evaluators' results shall be recorded on pre-established worksheets. By applying the criteria and sub-criteria specified in the RFP, PCSC shall establish the absolute, not the relative, quality of the proposals. After the independent evaluation by the members, the PCSC should meet to review, and if necessary discuss the merits of, individual evaluations and scores. The chairperson of the PCSC shall review the large differences and discuss with the members at the joint meeting to achieve a joint decision.

**Request for appointment of PCSC:**

- i. The request for the appointment of a PCSC shall be made to the relevant CAO/AO, by the Project Director (PD).
- ii. CAO/AO may delegate this authority to PD.
- iii. Project Director shall send letters of appointments to those members.

The composition, names or any other details of the PCSC shall not be divulged to the prospective consultants. The PCSC members should not communicate directly with the prospective consultants except at the negotiations. The communications other than that required during the negotiations should be done through the PE.

Please refer to the Format for Requesting the Appointment of PCSC at **Annex VI of Chapter 2.**

## **PROCUREMENT GUIDELINE REFERENCE 2.4.5**

### **PAYMENTS FOR MEMBERS OF CONSULTANTS SELECTION COMMITTEES (CSCs), STAFF OFFICERS AND OTHER OFFICERS ASSISTING IN THE PROCUREMENT PROCESS**

Members of the CSCs, staff officers and clerical officers assisting procurement activities shall be paid for participation at such works. However, it should be noted that the payment scheme shall not be applied, and no payments should be made for the selection of Individual Consultant (IC) or selection is made following Single Source Selection (SSS) procedures.

Payments for participation at meetings shall be made to the members only if they have participated meetings. Where an alternate member has participated in such meetings in place of a permanent member, the alternate member will be entitled to receive payments in proportionate to the number of meetings attended by such member.

The payment given herein shall be reduced by 20% at the first instance of absence at a meeting by a member unless arrangements have been made for the alternate member to participate. The payment given herein shall be reduced by another 20% at the second absence by a member without making arrangements for the alternate member to participate. At the third absence at a meeting by a member unless arrangements have been made for the alternate member to participate shall result in no payment and such occurrence shall be immediately notified to the Secretary to the line ministry.

If assistance of an external consultant to the PE is obtained for the CSC considering the nature and the complexity of the assignment, such consultant may be paid a reasonable amount as decided by the head of PE. Such payment should be lower than the payments indicated in this schedule.

The members may scrutinize the documents or perform any other work connected with the selection procedure outside the meetings and outside the normal legitimate working hours of the members. However, it is mandatory that the members shall meet to discuss and agree on the matters connected to the selection procedure.

To implement this requirement, the following method shall be followed:

- a. The officer shall receive all the payments paid to him as explained above by his/her own organization or any other outside organization as fees for serving in procurement process;
- b. At the end of any quarter, if the aggregate of such payments received exceeds the aggregate of basic salary of the officer for the quarter concerned, the officer shall refund such excess amount to the organization of which he/she is regularly employed; and

- c. If any officer has not refunded such excess money it will be considered as a fraudulent practice. Any officer who is noted/reported to have acted in contradiction to the above shall be disqualified to serve as member in the procurement process and may be subjected to disciplinary procedures.
- d. Instances where CSC is unable to accomplish their tasks due to reasons beyond their control, and if the CAO is of the view that the members spend considerable amount of time, the CAO may approve a reasonable payment to the members.

**Note: This payment scheme will be applied as follows:**

When contract is awarded within the stipulated period – 100% of the total payment due  
 When contract is awarded beyond the stipulated period – 50% or the amount of the total payment due or within 50% to 100% as may be decided by the CAO as (d) above.

[The period is determined as follows; time between the date of advertisement of REOI and the date of Contract award]

**Payments for Chairperson and Members of Consultants Selection Committee’s and Secretaries to Consultants Selection Committee’s;**

Estimated Value of the Consultancy Assignment	When QCBS, QBS, FBS and LCS Methods are used	When CQS Method is used
≥LKR200m	40,000	10,000
<LKR200m and ≥LKR100m	35,000	8,000
<LKR100m and ≥LKR50m	30,000	6,000
<LKR50m and ≥LKR20m	20,000	5,000
<LKR20m and ≥LKR10m	15,000	3,000
<LKR10m	10,000	2,000

**Payments for Staff Officers and Clerical Officers Assisting the Consultants Selection Committees**

Estimated Value of the Consultancy Assignment	Staff Officer	Clerical Officer
≥ LKR100m	6,000	3,500

<LKR100mand ≥ LKR50m	4,000	2,500
<LKR50m and ≥ LKR20m	3,000	2,000
<LKR20m and ≥LKR10m	2,000	1,000
<LKR10m	1,500	750

## PROCUREMENT GUIDELINE REFERENCE: 2.5

### AUTHORITY LIMITS FOR DETERMINATION OF CONTRACT AWARD

Authority limits for relevant CSCs are given in the below chart;

When the substantially responsive lowest evaluated proposal exceeds the relevant threshold limits of CSC;

- a. All such cases shall be referred to CAO of the respective Ministry.
- b. Increase up to 10% CAO has the authority to allow the respective Consultant Selection Committee to proceed with.
- c. If it is more than 10% CAO should make arrangements to appoint an appropriate Consultant Selection Committee to proceed with.

#### AUTHORITY OF CONSULTANT SELECTION COMMITTEES FOR CONTRACT AWARD RECOMMENDATION/DETERMINATION

**FIRMS-When Competitive Procedure (QCBS, QBS, FBS or LCS) following the relevant Guidelines;**

Authority	Nationally Publicize	★Internationally &Nationally Publicize
Cabinet Appointed Consultant Selection Committee(CCSC)	Greater than or equal to Rs. 100 m	Greater than or equal to Rs. 200m
Ministry Consultant Selection Committee(MCSC)	Greater than or equal to Rs.20m and Less than Rs.100m	Greater than or equal to Rs.50m and Less than Rs. 200m
Department Consultant Selection Committee(DCSC) or Project Consultant Selection Committee(PCSC)	Less than Rs. 20m	Less than Rs. 50m

**FIRMS-When CQS Procedure or SSS Procedure is followed:**

Cabinet Appointed Consultant Selection Committee(CCSC)	Greater than or equal to Rs. 25 m	Greater than or equal to Rs. 100m
Ministry Consultant Selection Committee (MCSC)	Greater than or equal to Rs. 5 m Less than Rs. 25m	Greater than or equal to Rs. 20 m Less than Rs. 100m
Department Consultant Selection Committee(DCSC) or Project Consultant Selection Committee(PCSC)	Less than Rs. 5m	Less than Rs. 20m
CAO Upon a recommendation made by a three member committee appointed by CAO	Less than Rs. 2m	Less than Rs. 5m
AO/HD/PD Upon a recommendation made by a committee appointed by CAO or by delegation	Less than Rs. 1m	Less than Rs. 3m
<b>INDIVIDUAL CONSULTANTS (IC):</b>		
Cabinet Appointed Consultant Selection Committee(CCSC)	Greater than or equal to Rs.15m	Greater than or Equal to Rs. 25m
Ministry Consultant Selection Committee(MCSC)	Less than Rs. 15m	Less than Rs. 25m
Department/Project Consultant Selection Committee (DCSC/PCSC)	Less than or equal to Rs. 5m	Less than or equal to Rs. 10m
CAO	Less than or equal to Rs.3m	Less than or equal to Rs. 5m
AO/PD	Less than or equal Rs.1m	Less than or equal toRs3m

**\*Note; Appropriate Publicity can be given Internationally by advertising in dg Market, UNDB online, ADB website etc., PE shall make necessary arrangements to advertise internationally.**

#### **Approving Authority**

Before the contract is awarded approval from the following authorities should be obtained for the recommendation/determination made by the CSC:

However, in the case of (a) and (b) the CAO may delegate the above approval authority to relevant HD/AO/PD.

- Project Consultant Selection Committee - CAO
- Department Consultant Selection Committee - CAO
- Ministry Consultant Selection Committee - CAO
- Cabinet appointed Consultant Selection Committee - Cabinet of Ministers

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**Annex I of Chapter 2**

<p><b>PROCUREMENT MANUAL REFERENCE 2.4</b></p> <p><b>DECLARATIONS BY MEMBERS OF CONSULTANT</b></p> <p><b>SELECTION COMMITTEES (CSC)</b></p>
<p>Member's ref No (if applicable):</p>

Contract Title:

Contract Reference number:

Date:

1. I, the undersigned CCSC/MCSC/DCSC/PCSC member appointed for the above contract, fully understand the “commercial-in-confidence” nature of the proceedings of the consultant selection process and declare that I will not discuss any matters pertaining to the proceedings, including our determinations with any party other than the members of the CSC appointed for this procurement and who are officially involved in the process;
2. I, the undersigned declare that I am in no way linked, associated or involved with any of the potential consultants of the assignment under consideration;
3. At the first instance that I come to know that a participation of any consultant known to me may cause or may be interpreted as a conflict of interest, I will so inform to the appointing authority and request for a replacement;
4. I will maintain strict confidentiality of information throughout the process.
5. I will refrain from receiving any personal gain whatsoever from any action related to this procurement;

I am fully aware of the responsibilities of the CSC and also the Ethics in Procurement and “Fraud and Corruption” practices as spelled out in the Guidelines. I shall be responsible subject to any actions prevalent to the law of land in case of any breach to the stipulated declaration above.

Signature of the Member;

Name of the member;

## **Annex II of Chapter 2**

**PROCUREMENT MANUAL REFERENCE 2.4**  
**DECLARATIONS BY STAFF OFFICER AND CLERICAL**  
**OFFICERS ASSISTING CPCs**

Contract Title:

Contract Reference number:

Date:

I, the undersigned assisting CCSC/MCSC/DCSC/PCSC of the above contract, fully understand the “commercial-in-confidence” nature of the proceedings of the procurement process and declare that I will not discuss any matters pertaining to the process with any party other than who are officially involved in the process;

I, the undersigned declare that I am in no way linked, associated or involved with any of the potential consultants of the procurement under consideration;

At the first instance that I come to know that a participation of any consultant known to me may cause or may be interpreted as a conflict of interest, I will so inform to the appointing authority;

I will maintain strict confidentiality of information throughout the process.

I will refrain from receiving any personal gain whatsoever from any action related to this procurement;

**Signature of the Officer/Clerical Staff;**

**Name of the member;**

**PROCUREMENT GUIDELINE REFERENCE: 2.6**

**FORMAT FOR REQUESTING THE APPOINTMENT OF CCSC**

1. Details of the Ministry and Procuring Entity:

a) Details of Ministry;

- i. Name of Ministry:
- ii. Address:
- iii. Name of Secretary:
- iv. Contact details of Secretary:  
phone; ..... fax; .....;  
  
e-mail.....
- v. Name of Procurement Liaison Officer:
- vi. Contact details of liaison officer:  
phone; .....;fax; .....;  
  
e-mail.....

b) Details of Procuring Entity(PE);

- i. Name:
- ii. Name of Officer in charge (OIC):
- iii. Contact details of OIC:  
  
phone; .....;fax; .....;  
  
e-mail.....
- iv. Name of Procurement Liaison Officer (if any):
- v. Contact details of liaison officer:  
  
phone;.....;fax; .....;  
  
e-mail.....

2. Title/s of the proposed contract/s (if package of contracts lists them separately)

- a. Title:
- b. Contract Reference number:
- c. Procurement Plan Ref:
- d. Works/Goods/Service/Consultancy Service:

3. Description of the Contract/s
4. List of connected procurements (give a detail description stating that what option is selected- Option A or B if applicable):
5. Cost estimates (indicate separately for each connected procurement as above)
6. Status of procurement preparedness activities:
  - i. Environmental/social and other required clearances:
  - ii. Land acquisition (if needed):
  - iii. Land clearance from obstacles:
  - iv. Pre-qualification/bidding documents/RFP (including drawings, specifications, drawings, etc.)
7. Draft Procurement Time Schedule (PTS); [*attach separately*]
8. Indicate any special requirements for experience and qualification of CCSC members. (Indicate area of expertise)
9. Any special requirement for experience and qualification of CCSC members (Indicate area of expertise)
10. Suggested members for the CCSC/BEC (option B):
  - i. Name1: .....
  - Designation: ..... ;
  - Area of Specialty: .....
  - Address.....;
  - phone;.....;fax; .....
  - e-mail.....
  - ii. Name2: .....
  - Designation: ..... ;
  - Area of Specialty: .....
  - Address.....;
  - Phone: .....; fax; .....
  - e-mail.....

iii.Name3: .....

Designation: ..... ;

Area of Specialty: .....

Address.....;

phone; .....; fax; .....

e-mail.....

iv. ....

I certify that the current status of procurement preparedness activities as indicated in paragraph 6 above will not hinder the contract implementation.

Signature of the Secretary:

Date:

Name:

Cc: Chairman - (NPC)

**PROCUREMENT GUIDELINE REFERENCE: 2.7**

**FORMAT FOR REQUESTING THE APPOINTMENT OF MCSC**

1. Procuring Entity:

Name:

Name of Officer in charge:

Contact details of OIC:

phone; .....;fax; .....;

e-mail.....

Name of liaison officer (if any):

Contact details of liaison officer:

phone;.....;fax;.....;

e-mail;.....

2. Title/s of the proposed contract/s (if package of contracts list them separately)

(a) Title:

(b) Contract Reference number:

(c) Works/Goods/Service/Consultancy Service:

3. Description of the Contract/s:(describe type of goods/works/services proposed to procure -if applicable)

4. List of connected procurements (give a detail description stating that what option is selected- Option A or B):

5. Cost estimates (indicate separately for each connected procurement as above)

6. Status of procurement preparedness activities:

(a) Environmental/social and other required clearances:

(b) Land acquisition (if needed):

(c) Land clearance from obstacles:

(d) Pre-qualification/ bidding documents/ RFP (including drawings, specifications, drawings, etc.)

Draft Procurement Time Schedule (PTS) (Should be a separate attachment)

Any special requirements for experience and qualification of MCSC members

Any special requirement for experience and qualification of MCSC members.

Suggested number of members for the MCSC/BEC (if applicable):

i. Name 1: .....

Designation: .....

Area of Specialty: .....

Address.....;

phone; .....; fax; .....

e-mail.....

ii. Name 2: .....

Designation: .....

Area of Specialty: .....

Address.....;

phone; .....;fax; .....

e-mail.....

iii. Name 3:.....;

Designation:.....;

Area of Specialty: .....

Address.....;

phone; .....;fax; .....

e-mail.....

iv. ....

I certify that the current status of procurement preparedness activities as indicated in paragraph 6 above will not hinder the contract implementation.

Signature of the HD/PD:.....

Name:.....

Date:

cc: Chairman - (NPC)

**PROCUREMENT GUIDELINE REFERENCE: 2.8**

**FORMAT FOR REQUESTING THE APPOINTMENT OF DCSC**

1. Procuring Entity:

- i. Name:
- ii. Name of Officer in charge:
- iii. Contact details of OIC:  
phone; .....;fax; .....;  
  
e-mail.....
- iv. Name of liaison officer (if any):
- v. Contact details of liaison officer:  
phone; .....;fax; .....;  
  
e-mail.....

2. Title/s of the proposed contract/s (if package of contracts list them separately)

- Title:
- Contract Reference:
- Works/Goods/Service/Consultancy Service:

3. Description of the Contract/s:(describe type of goods/ works/ services proposed to procure – if applicable)

4. List of connected procurements (give a detail description stating that what option is selected- Option A or B if applicable):

5. Cost estimates (indicate separately for each connected procurement as above)

6. Status of procurement preparedness activities:

- i. Environmental/social and other required clearances:
- ii. Land acquisition (if needed):
- iii. Land clearance from obstacles:
- iv. Pre-qualification/bidding documents/RFP (including drawings, specifications, drawings, etc.)

7. Draft Procurement Time Schedule (Should be a separate attachment see Guideline4.2.2 for format)

8. Suggested members for DCSC;(BEC-if required)

- i. Name 1:..... ;  
Designation:..... ;

Area of Specialty:.....

Address:.....;

Phone:.....;fax: .....

e-mail:.....

ii. Name 2: .....

Designation:..... ;

Area of Specialty:.....

Address.....;

phone;.....;fax; .....

e-mail.....

iii. Name 3: .....

Designation:..... ;

Area of Specialty: .....

Address.....;

phone;.....;fax; .....

e-mail.....

iv. ....

I certify that the current status of procurement preparedness activities as indicated in paragraph 6 above will not hinder the contract implementation.

Signature of the HD:

Date:

Name: .....



- i. Name 1:..... ;  
 Designation:..... ;  
 Area of Specialty:.....  
 Address.....;  
 Phone;.....;fax;.....;e-mail.....
- ii. Name 2:..... ;  
 Designation:..... ;  
 Area of Specialty:.....  
 Address.....;  
 Phone;.....;fax;.....;e-mail.....
- iii. Name 3: ..... ;  
 Designation:..... ;  
 Area of Specialty:.....  
 Address.....;  
 Phone;.....;fax;.....;e-mail.....
- iv. ....

I certify that the current status of procurement preparedness activities as indicated in paragraph 6 above will not hinder the contract implementation.

Signature of the PD:

Date:

Name:.....

### CHAPTER 3

# **SELECTION PROCESS AND SELECTION METHODS OF CONSULTANCY FIRMS AND INDIVIDUAL CONSULTANTS**

## **Selection of Consultancy Organizations or Individual Consultants**

There is not only one way to decide a selection of consultants, in fact there are a combination of factors. Each method has its advantages and disadvantages. The easiest to see is the potential value of the consultancy assignment/contract. The complexity of the assignment is more subjective and, thus, more difficult to define. Nevertheless, a complex assignment needs more careful monitoring.

A Consultancy Organization shall be selected in obtaining the services required rather than getting the service done by one or more individuals for assignments for which:

- (a) coordinated input of team of personnel are required; and
- (b) coordination, administration or collective responsibility is paramount important.

**Depending on the selection method agreed, the process carried out by the PE includes the following steps:**

- (a) Preparation of the Terms of Reference (TOR) of the assignment
- (b) Preparation of the Total Cost Estimate (TCE) or budget of the assignment
- (c) Public invitation to Request for Expressions of Interest (REOI)
- (d) Longlisting and Shortlisting of consultants
- (e) Preparation and issuance of the Request for Proposals (RFP) to shortlisted consultants
- (f) Preparation and submission of proposals by consultants
- (g) Evaluation of technical proposals (quality evaluation)
- (h) Opening and evaluation of financial proposals (cost evaluation)
- (i) Preparation of Combined Evaluation Report to select the winning proposal (under QCBS)

(j) Negotiations and signing of the contract between the PE and the Consultants

The above steps are discussed in various section of this Manual.

In other cases, when separate expertise can be used to accomplish a service assignment, PE may employ individual Consultant/s.

**Competitive Process to be followed**

Consultants shall be selected following competitive process, on the basis of comparison of technical and financial proposals or in some rare case only technical proposal, submitted by the shortlisted Consultants. The selection method shall achieve the objectives of fairness, clarity, fit-for-purpose, transparency and confidentiality. Hence the appropriate method of selection is related to the nature, size, complexity, likely impact of the assignment, and the technical and financial considerations.

**Fair Competition;**

The evaluation must be carried out strictly in accordance with the terms and conditions specified in the RFP.

For each selection method, the procedure set out in the RFP should be fair; that is, it should not;

- provide unfair advantages to any particular consultants; or
- make heavy and difficult demands on Consultants, such as refusing sufficient time to prepare proposals or requesting unjustifiably large proposals.

**Transparency;**

A transparent Selection Process increases the quality of competition by creating an environment of trust between the PE and the Consultant, minimizing the occurrence of complaints and claims. Transparency removes the suspicion of unfairness in the selection process. RFP documents should be clear so that invited Consultants understand them correctly.

During the preparation of their proposals, Consultants may ask the PE in writing to clarify any of the information and instructions contained in the RFP. PE should distribute the clarifications received, along with their written responses, to all Shortlisted Consultants without disclosing the source of the clarifications. Experience shows that most of the Consultants do not review the RFP in sufficient detail, particularly the Instructions to Consultants (ITC) and the proposed

Form of Contract. For these reasons, it is good practice for the PE, to hold a **pre-proposal conference** where Consultants are encouraged to ask for clarifications on the RFP. Minutes of the meeting are then sent to all Shortlisted Consultants. If, because of the conference, the RFP needs to be amended, the PE shall send the amendments to all Shortlisted Consultants **and extend the submission deadline**, as far as possible.

### **PROCUREMENT GUIDELINE REFERENCE: 3.1**

#### **METHODS FOR THE SELECTION OF CONSULTANCY FIRM**

The choice of the appropriate method of selection is related to the nature, size, complexity, likely impact of the assignment, technical and financial considerations, it is therefore necessary to carefully define the assignment, particularly the objective and the scope of the services, before deciding on the selection method.

The selection method shall be determined by the PE/CSC prior to issuance of the request for proposals to prospective consultants. A PE may utilize one of the following methods for selection of consultants/organizations;

#### **OVERVIEW OF CONSULTANT SELECTION METHODS**

The types of selection methods are:

- (a) Quality and Cost-Based Selection (QCBS);
- (b) Quality-Based Selection (QBS);
- (c) Selection under a Fixed Budget (FBS);
- (d) Least-Cost Selection (LCS);
- (e) Selection Based on the Consultants' Qualifications (CQS).
- (f) Direct Contracting/Single Source Selection (SSS)
- (g) Selection of particular types of Consultant

**PROCUREMENT GUIDELINE REFERENCE: 3.1.1**

**QUALITY AND COST BASED SELECTION (QCBS)**

**Procedures for Selection under the Quality and Cost Based Selection (QCBS)**

- a. **Preparation of TOR;**
- b. **Preparation of cost estimation and the budget;**
- c. **Preparation of Longlist and Shortlist;** through the selection of consultant firms responding to a Request for Expression of Interest(REOI) published;
- d. **Preparation of a Request for Proposals (RFP);** including scoring ratio between technical and financial Proposals, and issuance of LOI to submit Proposals along with the RFP document to all the Shortlisted firms. The PE shall allow sufficient time for the firms to prepare their Proposals depending on the nature and complexity of the assignment;
- e. **Clarifications and addenda;** shall be in Writing;
- f. **Proposal Submission:** the technical and financial Proposals shall be submitted at the same time in two (2) separate and sealed envelopes
- g. **Technical Proposal Opening;** the PE shall conduct the opening of only the technical Proposals received by the deadline for the submission of Proposals;
- h. **Evaluation of Technical Proposals;** the evaluation of the technical Proposals shall be in accordance with the evaluation criteria specified in the request for Proposals document;
- i. **Communication of results;** once the evaluation of technical Proposals is complete, the PE shall inform all firms that submitted Proposal of their score and whether they met the minimum qualifying technical score specified in the RFP. The PE shall simultaneously notify the firms that have met the technical Proposal requirements of when the financial Proposal shall be opened.
- j. **Financial Proposals opening;** Financial Proposals shall not be opened earlier than three (3) Working Days from the communication of technical evaluation results to the consulting firms. The financial Proposals of technically responsive Proposals shall be opened in the presence of the Consultants or their representatives who may wish to attend the opening session; the PE shall prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consulting firms who submitted Proposals.

- k. **Evaluation of Financial Proposals;** shall meet the requirements indicated in the RFP document;
- l. **Combined Evaluation (Quality & Cost);** shall meet the requirements indicated in the RFP document and the consultancy firm with the highest combined score Proposal will be accepted.
- m. **Negotiation with the selected consultant firm;** Negotiations shall include discussions of the TOR, the methodology, PE’s inputs, and special conditions of the contract. These discussions shall not substantially alter the original scope of the services specified in the TOR or the terms of the contract. In the case, where there is only one consultants firm is qualified after technical evaluation, after providing sufficient publicity and that firm is selected PE may decide to negotiate financial Proposals also, if the cost is substantially over the estimated cost of the assignment.
- n. **Notification of Intention to Award:** PE shall inform all qualified firms that the PE’s intention of award the contract to the winning firm. The PE shall implement a Standstill Period in accordance with guidelines.
- o. **Award of Contract and Publication of Contract Award:** The PE shall publish the contract award information in its website of free access and the NPC website and inform directly to firms that submitted Proposals.

**Quality and Cost-Based Selection (QCBS)**

	<b>SUITABLE APPLICATIONS</b>
	<p>Quality and Cost Based Selection (QCBS) is a method based on the quality of the proposals and the cost of the services to be provided. It is the method recommended for most of the assignments.</p> <p>Since the cost of the proposed services is a factor of selection, this method is appropriate when:</p> <ul style="list-style-type: none"> <li>• the scope of work of the assignment can be precisely defined and the TOR are well specified and clear; and</li> <li>• the PE and the consultants can estimate with reasonable precision the staff time as well as the other inputs and costs</li> </ul>

	<p>required of the consultants.</p> <p>QCBS is appropriate (but not limited to) for assignments such as:</p> <ul style="list-style-type: none"> <li>• feasibility studies and designs where the nature of the investment is clear and well defined, known technical solutions are being considered, and the evaluation of the impacts from the project are not uncertain or too difficult to estimate;</li> <li>• preparation of bidding documents and detailed designs in construction works;</li> <li>• supervision of construction of works and installation of equipment;</li> <li>• technical assistance services and institutional development of PE; and</li> <li>• procurement and inspection services.</li> </ul>
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**OVERVIEW OF QCBS**

To increase the likelihood of receiving responsive and comparable proposals, the Request for Proposals (RFP) under QCBS indicates the expected staff time estimated by the Procuring Entity to complete the assignment. However, this estimate does not bind the consultants, and they must propose the level of inputs they consider appropriate.

Under QCBS the technical and financial proposals are submitted at the same time in separate sealed envelopes (two-envelope system). In case of e-GP, financial bid is locked until the technical evaluation is completed and until the time financial forms are explicitly opened by the authorized evaluation committee members.

Proposals received after the submission deadline must be rejected. In case of e-GP, the system automatically rejects the submissions after stipulated deadline. Evaluation of the proposals is carried out in two stages: first quality, and then cost. The envelopes with the technical proposals are opened first in the presence of the bidders or their representatives. The financial proposals remain sealed until the technical evaluation is completed, and the technical scores are disclosed publicly to all firms that have submitted Proposals. The financial envelopes from the consultants who submitted responsive technical proposals, which meet the minimum qualifying mark, are opened in their presence or in the presence of

their representatives. The proposals are then evaluated. Once the financial proposals are evaluated, a combined evaluation of the technical and financial proposals is carried out by weighting and adding the quality and the cost scores. Thereafter, the consultant receiving the highest combined score is invited for negotiations. As price is a factor of selection, staff rates and other unit rates shall not be negotiated.

QCBS permits the Procuring Entity to select a preferred trade-off between cost and quality and to benefit from price competition, even if only to a limited extent. Transparency is increased under QCBS with the public opening of the financial proposals. Another advantage is the possibility that contract negotiations will be easier because of the limited scope for financial negotiations.

The main disadvantage of QCBS is its rigidity. Since with QCBS consultants are required to compete on the basis of price as well as quality, discussion on the proposed remuneration rates for staff-months and for reimbursable expenses during contract negotiations will not be permitted, even if those costs turn out to be above the PE's expectations and budget.

QCBS may be inappropriately used for complex or specialized assignments in which the scope of work is not precisely defined and staff months are difficult to estimate. Since price is a factor of selection under QCBS, when this occurs competitors will tend to propose more conventional approaches and tested methodologies to keep the cost of services low, rather than making full use of their capabilities to propose the most effective or innovative way to carry out the assignment. This may ultimately affect the quality of the project, especially where the downstream impacts are complex, large, or unknown.

The Consultancy Organization achieving the highest combined technical and financial score (S) shall be invited for negotiations.

**Final (Combined) Evaluation Report:** Immediately after the evaluation of technical and financial proposals are completed the CSC should prepare a final evaluation report.

**EVALUATION OF PROPOSALS UNDER QCBS;** For those firms which have passed the technical evaluation, it is recommended that the following methodology be used to determine the highest combined score (S);

$$S = [St \times T\%] + [Sf \times P\%]$$

$$Sf = 100 \times Fm/F$$

**Where:**

**S - is the proposal – Combined Score**

**St - is the proposal Technical Score as a result of the technical evaluation**

**Sf – is the Financial Score**

**Fm – is the Lowest Price**

**F – is the price of the proposal under consideration**

**T% – is the weight allocated to the Technical Proposal (insert weight: normally 80%)**

**P%– is the weight allocated to the Financial Proposal (insert weight: normally 20%)**

**EXAMPLE:**

The weighting given for technical is: 75% (T%)

The weighting given for financial is: 25% (P%)

**Step 1: Weighted Technical Scores**

Proposal	Technical Score (St)	Weighted Technical Score (St x T%)
A	96.0	$(96 \times 75/100) = 72$
B	93.5	$(93.5 \times 75/100) = 70$

C	100.0	$(100 \times 75/100) = 75$
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**Step 2: Weighted Financial Scores**

Proposal	Adjusted Financial Offer	Weighted Financial Score [ $Sf \times P\%$ ]  $Sf = 100 \times Fm/F \times P\%$
A	LKR 8,288,108.00	$100 \times (7,956,584/8,288,108 \times 25/100) = 24$
B	<b>LKR 7,956,584.00</b>	$100 \times (7,956,584/7,956,584 \times 25/100) = 25$
C	LKR 9,041,572.00	$100 \times (7,956,584/9,041,572 \times 25/100) = 22$

**Step 3: Total Score**

Proposal	Total Score
A	$72 + 24 = 96$
B	$70 + 25 = 95$
C	$75 + 22 = 97$

## PROCUREMENT GUIDELINE REFERENCE: 3.1.2

### QUALITY BASED SELECTION (QBS)

#### Procedures for selection under the Quality Based Selection:

- a. **Preparation of TOR;**
- b. **Preparation of cost estimation and the budget;**
- c. **Preparation of Longlist and Shortlist;** through the selection of consultant firms responding to a Request for Expression of Interest (REOI) published;
- d. **Preparation of a Request for Proposals (RFP);** including evaluation criteria, and issuance of LOI to submit proposals along with the RFP document to all the short-listed firms. The PE shall allow sufficient time for the firms to prepare their proposals depending on the nature and complexity of the assignment;
- e. **Clarifications and addenda;** shall be in Writing;
- f. **Proposal Submission:** the technical and financial Proposals shall be submitted at the same time in two (2) separate sealed envelopes
- g. **Technical Proposal Opening;** the PE shall conduct the opening of only the technical Proposals received by the deadline for the submission of Proposals;
- h. **Evaluation of Technical Proposals;** the evaluation of the technical Proposals shall be in accordance with the evaluation criteria specified in the request for proposals document;
- i. **Communications of Results:** the PE shall notify the consulting firm that has the highest score for the technical Proposal as to when the financial Proposal shall be opened; and simultaneously inform the other firms who submitted Proposals of their technical scores and that their technical Proposal has not been evaluated as the highest ranked;
- j. **Financial Proposals Opening:** Financial Proposals shall not be opened earlier than three (3) Working Days from the communication of technical evaluation results to the consulting firms; the PE shall conduct the opening of the financial Proposal of the consulting firm with the highest ranking technical Proposal in the presence of the firms who submitted Proposals and wish to attend; and the PE shall prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consulting firms who submitted Proposals.
- k. **Evaluation of Financial Proposals and Negotiations:** the PE shall evaluate the financial Proposal and negotiate the price and technical proposals as and when required.

- l. **Notification of Intention to Award:** The PE shall inform all qualified firms that the PE's intention of award the contract to the winning firm. The PE shall implement a Standstill Period in accordance with guidelines;
- m. **Award of Contract and Publication of Contract Award:** The PE shall publish the contract award information in its website of free access and the NPC website and inform directly to firms that submitted Proposals.

**Quality-Based Selection (QBS)**

	<b>SUITABLE APPLICATIONS</b>
	<p>1. QBS is based on an evaluation of the quality of the proposals and the subsequent negotiations on the financial proposal, and the contract with the consultant who submitted the highest- ranked technical proposal. QBS is appropriate if:</p> <ul style="list-style-type: none"> <li>(a) the downstream impact of the assignment is so large that the quality of the services becomes the overriding factor for the project outcome;</li> <li>(b) the scope of work of the assignment and TOR are difficult to define because of the novelty or complexity of the assignment, or the need to select from among innovative solutions, or due to specific physical conditions;</li> <li>(c) the assignment can be carried out in substantially different ways, so that cost proposals may not easily be comparable; and</li> <li>(d) the introduction of cost as a factor of selection renders competition unfair.</li> </ul>

**OVERVIEW OF QBS**

In some cases, the choice between QBS and QCBS may be difficult. In situations of strong uncertainty and/or project risk, QBS must be adopted because quality is the key element.

One possibility which QBS affords is for the Procuring Entity to request the submission of the technical Proposals only. After the technical evaluation, the Consultant with the highest-ranking technical Proposal is invited to present his/her financial Proposal. However, the Procuring Entity may request that the financial Proposals be submitted at the same time as the technical Proposals - but in separate envelopes (two- envelope system). In that case, the

financial Proposals must be safely secured until the technical evaluation is finalized. Only the winning Consultant's financial Proposal is opened. The others are returned unopened after negotiations with the winning firm are successfully concluded. The Request for Proposals (RFP) usually provides the staff- months only as an estimate by the Procuring Entity. The staff effort indicated by the Consultants may differ considerably from this estimate, depending on the particular methodology adopted by the Consultant.

Additional Considerations in Evaluating Financial Proposals for QBS, the reasonability of the following in comparison with the supporting documents submitted by the Consulting Organizations shall be Considered:

- i. The remuneration rates made up of not limited to, salaries, social costs, overheads, profit, and any premium or allowance paid; and
- ii. Other costs made up of but not limited to, out-of-pocket expenses, cost of surveys, equipment, office rent, supplies, international and local travel, computer rental, mobilization and demobilization, insurance, and printing.

**Final (Combined) Evaluation Report:** Immediately after the evaluation of technical and financial Proposals are completed the CSC should prepare a final evaluation report.

### **PROCUREMENT GUIDELINE REFERENCE: 3.1.3**

#### **SELECTION UNDER A FIXED BUDGET (FBS)**

##### **Procedures for under Fixed Budget Selection:**

- a. **Preparation of TOR;** The TOR shall be complete to make sure that the budget is sufficient for the consultants to perform the expected tasks;
- b. **Preparation of cost estimation and the budget;**
- c. **Preparation of Longlist and Shortlist** through the selection of consultant firms responding to a Request for Expression of Interest (REOI) published;
- d. **Preparation of a Request for Proposals (RFP)** The RFP document specifies the available budget for the assignment and the minimum technical score for the technical Proposals, and issuance of LOI to submit Proposals along with the RFP document to all the Shortlisted firms. The PE shall allow sufficient time for the firms to prepare their

proposals depending on the nature and complexity of the assignment; the RFP shall require the Consultants to provide breakdowns of their costs for the different activities with a provision that applicants who decline to provide the breakdown may risk the rejection of their Proposals; and the RFP shall state that, following opening of Proposals, all Proposals that exceed the indicated budget shall be rejected and the applicant who has submitted the highest ranked technical P.

- e. Proposal among the rest shall be selected and invited to negotiate technical Proposal and discuss further details for concluding the contract.
- f. **Clarifications and addenda;** shall be in Writing;
- g. **Proposal Submission:** the technical and financial Proposals shall be submitted at the same time in two (2) separate sealed envelopes
- h. **Technical Proposal Opening;** the PE shall conduct the opening of only the technical Proposals received by the deadline for the submission of Proposals;
- i. **Evaluation of Technical Proposals;** the evaluation of the technical Proposals shall be in accordance with the evaluation criteria specified in the Request for Proposals document;
- j. **Communication of results;** once the evaluation of technical Proposals is complete, the PE shall inform all firms that submitted Proposal of their score and whether they met the minimum qualifying technical score specified in the RFP. The PE shall simultaneously notify the firms that have met the technical Proposal requirements of when the financial Proposal shall be opened.
- k. **Financial Proposals opening;** Financial Proposals shall not be opened earlier than three (3) Working Days from the communication of technical evaluation results to the Consulting firms. The financial proposals of technically responsive proposals shall be opened in the presence of the consultants or their representatives who may wish to attend the opening session; the PE shall prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consulting firms who submitted Proposals.
- l. **Evaluation of Financial Proposals;** shall meet the requirements indicated in the RFP document particularly the budget;
- m. **Negotiation with the selected consultant firm;** Negotiations shall include discussions of the TOR, the methodology, PE's inputs, and special conditions of the contract. These discussions shall not substantially alter the original scope of the services specified in the TOR or the terms of the contract.
- n. **Notification of Intention to Award:** PE shall inform all qualified firms that the PE's

intention of award the contract to the winning firm. The PE shall implement a Standstill Period in accordance with guidelines.

- o. **Award of Contract and Publication of Contract Award:** The PE shall publish the contract award information in its website of free access and the NPC website and inform directly to firms that submitted Proposals.

**Selection Under a Fixed Budget (FBS)**

	<p><b>SUITABLE APPLICATIONS</b></p>
	<p>FBS is based on disclosing the available budget to invited Consultants in the Request for Proposals (RFP) and selecting the Consultant with the highest-ranking technical Proposal within the budget. Because Consultants are subject to a cost constraint, they will adapt the scope and quality of their services to that budget. The Procuring Entity must, therefore, ensure that the budget is compatible with the TOR and that Consultants will be able to perform the tasks within the budget.</p> <p><b>FBS is appropriate only when:</b></p> <ul style="list-style-type: none"> <li>• the budget is fixed and cannot be exceeded;</li> <li>• the TOR are precisely defined; and</li> <li>• the time and staff-month effort required from the Consultants can be assessed with precision.</li> </ul> <p>To reduce the financial risk to Consultants and to avoid receiving unacceptable technical Proposals or no technical Proposals at all, FBS must only be used for well-defined and simple assignments, with a low financial risk (for the consultants).</p> <p><b>Typical assignments for FBS are:</b></p> <ul style="list-style-type: none"> <li>i. sector studies, market studies, and surveys of limited scope;</li> <li>ii. simple pre-feasibility studies and reviews of existing feasibility studies;</li> <li>iii. reviews of existing technical designs and Bidding Documents; and</li> <li>iv. project identification for which the level of detail can be</li> </ul>

	matched with the available funds.
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## **OVERVIEW OF FBS**

Under FBS, Consultants are requested to submit their technical and financial Proposals in separate envelopes. The envelopes with the technical Proposals are opened first in the presence of the bidders or their representatives. The proposals are then evaluated using the same procedure followed for QCBS and QBS. Following the evaluation of the Technical Proposals, the financial envelopes are opened in the presence of representatives of the firms that submitted Proposals. In cases where a Proposal does not cover the minor technical aspects included in the TORs, the Procuring Entity shall calculate the evaluated price of that Proposal, by adding to the offered price, the estimated cost of the missing activities or items. Proposals that exceed the indicated budget after adjustments and corrections are discarded. The consultant who has submitted the highest-ranked technical Proposal among those remaining is selected.

As the budget is pre-determined, the consultant's TOR cannot change substantially, therefore, technical negotiations shall cover minor aspects. Financial negotiations will not include discussion on remuneration rates and other unit rates, but only minor re-arrangements of activities and staff for compatibility with the work-plan and clarification of any tax liability.

FBS allows the Procuring Entity to plan a budget well in advance, rather than waiting for the uncertain outcome of negotiations. Furthermore, it also allows the Procuring Entity to get better quality Proposals than under QCBS, because it is easier for Consultants to maximize quality under a fixed budget.

FBS requires a shorter negotiation timeframe than QBS. FBS is also convenient for Consultants because the pre-established budget allows them to determine in advance, whether they are interested in competing for the proposed assignment, and to develop the best Proposal consistent with that budget.

More so than with QBS and QCBS, the FBS method requires the TORs to be consistent with the established budget and to contain a well- specified scope of work in order for Consultants to present clear and responsive Proposals. One risk of using the FBS is under-budgeting the TORs; and in so doing, discouraging competent Consultants from participating, and ultimately getting poor performance from the award- winning Consultants.

Proposals that exceed the indicated budget shall be rejected. The Consultant with the highest ranked technical Proposal and simultaneously within the fixed budget limit financial Proposal should be considered for the award.

### **Evaluation of proposals for FBS;**

Under this method, a “minimum” qualifying mark for the quality is established. The RFP shall indicate the available budget and request the Consultancy Organizations to provide their best Technical and Financial in separate envelopes. Evaluation of all technical proposals shall be carried out first as in the QCBS method. Consultancy Organizations obtained less than the minimum qualifying mark are rejected. Then the financial proposals of the rest are opened in public. Proposals that exceed the indicated budget shall be rejected. The Consultancy Organizations who has submitted the highest ranked technical proposal among the rest (within the budget) shall be selected and invited to contract negotiations.

**Final (Combined) Evaluation Report:** Immediately after the evaluation of technical and financial proposals are completed the CSC should prepare a final evaluation report.

## **PROCUREMENT GUIDELINE REFERENCE: 3.1.4**

### **LEAST COST SELECTION (LCS)**

#### **Procedure for Selection Under Least Cost Selection (LCS)**

- a. **Preparation of TOR;**
- b. **Preparation of cost estimation and the budget;**
- c. **Preparation of Longlist and Shortlist;** through the selection of consultant firms responding to a Request for Expression of Interest (REOI) published;
- d. **Preparation of a Request for Proposals (RFP);** The RFP document specifies the minimum technical score generally not less than 70 for the technical Proposals, and issuance of LOI to submit proposals along with the RFP document to all the Short-listed firms.
- e. **Clarifications and addenda;** shall be in Writing;
- f. **Proposal Submission:** the technical and financial Proposals shall be submitted at the same time in two (2) separate and sealed envelopes;
- g. **Technical Proposal Opening;** the PE shall conduct the opening of only the technical Proposals received by the deadline for the submission of Proposals;
- h. **Evaluation of Technical Proposals;** the evaluation of the technical Proposals shall be in accordance with the evaluation criteria specified in the Request for Proposals document;
- i. **Communication of results;** once the evaluation of technical Proposals is complete, the

PE shall inform all firms that submitted Proposal of their score and whether they met the minimum qualifying technical score specified in the RFP. The PE shall simultaneously notify the firms that have met the technical Proposal requirements of when the financial Proposal shall be opened.

- j. **Financial Proposals opening;** Financial Proposals shall not be opened earlier than three (3) Working Days from the communication of technical evaluation results to the consulting firms. The financial Proposals of technically responsive Proposals shall be opened in the presence of the Consultants or their representatives who may wish to attend the opening session; the PE shall prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consulting firms who submitted Proposals.
- k. **Evaluation of Financial Proposals;** shall meet the requirements indicated in the RFP document Proposals and firms passing the technical score threshold shall then be treated equally and evaluated on the basis of cost only.
- l. **Negotiation with the selected Consultant firm;** Negotiations shall include discussions of the TOR, the methodology, PE’s inputs, and special conditions of the contract with consultancy firm who submitted the least evaluated cost; and these discussions shall not substantially alter the original scope of the services specified in the TOR or the terms of the contract.
- m. **Award of Contract and Publication of Contract Award:** The PE shall publish the contract award information in its website of free access and the NPC website and inform directly to firms that submitted Proposals.

**Least-Cost Selection (LCS)**

	<b>SUITABLE APPLICATIONS</b>
	<ul style="list-style-type: none"> <li>a. The LCS method is more appropriate for small assignments of a standard or routine nature. In these circumstances, well-established practices and standards exist, from which a specific and well-defined outcome, which can be achieved at different costs is expected, for example: <ul style="list-style-type: none"> <li>i. standard accounting or simple audits;</li> <li>ii. engineering designs and/or supervision of simple projects;</li> <li>iii. repetitive operations, maintenance work, routine inspections; and</li> <li>iv. simple surveys.</li> </ul> </li> </ul>

## **OVERVIEW OF LCS**

With this method, a minimum qualifying mark is established and indicated in the RFP. Short-listed Consultants must submit their Proposals in two envelopes. The technical Proposals are opened first and evaluated. Proposals scoring less than the minimum technical qualifying mark are rejected, and the financial envelopes are returned unopened. The envelopes containing the financial Proposals of the qualifying Consultants are publicly opened, in the presence of representatives of the firms which made submissions; and the Consultant with the lowest evaluated price is selected.

Procuring Entities shall adopt this selection method when they wish to harness cost benefits from mature technologies. This option is also useful when employing new methodologies for which quality risks in the final output are considered negligible.

As the minimum qualifying mark is based on quality, the Procuring Entity must set the mark within the region of more than 70 percent, to avoid the risk of selecting low-cost Proposals of poor or marginally acceptable quality.

### **Evaluation of Proposals for LCS;**

Under this method, a “minimum” qualifying mark for the quality is established. (normally not less than 70). Technical Proposals are opened first and evaluated. Consultancy Organizations obtained less than the minimum qualifying mark are rejected, and the financial Proposals of the rest are opened in public. The firm with the lowest price shall then be selected and invited to negotiate the contract.

**Final (Combined) Evaluation Report:** Immediately after the evaluation of technical and financial Proposals are completed the CSC should prepare a final evaluation report.

## **PROCUREMENT GUIDELINE REFERENCE: 3.1.5**

### **CONSULTANT'S QUALIFICATION SELECTION (CQS)**

The Selection Based on Consultant's Qualifications (CQS) method applies to small assignments for which the cost of a full-fledged selection process would not be justified. Under CQS, the PE first requests expressions of interest and qualified information relating to the experience and competence of the consultants relevant to the assignment. The PE evaluates the information, establishes a Shortlist, and then selects the firm with the best qualifications and references among those who confirm to be willing to submit a proposal if selected. The selected firm is sent the RFP (including the TOR), asked to submit technical and financial proposals, and invited to negotiate the contract if the technical proposal proves acceptable.

The CQS method can substantially reduce the process cost for the PE and the Consultants, as well as the time needed to hire a Consultant. This selection method is particularly suitable when the past qualifications and experience of the Consultant are crucial to the choice while the technical proposal itself is not likely to reveal much additional or decisive information on the suitability of the Consultant for the proposed assignment.

CQS may be used for smaller value assignments (equal or not exceeding LKR. 5 (five) million) when:

- a. allowed so in the foreign funded projects; or
- b. preparation and evaluation of full-fledged competitive Proposals is not justified.

CQS is appropriate for higher value assignments [exceeding LKR 5 (five) million] only when:

- a. Satisfies the conditions given under 'a' or 'b' above; and
- b. Highly specialized expertise is required for the assignment; and
- c. Few Consultants are qualified

#### **Procedure for Selection Under CQS**

- a. Preparation of REOI & TOR;
- b. Preparation of cost estimate and the budget;
- c. Preparation of Longlist; (if PE is unable to find suitable consultancy firms to prepare the Longlist they may advertise the REOI)

- d. Preparation of the Shortlist of Consultancy firms;
- e. Select the firm with best qualifications and references from their EOIs;
- f. Invite from the selected firm to submit its technical and financial Proposals;
- g. Receipt of technical and financial Proposals; and
- h. Negotiations (both technical and financial if necessary) and award the contract

Additional Considerations in Evaluating Financial Proposals for CQS the reasonability of the following in comparison with the supporting documents submitted by the Consulting Organizations shall be considered:

- a. The remuneration rates made up of not limited to salaries, social costs, over heads, profit, and any premium or allowance paid; and
- b. Other costs made up of but not limited to, out-of-pocket expenses, cost of surveys, equipment, office rent, supplies, international and local travel, computer rental, mobilization and demobilization, insurance, and printing.

### **PROCUREMENT GUIDELINE REFERENCE: 3.1.6**

#### **DIRECT SELECTION – SINGLE SOURCE SELECTION (SSS)**

##### **Procedure for Selection Under Direct Selection – Single Source Selection:**

The RFP or TOR, as the case may be, shall be issued to the selected Consultant and the selected Consultant shall be requested to submit a technical and financial proposal. Upon the receipt of which discussions shall be held between the Proposal evaluation committee and the selected Consultant and all aspects of its proposal, whether technical or financial, shall be discussed and negotiated together in order to reach an agreement/contract etc.

Single-Source Selection (SSS) is to be considered when competition appears unlikely to add significant value to the choice of the Consultant. Under this selection method, the PE requests that an already identified Consultant prepare technical and financial Proposals, which are then negotiated. Because there is no competition, this method is acceptable only in exceptional cases and should be adopted only when it offers obvious advantages over a competitive method.

##### **This is the case when;**

- the assignment represents a natural or direct continuation of a previous one awarded competitively and the performance of the incumbent consultant has been good or excellent;

- the Consultant's prompt availability is essential (for instance, in emergency operations following a natural disaster, a financial crisis, and so forth);
- the contract is very small in value; or
- only one Consulting Organization has the qualifications or experience required to carry out the assignment.

In the case of continuation of a previous assignment, good or excellent performance in the first assignment has to be a precondition for contract continuation. In these cases, the PE should weigh the importance of continuing with the same technical approach, the experience acquired, and the continued professional liability of the incumbent Consultant against the benefits of competition, such as fresh technical approaches and competitive remuneration rates.

In these cases, consideration of the time and cost of a competitive round has to be fully accounted for, because it may weigh considerably on the PE's decision.

Once the approving authority approves to a SSS and single source justification, the PE should ask the Consultant to prepare technical and financial Proposals based on the TOR prepared by the PE. This is the basis for negotiating a continuation of contract. Continuation contract shall not awarded on an SSS basis if the initial assignment was not awarded competitively. In these cases, a competitive process should be adopted, and normally the incumbent Consultant should not be excluded from consideration if it expresses interest, unless its previous performance has been unsatisfactory.

Additional considerations in evaluating financial proposals for SSS the reasonability of the following in comparison with the supporting documents submitted by the Consulting Organizations shall be considered:

- a. The remuneration rates made up of not limited to, salaries, social costs, over heads, profit, and any premium or allowance paid; and
- b. Other costs made up of but not limited to out-of-pocket expenses, cost of surveys, equipment, office rent, supplies, international and local travel, computer rental, mobilization and demobilization, insurance, and printing.

**PROCUREMENT GUIDELINE REFERENCE: 3.1.7**

**SELECTION OF PARTICULAR TYPES OF CONSULTANTS**

**Requirements when Consultancy Services are awarded to State Universities and State Research & Development (R&D) Centers**

The accepted policy of the Government is that Government Universities and Government R&D Centers generate income through training, R & D and Consultancy Services, considering the emphasis being laid on institute/industry partnership. Such assignments for Consultancy Services shall be subjected to the following:

- All consultancies shall have the prior approval of the Vice Chancellor of the University (with the authorized delegation by the University Council) or the CEO (with the authorized delegation from the Board or/and duly authorized officer where applicable) of the R&D institution concerned on case to case basis.
- The Consultancy Services undertaken shall not in any way be detrimental to their contractual responsibilities to the institution or in conflict with the law of the country and international standards.
- Priority shall be given to Consultancy Services directed towards improvement of efficiency and productivity of the local industries and helping to realize the country's socio-economic, environmental and human development policies. The nature and the level of the Consultancy Service must be adequate standard so as to bring credit to the institution.

The Vice Chancellor of the University or the CEO of the R & D Centre (or the duly authorized officer) reserves the right to withdraw the approval given to any staff member or members to carry out Consultancy Services, if the member or members are found to violate any of the conditions under which Consultancy

**PROCUREMENT GUIDELINE REFERENCE: 3.1.8**

**PREPARATION OF TERMS OF REFERENCE (TOR)**

The PE shall be responsible for preparing the TOR for the assignment. TOR shall be prepared by a person(s) or a Consultancy Organization specialized in the area of the assignment. The scope of the services described in the TOR shall be compatible with the available budget.

TOR shall define clearly the objectives, goals, and scope of the assignment and provide background information (including a list of existing relevant studies and basic data) to facilitate the Consultants' preparation of their proposals. If transfer of knowledge or training is an objective, it should be specifically outlined along with details of number of staff to be trained, and so forth, to enable consultants to estimate the required resources. However, TOR should not be too detailed and inflexible, so that competing consultants may propose their own methodology and staffing. Consultancy Organizations shall be encouraged to comment on the TOR in their proposals. The PE's and Consultants' respective responsibilities should be clearly defined in the TOR.

The draft TOR must include the following information:

- A brief overview of the back ground of the PE;
- A summary of the immediate circumstances of the current Consulting assignment;
- The objectives of the assignment;
- The Scope of work;
- The output and deliverables and reports required;
- The expertise required and their required qualifications;
- The duration for which the expertise is required;
- Whether an individual consultant or a team of individuals or a consultancy firm will be engaged;
- If a consultancy firm is to be engaged, which method will be used for its selection;
- Details of implementation arrangements;
- The data, local services, facilities that the PE making the service required to provide – Clients' Inputs
- Transfer of Knowledge - Training
- Period of Performance
- The name of the Client and their contact details; and
- The name and designation of person who will sign off on the deliverables.

### **Developing Terms of Reference (TOR);**

The Terms of Reference (TOR) is the key document in the RFP. It explains the objectives; the scope of work; activities and/or tasks to be performed; the respective responsibilities of the Procuring Entity and the Consultant; as well as the expected results and deliverables of the assignment. Adequate and clear TORs are important for understanding the assignment and its effective execution. The TOR helps to reduce the risk of unnecessary extra work, delays, and additional expenses. However, it helps to reduce the risk of ambiguities during the preparation of the consultant proposals, contract negotiation, and execution of services.

Drafting of the TOR requires expertise in the type of assignment and the needed resources, as well as familiarity with the project background. If the needed qualifications to produce the TOR are not available in-house, the Procuring Entity must hire a specialized,

independent Consultant. The TOR must be written by experts who have only the interest of the Procuring Entity in mind.

### **DRAFTING TERMS OF REFERENCE**

The following considerations must guide the preparation of the TOR:

- (a) the TOR must contain sufficient background information on the project to enable Consultants to present responsive proposals;
- (b) the TOR, in particular the scope of work, must be consistent with the available budget; and
- (c) the TOR must take into account the Procuring Entity's level of technical expertise and institutional strength.

The level of detail and quality of information contained in the TOR will influence the selection method to be adopted. For example, if the TOR cannot be defined with adequate precision and detail, QBS may be more appropriate than QCBS, despite the fact that the latter is preferable when a defined scope of work and a reliable cost estimate are available.

The 'authors' of the TOR must be familiar with local, natural, and social conditions such as: climate; topography; institutions; people; customs; holidays; remuneration levels; and transportation systems; seasonal variations, as well as peculiarities of the country.

If the transfer of knowledge and training are required as part of the assignment, the TOR must include a training program. If a training program is included, additional time and funds must be allocated.

The TOR must clearly define the output and deliverables required of the consultants, e.g., reports, maps, drawings, or software, and must list the information that the Procuring Entity 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 must also identify the department within the Procuring Entity that is responsible for the project, and clarify institutional arrangements for the supervision of the consulting work. Additionally, the TOR must specify the facilities and counterpart staff to be provided by the Procuring Entity.

### **GENERAL OUTLINE OF THE TERMS OF REFERENCE**

The TOR normally consists of these elements:

- (a) Project Background

(b) Assignment Objectives

(c) Scope of Work

(d) Transfer of Knowledge

(e) List of Reports, Schedule of Deliverables, Period of Performance

(f) Data, Local Services, personnel, and facilities to be provided by the Procuring Entity

(g) Institutional Arrangements

**(a) PROJECT BACKGROUND**

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

- i. name of the Procuring Entity;
- ii. assignment location;
- iii. rationale for the assignment;
- iv. project history (what has been done so far and by whom);
- v. list of relevant studies and basic data;
- vi. need for consultants in the assignment and issues to be resolved;
- vii. activities to be carried out by the consultants;
- viii. the source of Financing for the assignment; and
- ix. supervision and review arrangements.

**(b) OBJECTIVES OF THE CONSULTING ASSIGNMENT**

The TOR must describe the objectives and expected results of the assignment in detail, to avoid misleading the Consultant. The typical objectives of the assignment may include:

- i. preparation of development programs;
- ii. determination of project feasibility before an investment is made;
- iii. design of projects;
- iv. preparation of Procurement Documents;
- v. supervision of works;
- vi. provision of training;
- vii. collection and analysis of data; and
- viii. evaluation of assets for sale, such as in privatization projects.

**(c) SCOPE OF WORK**

This section of the TOR describes in detail, all main activities or tasks to be conducted by the Consultant and the expected results. The TOR must describe only the activities and not

the approach or the methodology by which the results are to be achieved. Nevertheless, the TOR may provide suggestions on the approach or the methodology that Consultants could or must use to execute the assignment, and under certain selection methods, PE can indicate the estimated staff-months or its estimated budget (in the case of FBS) but not both.

Often the project may require phased Consultancy assignments. In such cases, the TOR must be more detailed for the first phase and less detailed for the following ones. The TOR's 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 work of the assignment is usually defined by addressing the following issues:

- i. definition, scope, limits and criteria of acceptance of the assignment;
- ii. desired level of detail (level of design, accuracy, and composition of cost estimates, etc);
- iii. span of projections (time horizons, life span of project components, etc);
- iv. the need to compare the assignment with similar projects;
- v. the main issues to be addressed;
- vi. alternatives to be considered;
- vii. the need for surveys, special analyses, and models;
- viii. the need for special equipment;
- ix. the institutional and legal framework of the project;
- x. transfer of knowledge, objectives, and scope;
- xi. language requirements;
- xii. need for continuity, e.g., data gathering; and
- xiii. quality management requirements (if needed).

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

#### **(d) CAPACITY BUILDING AND TRANSFER OF KNOWLEDGE** <sup>[1]</sup><sub>SEP</sub>

If capacity building and transfer of knowledge are a specific objective of the assignment, the TOR should provide specific details on the characteristics of the required services and ask Consultants to propose training approach and methodology.

#### **(e) REPORTS AND SCHEDULE OF DELIVERIES**

The TOR must indicate the estimated duration of the assignment, from the commencement date, to the date the Procuring Entity receives and accepts the Consultant's final report, or a specified completion date. Other dates may also be considered, such as the effective date of the contract. The assignment's reporting requirements must be clearly specified. Where inception and progress reports are concerned, there must be a balance between keeping the Procuring Entity well informed, and not forcing Consultants to spend an excessive amount of time preparing minor reports. The TOR must indicate the format, frequency, and content of reports, as well as the number of copies, the language, and the names of the prospective recipients. For all major reports, an executive summary is recommended as a separate volume.

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

- i. **Inception Report:** This report must be submitted shortly after the commencement date. Any major inconsistency in the TOR - staffing problems, or deficiencies in the Procuring Entity's assistance that have become apparent during this period must be included. The inception report is designed to give the Procuring Entity the confidence that the assignment can be carried out as planned, and as agreed in the contract, as well as to bring to the PE's attention, major problems that might affect the direction and progress of the work.
  
- ii. **Progress Reports:** These reports keep the Procuring Entity regularly informed on 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 design assignments, progress reports at two-month intervals are satisfactory. For technical assistance and implementation supervision (e.g., construction), progress reports are best made monthly. These 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.
  
- iii. **Interim Reports:** If the assignment is phased, interim reports are required to inform the Procuring Entity of preliminary results, alternative solutions, and major decisions that need to be made. Since the

recommendations of an interim report may affect later phases of the assignment, and even influence the results of the project, the Procuring Entity must discuss the draft interim reports with Consultants in the field. The Department responsible must not take more than 15 days to review and approve draft interim reports.

- iv. **Final Report:** The final report is due on completion of the assignment. The Procuring Entity and the Consultants must discuss the report while it is still in draft form. The Consultants are solely responsible for their findings. Although changes may be suggested in the course of the discussions, the Consultants must not be forced to make changes. If the Consultants do not accept the comments or recommendations of the Procuring Entity, these must be noted in the report; which must include, the reasons for not accepting such changes.

**(f) DATA, LOCAL SERVICES, PERSONNEL, AND FACILITIES TO BE PROVIDED BY THE PROCURING ENTITY (CLIENTS INPUT)**

The RFP must indicate the inputs to be provided by the Procuring Entity to the Consultants in the section entitled Information to Consultants (ITC). The TOR must complement the ITC by listing in detail all the information and services that will be made available by the Procuring Entity. The TOR must also describe the Procuring Entity's available software and computer models to be used by the Consultants. Facilities to be provided by the Procuring Entity may include office space, vehicles, survey equipment, computer equipment, and telecommunication systems.

When needed, the Procuring Entity may provide vehicles for use by Consultants during the course of their assignment. Otherwise, these must be provided for under the Consultants' contract and turned over to the Procuring Entity on completion of the project. The same will apply to items such as office and computer equipment. To avoid difficulties caused by delays in allocating the Procuring Entity's counterpart staff to the project, the TOR must provide for such staff to be assigned to the Consultants before the project begins. During the initial drafting of the TOR, the Procuring Entity must determine which of its staff members can act as a counterpart. If the Procuring Entity provides support staff to work under the Consultants' supervision, the TOR must clearly indicate that these persons will work the same hours as the Consultants and will not be remunerated under the Consultants' contract.

If the Procuring Entity's input is not well defined in advance, it is often a matter of contention for the duration of the assignment. Consultants tend to overestimate the Procuring Entity's contribution to reduce their proposal price, particularly if the method of selection takes price into account. It is, therefore, important that the Procuring Entity's

inputs are outlined in the TOR as precisely and realistically as possible.

**(g) INSTITUTIONAL ARRANGEMENTS**

The TOR must define the institutional arrangements in relation to the assignment, clearly stating the role and responsibilities of everyone involved, and specifying the type, timing, and relevance of everyone's participation, including the Procuring Entity. The TOR must also define the hierarchy and level of authority of counterpart personnel, as well as the requested level of experience of the Procuring Entity's personnel who will be integrated into the Consultants' team.

**PROCUREMENT GUIDELINE REFERENCE: 3.1.9**

**PREPARATION OF LONGLIST**

The Longlist of Consultants may be prepared following one or any combination of the following methods:

- a. Inviting EOI by advertisement;
- b. By including names of Consultants who have satisfactorily completed similar assignments to the PE previously;
- c. By collecting names from the other PEs who had obtained the services of Consultants for similar assignments; and
- d. By collecting names from Foreign Funding Agencies.

However, for large (exceeding five million Rupees (LKR 5 m)) and complex assignments the PE shall advertise in PE's website, NPC website, and national newspapers. When the participation of international Consultancy Organizations is expected, the invitation shall be extended to international media and international web portals. When e-GP System is established and rolled out, all such advertisements should be published in e-GP Portal.

**PROCUREMENT GUIDELINE REFERENCE: 3.1.10**

**PREPARATION OF SHORTLIST**

Shortlisting of Consultants shall ensure, only the best qualified Consultancy Organizations submit proposals. In preparation of Shortlist first consideration shall be given to those organizations expressing interest that possesses the relevant qualifications. Normally Short list shall be 5 to 8. Consultancy organizations. The shortlist may comprise of less than 5

organizations when suitably qualified organizations have not expressed their interest to submit a proposal and no other qualified Consultancy Organizations are known. The short list should preferably comprise consultants of the same category, similar capacity, and business objectives. The shortlist shall not include individual consultants. When QCBS, LCS or FBS methods are used mixing of NGOs, universities; etc. with other business type Consultancy Organizations shall be avoided.

Please see **Annex VI(e) of Chapter 4** for Shortlist related formats.

## **PROCUREMENT GUIDELINE REFERENCE: 3.2**

### **SELECTION OF INDIVIDUAL CONSULTANTS**

#### **3.2.1 Selection of Individual Consultants**

Individual Consultants are normally employed on assignments for which:

- a) Teams of personnel are not required;
- b) No additional outside professional support is required;
- c) The experience and qualifications of the individual are the pre-dominant considerations; and
- d) When coordination, administration, or collective responsibility between the individuals is not required.

#### **3.2.2 Terms of Reference for the Selection of Individual Consultants**

PE should first prepare a TOR for the assignment, including the scope of work. The TOR shall be reviewed by the relevant CSC or other appropriate.

#### **3.2.3 Advertising**

Consultancy Services for national experts and exceeding a period of six months and/or the value of the contract is more than LKR 3 million or shorter assignment but potential suitable consultants are unknown, request for CV, is recommended to be advertised in national newspapers, PE's and NPC websites.

For international Consultancy Assignments of duration exceeding three months it is recommended to advertise in national newspapers and above websites in addition to international advertisements.

### **3.2.4 Selection on Competitive Basis**

Individual consultants are selected on the basis of their qualifications for the assignment. Generally, they shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment in response to an advertisement or have been approached directly by the PE. It is recommended to set up interviews wherever possible. Individuals employed by PE shall meet all relevant qualifications and shall be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience, and as appropriate.

### **3.2.5 Single Source Selection (SSS)**

Individual consultants may be selected on a sole-source basis with due justification in exceptional cases such as:

- Tasks that are a continuation of previous work that the Consultant has carried out and for which the Consultant was selected competitively; or
- Assignments lasting less than six months; or
- Emergency situations resulting from natural disasters; or
- When the individual is the only Consultant qualified for the assignment.

### **3.2.6 Terms of Appointment**

A formal contract agreement shall be signed with the individual Consultant. This contract shall include employment conditions covering remuneration, direct expenses, leave (if any), insurance (if any), per-diems (if any), and TOR. For very small assignments of routine nature a letter of appointment may be used but shall address the above-mentioned terms.

## **CHAPTER 4 - PROCUREMENT PLANNING**

### **PROCUREMENT GUIDELINE REFERENCE: 4.1**

#### **PROCUREMENT PLANNING**

##### **Needs Identification**

Procurement planning is identifying and scheduling the activities involved in the procurement process. Through procurement planning, Procuring Entities are provided with

these answers:

- a. What services are required?
- b. When these services are required?
- c. What is the scope of these services?
- d. Are these services available locally or internationally?
- e. How much to allocate for payments?
- f. How these services are procured and utilized?
- g. What method of selection to be used?

Procurement planning may follow a certain fundamental pattern, whether it is for a specific investment project or one of the on-going operations. Regardless of the type of project, however, it is essential to develop a plan that clearly sets out the framework in which the procurement will be done.

Efficient planning of the entire selection process of Consultants is vital to ensure timely completion of the project and to obtain the best market value for it.

#### **Purpose of Preparing Procurement Plans**

The Procurement Plans will guide the PE in the procurement of Consulting Services. Once approved by the appropriate authority, it will be updated on a regular basis by the PE and forwarded to the interested parties for their information. Procurement plans are prepared to:

- a. Provide a single point of reference for the Selection of Consultancy Service;
- b. Focus the PE towards the need to plan and manage selection of Consultants;
- c. Increase levels of transparency and enhances predictability.

### **PROCUREMENT GUIDELINE REFERENCE: 4.1.1**

#### **MASTER PROCUREMENT PLAN (MPP)**

- a. The Procuring Entity (PE) shall prepare the MPP which should include the Consultant Services;
- b. Selection steps envisaged at least for a period of two or three -years shall be listed in the MPP;
- c. Selection steps for the immediately succeeding year shall be prepared in detail.

- d. MPP shall be regularly updated at intervals not exceeding six months.

The format of MPP is given in Procurement User guide at **Annex I of Chapter 4**.

### **PROCUREMENT GUIDELINE REFERENCE: 4.1.2**

#### **PROCUREMENT PLAN (PP)**

- a. PE shall prepare Procurement Plan (PP) in accordance with Master Procurement Plan (MPP) & previously approved Action Plan.
- b. Procurement activities for the current year shall be listed in the Procurement Plan (PP) in accordance with the budgetary provision and approved by the Secretary to the Line Ministry.
- c. PP shall be updated as and when necessary along with the MPP and Action Plan.
- d. Procuring Entities are required to prepare Detailed Procurement Plan after MPP is approved. See the format for Detailed Procurement Plan at **Annex II of Chapter 4**.

### **PROCUREMENT GUIDELINE REFERENCE: 4.1.3**

#### **PROCUREMENT TIME SCHEDULE (PTS)**

PTS is a schedule describing steps of each individual activity in the process of Consultant selection process in chronological order from the point of commencement until its completion.

PTS shall be prepared in two stages as described below:

##### **Stage 1:**

- a. Stage 1 of PTS shall include all activities from the commencement up to the preparation of Request for Proposal (RFP) which shall be prepared without delay.
- b. Preparation and regular updates of Stage 1 lies with the Procuring Entity.

**Stage 2:**

- a. Stage 2 of PTS shall include all activities after the preparation of the RFP.
- b. Responsibility of preparing draft of Stage 2 of PTS also rests with the PE.
- c. It is an obligation of the respective CSC, to consider the PTS and approve it at the first meeting. The PE shall forward the draft PTS for the Consultancy assignment, together with any connected downstream Procurement to the CSC or PC. Once the PTS is agreed upon, the Chairpersons of the PC/CSC shall monitor the progress in Consultation with the PE. Where a major delay occurs, it is the responsibility of the Chairperson of the PC/CSC to explain the cause/s for the delay, effect remedial measures and inform relevant CAO.

Many Procurement Activities when accumulated create a large demand on funding. The Treasury will want to track the procurement budget and expenditure and timely execution and disbursement of the fund. So, the Procurement Time schedule (PTS) is important for the Treasury. The Procurement Plan is disseminated to NPC, Procurement Monitoring Unit of Ministry of Finance, Procurement Entity Management, and, where required, donors. The Procurement Planning increases transparency and predictability as the process, and methodology.

The format items that should be considered for PTS is given in **Annex III of Chapter 4**.

**PROCUREMENT GUIDELINE REFERENCE: 4.2**

**PUBLICATION OF PROCUREMENT PLAN AND TIME FRAME  
FOR PROCUREMENT ACTIONS**

The Procurement Plan is a management tool and needs the approval of the relevant authority. The approved Procurement Plan will be published in advance on the NPC's website as well as on the website of the PE.

Average time frame for Procurement Actions in Selection of Consultants is given in **Annex**

**PROCUREMENT GUIDELINE REFERENCE: 4.3**

**TOTAL COST ESTIMATE (TCE) OF THE PROCUREMENT**

Well-developed cost estimates are essential to ensure realistic budgetary allocations. The cost estimates for the proposed assignment shall be prepared by the PE based on assessment of the resources needed to carry out the activities: experts' time; logistical support; and physical inputs (for example, transport office space and equipment, laboratory equipment.) Costs shall be firstly divided into two main categories:

(a) remuneration; and

(b) other expenses,

and further divided into foreign and local costs where appropriate.

Guide for preparing cost estimation can be seen at **Annex V of Chapter 4**

## **PROCUREMENT GUIDELINE REFERENCE: 4.4**

### **EXPRESSION OF INTEREST**

#### **4.4.1 Publication of Request for Expression of Interest (REOI)**

A Request for Expression of Interest (REOI) shall be advertised by giving applicants at least fourteen (14) calendar days for national competition and twenty-one (21) calendar days for international competition to submit their interest to provide consultancy services;

#### **4.4.2 Contents of the REOI**

The REOI shall contain at least the following information:

- a. The name and address of procuring agency;
- b. An appropriate description of the assignment providing scope of the intellectual and professional services required;
- c. Deadline and place of the submission of the EOIs; and
- d. Evaluation criteria required to be followed.

An advertisement is to be published in the web portal of PE, NPC and e-GP Portal(if applicable) and local print media in case of national procurement and established international e-Procurement Portals or donor website and web portal of PE, NPC and e-GP Portal(if applicable) in case of international procurement for inviting of eligible Consultants to show their interest in offering Consulting Services in a specific field of expertise.

Where national competition is concerned, the more usual deadline for receipt of EOI at a designated address is usually a minimum of 14 calendar days – if the service is relatively simple, and more, if it is complex or requires a multi-disciplinary team. The commencement date runs from the date of the first appearance of publication. Responses to advertisement are placed in the “Longlist” data base.

#### **4.4.3 Criteria for Short-listing of Consultants Firms**

Well defined criteria should be used for Shortlisting. All applicants shall be informed whether or not they have been Shortlisted. It is advisable that the PE should form and announce a separate committee for Shortlisting having members of technical expertise of relevant fields.

**Refer Annex IV(a), IV(b), IV(c), IV(d) and IV(e) of Chapter 4.**



**PROCUREMENT GUIDELINES REFERENCE: 4.1.2  
FORMAT FOR DETAILED PROCUREMENT PLAN -**

**The format for Detailed Procurement Plan  
Procurement Plan for year 20  
Ministry of .....**

Se. No	Ref. No	Description	Estim. Cost (SLRM)	Selection Methods		App CPC	Prepare TOR	Advertise for EOI	Receive EOI	Prepare Shortlist	Prepare RFP	Approved RFP by CPC	Issue RFP	Receive Proposals	Evaluate Technical Proposals	Evaluate Financial Proposals	CPS Approval	Negotiations
						1	2	3	4	5	6	7	8	9	10	11	12	13
					Schedule													
					Revise													
					Actual													
					Schedule													
					Revise													
					Actual													
					Schedule													
					Revise													
					Actual													

**PROCUREMENT GUIDELINES REFERENCE: 4.1.3**

**PROCUREMENT TIME SCHEDULE**

S- Schedule: R – Revised: A- Actual	Title of Consultancy	Estimate in Rs.m	Selection Methods	Jan	Feb	Mar.	Apr	May	June	July	August	Sept.	Oct.	Nov.	Dec.
				S							B23				
R															
A									B 15 2017						
S															
R															
A															
S															
R															
A															
S															
R															
A															
S															
R															
A															
<b>Selection Methods**</b>			<b>Selection Process</b>												
<b>QCBS</b>	Quality and Cost Based Selection	<b>A</b>	Prepare TOR	<b>K</b>	Issue RFP										
	Quality Based Selection	<b>B</b>	Prepare Cost Estimate	<b>L</b>	Receive Proposals										
<b>QBS</b>	Fixed Budget Selection	<b>C</b>	Appoint CPC	<b>M</b>	Technical Evaluation by CPC										
<b>FBS</b>	Least Cost Selection	<b>D</b>	Approval of TOR and REI by CPC	<b>N</b>	Public Opening of Financial Proposals										
<b>LCS</b>	Selection on Consultant’s	<b>E</b>	Advertised for EOI	<b>O</b>	Evaluation of Financial Proposals										
<b>CQS</b>	Qualification	<b>F</b>	Receive EOI	<b>P</b>	Combined Evaluation										
<b>SSS</b>	Single Source Selection	<b>G</b>	Prepare Shortlist by CPC	<b>Q</b>	Negotiations										
<b>IC</b>	Individual Consultant	<b>H</b>	Prepare RFP		Award of Contract										
		<b>J</b>	Approve RFP by CPC												

e.g. Means action item ‘B’ Prepare Cost Estimates is scheduled on 23<sup>rd</sup> day of May 2016

e.g. Means action item ‘B’ Prepare Cost Estimates was actually completed on 15<sup>th</sup> day of June, 2016

e.g. Means action item ‘E’ Combined Evaluation is scheduled on 10 th day of Feb. 2017

Q 10

**Annex IV of Chapter 4**

**AVERAGE TIME FRAME FOR PROCUREMENT ACTIONS IN SELECTION OF CONSULTANTS**

Each method of selection involves different steps and/or different time requirements. Indicative time periods for different procurement actions, from the time the procurement process is started until a winner is selected and a contract signed are given below.

<b>Action</b>	<b>QCBS</b>	<b>QBS</b>	<b>FBS</b>	<b>LCS</b>	<b>CQS</b>	<b>SSS</b>
	<i>Unless otherwise specified, all time periods given are working days unless specified.</i>					
<b>Prepare TOR</b>			5-10			3-5
<b>Prepare Cost Estimates</b>			3-5			3-5
<b>Advertise for EOI</b>			3-5			
<b>Receive EOI</b>			2 weeks if national only; 1 month with international			-
<b>Prepare for Shortlist</b>			5-10		10-15	
<b>Prepare RFP (Including Evaluation Criteria)</b>			5-10		3-5	3-5
<b>Issue RFP</b>			3-5		2-3	2-3
<b>Receipt Proposals</b>			1 month		2 weeks	
<b>Evaluate Technical Proposals</b>	1 month	6 Weeks	1 month		2 weeks	
<b>Public Opening of Financial Proposals</b>	1 week (increase if international firm is selected)		1 week			
<b>Evaluate Financial Proposals</b>	1 week		1 week	1 week		
<b>Combined Evaluation</b>						
<b>Invite for Negotiations</b>			3-5		2-3	2-3
<b>Negotiations</b>			2-3		1-2	1-2
<b>Contract Award</b>			1 week			
<b>Total Process</b>	<b>20 weeks</b>	<b>18 weeks</b>	<b>18 weeks</b>	<b>18 weeks</b>	<b>12 weeks</b>	<b>8 weeks</b>

**PROCUREMENT GUIDELINE REFERENCE: 4.3**

**TOTAL COST ESTIMATE (TCE) OF THEPROCUREMENT**

Whenever the Consultancy Services are carried out by the institution the fees for consultancy services charged shall be based as follows:

**Direct Expense Costs**

- (a) The direct costs such as traveling, subsistence, materials consumed etc. and equipment usage charges related to the capital costs of the high-value equipment including vehicles;
- (b) Field expenses, surveys, meetings etc.;
- (c) Payment to outside Consultants and team members who are not employees of the institution, if included in the Consultancy team;
- (d) Government taxes if any.

**Overhead Costs**

- (e) Other overhead costs such as for utilities etc. (minor laboratory equipment usage charges could also be included)
- (f) Staff time in person days as described in the Guidelines

The total estimate shall include a profit margin, to be added at the discretion of the institution, depending on market factors for the specific job.

**Main Considerations for Cost Estimation**

The Cost Estimate of an assignment is prepared by adding the remuneration of Consultant staff and the direct expenses to be incurred by Consultants during the execution of their duties. Those figures are based on an estimate of the staff time (expert per unit of time, hour, month) required to carry out the services and an estimate of each of the related cost components. Since the estimate of the needed staff time is derived from the TOR, the more exhaustive and detailed the TOR, the more precise the estimate.

A mismatch between the cost estimate and the TOR is likely to mislead Consultants on the desired scope and detail of the proposed assignment. Preparing a Cost Estimate is an interactive process necessary to clarify that the assignment will be carried out in a manner compatible with the objectives and the resources available. The preparation of the Cost

Estimate can lead to the revision of the TOR.

In general, a cost estimate includes expenses relating to:

- consultant staff remuneration;
- travel and transport;
- mobilization and demobilization;
- staff allowances;
- communications;
- office rent, supplies, equipment, and insurance;
- surveys and training programs;
- report and printing;
- taxes and duties; and
- contingencies.

The Cost Estimate is based on an estimate of the personnel (expert per month) required for carrying out the services, taking into account the time required by each expert needed, and then making estimates for each of the related cost components.

When preparing Cost Estimates, it is useful to draft bar charts indicating the time needed to carry out each main activity (activity schedule) and the time to be spent by the Consultant staff (staffing schedule).

When part or all of the consultant services are to be carried out by expatriates, the cost estimate should identify those portions to be paid in foreign currency such as monthly rates for professional staff, imported equipment, international travel, and backstopping. Cost estimates include a breakdown of the total costs of the assignment in foreign and local currency.

## **ESTIMATING COST COMPONENTS**

### **CONSULTANT STAFF REMUNERATION**

Staff remuneration is generally broken down into foreign and local staff, which may be further subdivided into professional or high-level specialists and support staff. Foreign personnel may be split into field and home office personnel. Remuneration rates for staff vary according to the experience, qualifications, and nationality of the Consultants. Adopting realistic rates for estimation purposes is difficult when proposals from different nationalities

are expected. The estimated staff months should not be priced on the basis of the highest international rates, but rather using rates that allow for quality work at reasonable prices. To encourage global competition and flexibility in the type and nationality of consultants. Rates of NGOs and nonprofit organizations are generally lower than those of private consulting organizations.

In general, staff remuneration rates include different proportions of the following components:

- basic salary;
- social charges;
- overhead;
- fees or profit; and
- allowances.

Knowledge of the breakdown of staff remuneration rates is relevant during the evaluation of financial proposals and during negotiations of time-based contracts when price has not been a factor of selection, if proposed Consultant rates appear to differ substantially from those of the market.

### **TRAVEL AND TRANSPORT**

To estimate travel and transportation expenses, may assume that all foreign personnel will originate from the farthest country. For assignments expected to last more than six months, a good rule is to assume that two-thirds of the team members have dependents, and to allow three round-trip economy class airfares per year for each of the families and one such trip for the remaining one-third of team members. Local transport costs should be based on market rates.

### **MOBILIZATION AND DEMOBILIZATION**

Each staff member is allowed reasonable travel time, a medical checkup, hotel costs, local transportation, and miscellaneous items. Costs for shipping personal effects should also be estimated where necessary.

### **STAFF ALLOWANCES**

Expatriate staff normally receive overseas and subsistence allowances. The overseas

allowance is part of the monthly rate and is meant to represent an incentive for consultant personnel to accept work overseas. The subsistence allowance is paid separately and generally in local currency to cover out-of-pocket expenses such as hotel and living expenses. Staff allowances also cover the costs of children's education and are normally paid on a monthly basis for long-term assignments and on a calendar-day basis for short-term assignments.

## **COMMUNICATIONS**

Reasonable monthly allocations for international and local telecommunications should be included. Modern telecommunications such as teleconferencing and the Internet may represent a cost-effective substitute for travel.

## **OFFICE RENT, SUPPLIES, EQUIPMENT, SHIPPING, AND INSURANCE**

Depending on the assignment costs for office rent and supply of equipment (including hardware) should be estimated separately according to market rates.

## **SURVEYS AND TRAINING PROGRAMS**

The cost of surveys (such as topography, cartography, subsurface investigations, and satellite imaging) and training programs related to the assignment, and any other services to be subcontracted, should be estimated.

## **REPORT TRANSLATION AND PRINTING**

The cost of printing or translating reports is substantial and should be included in the cost estimate.

## **TAXES AND DUTIES**

When preparing cost estimates, it is important to be aware of the local taxes (value-added tax or sales tax), levies, and duties on the contract that foreign and domestic consultants may have to pay and be reimbursed. Local tax items are transfers that are not to be taken into account in the evaluation of financial Proposals (Nevertheless, local taxes and duties may represent a substantial cash-flow burden for the executing agency,).

Generally, costs may be estimated net of only VAT. However, for budgeting purposes, the PE should also make adequate provision for the VAT amount payable under the contract.

## **CONTINGENCIES**

The contingency amount, which completes the cost estimate, should cover physical and price items. Physical contingencies provide for unforeseen work that is needed, while price contingencies account for monetary inflation. Physical contingencies usually consist of 10 to 15 percent of the estimated cost of the assignment.

A higher percentage may be appropriate for assignments in which the amount of work required is highly uncertain, such as technical assistance assignments in which the actual needs are not fully identified from the beginning. Price contingencies for foreign and local costs should be considered only when the impact of inflation is expected to be substantial. These contingencies should apply not only to the period of the assignment, but also to the period between the time of the estimate and the start of the assignment.

**PROCUREMENT GUIDELINE REFERENCE: 4.4.1**

**EXPRESSIONS OF INTEREST**

**Format for Request for Expressions of Interest (REOI) - GOSL Funded Project**

**Request for Expressions of Interest (REOI)**

**DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**

Ministry of .....

Name of Procuring Entity:

**TITLE OF THE CONSULTING SERVICE**

The [appropriate Consultants Selection Committee] on behalf of the [name of the Procuring Entity] invites eligible consultants to indicate their interest in providing the services described herein. Interested consultants must provide information indicating that they are qualified to perform the services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). Consultants may associate to enhance their qualifications.

A consultant will be selected in accordance with the procedures set out in the Guidelines for Selection and Employment of Consultants, published by National Procurement Commission. Interested consultants may obtain further information at the address below [state address at the end of document] from [insert office hours, i.e. 0900 hrs to 1400 hrs].

Expressions of interest must be delivered to the address below by [insert date].

[Insert name of office] .....[Insert name of officer] .....

[Insert postal address and/or street address]

Tel: [Indicate country and city code] .....Fax: [Indicate country and city code]

E-mail:

**PROCUREMENT GUIDELINE REFERENCE: 4.4.1**

**EXPRESSIONS OF INTEREST**

**Format for Request for Expressions of Interest (REOI) - Foreign Funded Project**

**Request for Expressions of Interest (REOI)**

**DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**

Ministry of .....

Name of Procuring Entity:.....

Name of Assignment: .....

Loan/Credit/Grant Number: (if applicable) .....

TITLE OF THE CONSULTING SERVICE; .....

The Democratic Socialist Republic of Sri Lanka [has received/has applied for/intends to apply for] a [loan/credit/grant] from the [name of the funding Agency]), and intends to apply part of the proceeds of this [loan/credit/grant] to payments under the contract for [insert title of the Consulting Service].

The services include [brief description, organization, implementation period...].

The [appropriate Consultants Selection Committee] on behalf of the [name of the Procuring Entity] now invites eligible consultants to indicate their interest in providing the services. Interested consultants must provide information indicating that they are qualified to perform the services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). Consultants may associate to enhance their qualifications.

A consultant will be selected in accordance with the procedures set out in the (indicate the appropriate Guideline reference)

Interested consultants may obtain further information at the address below [state address at the end of document] from [insert office hours, i.e. 0900 hrs to 1400 hrs].

Expressions of interest must be delivered to the address below by [insert date].

[Insert name of office]

[Insert name of officer]

[Insert postal address and/or street address]

Tel: [Indicate country and city code]

Fax: [Indicate country and city code]

E-mail:

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**PROCUREMENT GUIDELINE REFERENCE: 4.4.1**

**EXPRESSION OF INTEREST**

**Format for Request for Expression of Interest CQS Method**

**Request for Expressions of Interest**

**DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**

Ministry of .....

Name of Procuring Entity: .....

**TITLE OF THE CONSULTING SERVICE; .....**

The [appropriate Consultants Selection Committee] on behalf of the [name of the Procuring Entity] invites eligible consultants to indicate their interest in providing the services described herein. Interested consultants must provide information indicating that they are qualified to perform the services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). Consultants may associate to enhance their qualifications.

A consultant will be selected in accordance with the procedures set out in the Guidelines for Selection and Employment of Consultants, published by National Procurement Commission following CQS method. Interested consultants may obtain further information at the address below [state address at the end of document] from [insert office hours, i.e. 0900 hrs to 1400 hrs].

Expressions of interest should include the following information:

- (a) description of similar assignments, experience in similar conditions indicating the name of client, nature of assignment, location, contract value;
- (b) status of the firm including the names of the owners and names and qualifications of the key staff
- (c) any suggestions to associate with another firm or individual
- (d) any other relevant information

EOI must be delivered to the address below by [insert date].

[Insert name of office]

[Insert name of officer]

[Insert postal address and/or street address]

Tel: [Indicate country and city code]

Fax: [Indicate country and city code]

E-mail:

**PROCUREMENT GUIDELINE REFERENCE: 4.4.3**

**EXPRESSIONS OF INTEREST**

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**Criteria for Advertising and Shortlisting**

It is too time consuming and expensive for the PE to invite and evaluate proposals from all Consultants who expressed their readiness to participate. Therefore, unlike in procurement of Goods, Services and Works in which all interested bidders are publicly invited to present their bids, the process of consultant selection is based on obtaining a limited number of proposals from a shortlist of consultants prepared by the PE. Selection is based on limited competition among qualified firms that are capable of delivering the required services and desired level of quality.

From the Consultant's point of view, the use of a shortlist reduces the number of proposals to be prepared, raises proposal quality, and increases the chances of winning the competition. For the PE, it is an effective way of attracting the best candidates for the assignment. Unless specifically stated in the Guidelines or in this user guide consultant opportunities are first advertised. Then, on the basis of those Consultants who submitted expressions of interest in response to the advertisement and from other sources of reliable information, the PE shall prepare a shortlist of consultants who will be invited to submit proposals.

**ADVERTISING;**

The main objective of advertising is to inform all eligible Consultants about consulting opportunities. Advertising promotes transparency, enhances competition, and facilitates the participation of smaller and larger Consultancy Organizations.

If international participation is required PE shall advertise these assignments in Development Gateway Market (dgMarket), international newspapers or technical magazines. For unusual or very large assignments, a Request for Expressions of Interest (REOI) may also be sent to consulting and professional associations, embassies, or Consultancy Organizations that are known.

The REOI should request sufficient information for the PE to judge the Consultant's capabilities in the field of the assignment. The response might include;

for example, of key aspects;  
general qualification and general experience;  
descriptions of similar assignments conducted;  
experience in similar conditions;  
core business & years of business;  
qualifications in the field of the assignment;  
technical and managerial organization of the firm;  
qualifications and number of key staff; and  
administrative and financial strength

Given the large number of such submissions, the advertisement should stress the importance of information in a summarized form. No legal documents, such as certificate of incorporation of the firm, power of attorney, translations of standard brochures or staff's CVs should be requested, because these documents will be dealt with in the RFP. Not less than 21 days should be provided for responses if international consultancy organizations are expected to submit EOI, and all other cases a minimum of 14 days shall be given.

### **General Considerations**

The PE shall predetermine the criteria for Shortlisting. Except for single source, there will normally be five (5) to eight (8) Consultant in the Shortlist, but there is no upper limit for number of candidates to be Shortlisted.

The shortlist may comprise of less than required minimum number of firms in special circumstances (for example; when only a few qualified firms in the field exist or when the contract amount does not justify the cost of wider competition). When a Shortlist cannot be completed from the expressions of interest, the PE may add known Consultancy Organizations or that obtained from any other reliable source. The PE may also invite qualified consultants that may not be aware that a request for EOIs was issued, but are known to the PE for their good reputation or record of past work for the same PE.

In selecting the Shortlist, the PE shall carry out a diligent review of key aspects stated above. In reviewing the above aspects rather than using a point system, it is recommended to use the judgment of the PE.

The following are other considerations related to preparation of the Shortlist:

- If a Shortlisted Firm considers that it does not have all the expertise for the assignment, it should be allowed to obtain a full range of expertise by associating with Individual Consultant(s) and/or other Consultants or entities in a joint venture or sub-consultancy, as appropriate;
- A Shortlisted Firm may associate with another shortlisted Firm only with approval of the PE;
- Firm must obtain the approval of the PE to enter into a joint venture with Consultants not invited for this assignment.
- Firm should be required to confirm their intention to submit proposals shortly after the Letter of Invitation (LOI) is issued;
- The PE should identify one or two additional firms to include in the Shortlist in case any of the Shortlisted firms decides not to submit its Proposal.

**PROCUREMENT GUIDELINE REFERENCE: 4.4.3**

**EXPRESSION OF INTEREST**

**Suggested Evaluation Criteria for Shortlisting**

General qualification and general experience; ---05

Descriptions of similar assignments conducted; --10

Experience in similar conditions; ---10

Core business and years of business; --05

Qualifications in the field of the assignment; --30

Technical and managerial organization of the firm; --05

Qualifications and number of key staff; --25

Administrative and financial strength; --10

Name of Evaluator :

Date and Signature of Evaluator:

## CHAPTER 5

### REQUEST FOR PROPOSAL (RFP) DOCUMENT

#### PROCUREMENT GUIDELINE REFERENCE: 5.2

#### CONTENTS OF REQUEST FOR PROPOSAL DOCUMENT

The Procuring Entity shall use a Request for Proposals (RFP) for seeking Proposals from the consultants, whether Shortlisted or not, which shall include the following, namely:

**a. Letter of invitation (LOI); Refer 5.5**

**b. Instruction to Consultants (including Data Sheet); Refer 5.6**

**c. Terms of reference** –Terms of Reference shall unambiguously define the objectives, goals and scope of the assignment. Terms of reference shall list the services and surveys necessary to carry out the assignment and expected outputs.

**d. Type of contract** –The selection of type of contract is generally based on both the scope of work of the assignment and the method adopted for the selection of the Consultants. Lump sum type contracts are easy to implement and has many advantages over the other types. Hence unless in the situations where the PE can justify the advantages of using the other types of contracts, lump sum contracts shall be used. When scope of assignment and time inputs of the staff cannot be estimated accurately, time-based contracts may be more appropriate. For control and training purposes, a time-based contract may be more appropriate. The PE, depending on the circumstances, may use one of the following types of contract, namely:

- i. **Lump sum** contract will be used mainly for assignments in which the content, duration of the services and the required output are unambiguously defined;
- ii. **Time based** contract will be used when it is difficult to define the scope and the length of services;
- iii. **Hourly or daily rates** based contract will be used for small projects, especially when the assignment is for less than a month; and
- iv. Any other contract, based on combination of the above and including out of pocket expenses, where required;

**Proposed contract format**–The PE should propose a draft specimen contract to be entered into with the successful bidder.

**Special provisions**–The PE may specify any other requirement related to the assignment or contract etc. Where required.

**PROCUREMENT GUIDELINE REFERENCE: 5.3**

**STANDARD REQUEST FOR PROPOSAL (SRFP) DOCUMENT**

- a. PEs shall use the appropriate specimen SRFPs as far as possible. The SRFP can be adapted appropriately to apply to any selection methods described in the Consultant Guidelines.
- b. Where no relevant SRFPs have been issued, the PE may use other RFP documents with the concurrence and approval by the CSC, who shall take the entire responsibility for the contents of such documents.
- c. In the case of Procurements funded by a Foreign Funding Agency, the PEs may use the SRFPs mandated by such agencies.

**PROCUREMENT GUIDELINE REFERENCE: 5.4**

**REQUEST FOR PROPOSALS (RFPS) PUBLICATION**

Adequate publicity shall be given to the Request for Proposals in national newspapers, organization's website and National Procurement Commission's web portal and in relevant international websites, if required. In case of e-GP, the Request for Proposal (RFP) is published in e-GP Portal.

**PROCUREMENT GUIDELINE REFERENCE: 5.5**

**LETTER OF INVITATION (LOI)**

The LOI should state the intention of the PE to obtain the services of the Consultant for a given assignment and inform the Shortlisted Consultants that they are invited to submit a proposal for the execution of the assignment. It shall provide the basic information regarding:

- a. The name of the PE and source of funding;
- b. The names of the Shortlisted Consultants;
- c. A brief description of the objectives and scope of the assignment;
- d. The method of selection; and
- e. The date, time and address for submission of proposals.

The LOI also instructs Consultants to indicate whether they intend to submit their Proposal alone or in association with other Consultants, either Shortlisted or not (the possibility to associate with Shortlisted Consultants should be indicated in the Data Sheet).

This information is necessary to allow the PE to invite other Consultants, in case one or more Shortlisted Consultants decline the invitation or ask to associate with other Shortlisted Consultants, thus reducing competition. In these cases, the deadline for submission of Proposals may have to be extended.

**Refer Annex I of Chapter 5**

## **PROCUREMENT GUIDELINE REFERENCE: 5.6**

### **INSTRUCTION TO CONSULTANTS (ITC)**

Instructions to Consultants (ITC) section contains all the information and instructions that Consultants need to prepare responsive proposals. Among other things, it informs Consultants about not only the type of technical proposal to be submitted but also the evaluation process (including the evaluation criteria and sub-criteria, their respective weights, and the minimum qualifying mark) to provide for a fair and transparent selection process. The ITC should not be modified other than through the Data Sheet.

#### **Data Sheet**

The Data Sheet is the part of the ITC that contains specific information relating to the PE and the assignment. The column marked “Paragraph Reference” refers to the paragraph of the ITC under which the PE provides assignment-specific information to the Consultants. The Data Sheet can be modified for specific project conditions that are not addressed by the ITC standard text by, for example, adding new paragraphs not provided for in the ITC. For example; Software License, IP Rights etc. (The following text provides clarifications to some of the references to the paragraphs included in the Data Sheet.)

#### **Paragraph Reference**

Preproposal conference; A preproposal conference is recommended most of the assignments when the proposal preparation benefits from field visits, collection of documents and for clarifications on the RFP. The conference should be convened after Consultants have had sufficient time to examine the RFP. However, the conference should leave enough time for Consultants to prepare their proposals, taking into account the clarifications obtained during the conference. Minutes of the conference should be made available to all Shortlisted

Consultants. Attendance at the preproposal conference is optional.

Inputs and facilities provided by the PE; A detailed list of the clients' inputs is usually included in the TOR. Under this heading, the PE should provide all additional information needed for Consultants to understand the form and the extent of the PE's contribution. Consultants may seek clarifications as necessary on such inputs because any ambiguity in what the PE will provide may become an issue during technical and financial evaluation of the proposals.

Continuation; The PE shall indicate under this Paragraph Reference whether the Consultant might be expected to provide additional Consulting Services as a continuation of the assignment. If this is a possibility, the PE shall briefly outline in the TOR the scope and nature of the future work envisaged.

Validity period of the proposal; Refer 5.9 of the Manual.

Request for clarifications; Refer 5.12 of the Manual.

Language(s) of proposals; The PE must indicate the language that the proposals shall be submitted; Ex; in English

Estimated number of professional staff-months required for the assignment, and the available budget; Only the estimated total of professional staff-months (not the individual staff-months) or the available budget should be indicated, but not both. For FBS, only the available budget shall be given, and not the staff-months required.

Capacity Building (Training):

When training is a specific component of the assignment, the PE should provide consultants with appropriate information on the nature, extent, goals, and depth of such activity, either under this Data Sheet or (preferably) in a specific section of the TOR.

Proposal submission date; Refer 5.12 of the Manual.

Evaluation criteria, sub-criteria, and relevant points; **Refer Annex III of Chapter 5**

Source of the official exchange rate;

This should be an official source, such as the central Bank of Sri Lanka.

Date of exchange rate;

This date should not be earlier than four weeks before the dead-line for submission of Proposals or suggest to use the date of dead-line for submission of Proposals.

**PROCUREMENT GUIDELINE REFERENCE: 5.7**

**ELIGIBILITY OF CONSULTANTS**

- a. No contract shall be awarded to any consultant who is blacklisted.
- b. A list of blacklisted Consultants, updated periodically, will be circulated by the NPC to the PEs from time to time and will also be published in the NPC web site.
- c. No contract shall be awarded to any Consultant who has been engaged by the PE to prepare the TOR for the proposed Consultancy assignment.
- d. No contract shall be awarded to any Consultant who has been engaged by the PE to provide goods, works or services which are related to the proposed assignment.

**PROCUREMENT GUIDELINE REFERENCE: 5.9**

**PROPOSAL VALIDITY PERIOD**

- a. Consultants shall be required to submit proposals valid for a period specified in the RFP documents.
- b. The CSC shall ensure that the period so specified is sufficient to enable the CSC to complete the evaluation of proposals, obtain all requisite approvals and in the case of a Foreign Funded Project to obtain the concurrence of the Foreign Funding Agency for the recommendation of award in order that the contract can be awarded within the proposal validity period.
- c. The minimum proposal validity periods are given in this manual.
- d. The validity period should allow for an adequate period to negotiate the contract with the successful Consultant. It should also allow for negotiations with the Consultant ranked second if the negotiations with the first are unsuccessful. However, an excessive proposal validity period poses a pressure on Consultants, who must retain their staff for an indefinite period. If the validity period is too long, the risk of staff substitution increases considerably. A reasonable period is estimated to be between 60 and 90 days after the proposal submission date.

**Refer Annex II of Chapter 5**

**PROCUREMENT GUIDELINE REFERENCE: 5.12**

**CLARIFICATIONS AND AMENDMENTS TO RFP**

- a. Any additional information, clarification, correction of errors or modifications to RFP shall be circulated to each and every recipient of the original RFP document.
- b. During the proposal submission period, all Shortlisted Consultants shall be allowed to request clarifications about the information provided in the RFP. The PE in consultation with CSC, shall provide these clarifications in writing, electronic message in case of e-GP, and copy them to all Consultancy Firms on the Shortlist.
- c. PE shall provide reasonable opportunity of access to the project sites for visits by prospective Consultants.
- d. In the case of complex assignments, a pre-proposal conference shall be arranged whereby potential Consultants have the opportunity of seeking clarifications from the PE's representative/s.
- e. Minutes of such pre-proposal conference shall be circulated to all prospective Consultants.
- f. The deadline for requesting clarifications should allow the PE sufficient time to prepare responses and allow the Consultants enough time to take them into account before submitting their proposals. Therefore, no less than 10 working days should be provided for.

**PROCUREMENT GUIDELINE REFERENCE: 5.13**

**ASSOCIATIONS BETWEEN CONSULTANTS**

- a. Consultants may be allowed to associate with each other to complement the irrespective areas of expertise, or for other reasons. Such an association may be for the long term (independent of any particular assignment) or for a specific assignment.
- b. The "association" may take the form of a joint venture or of a sub-consultancy.
- c. In case of a joint venture, all members of the joint venture shall sign the contract and shall be jointly and severally liable for the entire assignment.
- d. Once the Shortlist is finalized, and the Requests for Proposals (RFPs) are issued, any association in the form of joint venture or sub-consultancy among short-listed Consultancy Organizations shall be permissible only with the approval of the PE.

## **PROCUREMENT GUIDELINE REFERENCE: 5.15**

### **EVALUATION CRITERIA AND QUALIFICATION REQUIREMENTS**

#### **Main Considerations**

The project objectives and the underlying TOR determine the qualifications and experience required from the consultants who will carry out the assignment. In adopting evaluation criteria, the PE wants to ensure that the proposal selected will offer the best quality for the services required.

The following criteria shall be used as a basis for evaluation of technical proposals:

- specific experience of the consultants relevant to the assignment;
- adequacy of the proposed methodology and work plan in responding to the TOR; and
- key professional staff's qualifications and competence for the assignment.

Depending on the particular objectives of the assignment, two additional criteria may be required:

- suitability of the transfer of knowledge program (capacity building/ training); and
- participation by nationals among proposed key staff, when international consultants are competing.

When the transfer of knowledge is important and the nature of the assignment allows, the suitability of the transfer of knowledge program (training) should be included, and the desired features of the transfer of knowledge should be specified in the TOR. The participation of national consultants' criterion should be included to encourage the participation of nationals among key staff proposed by consultants.

The Data Sheet contained in the ITC of the particular RFP shall disclose the points allocated to each of the evaluation criteria and sub-criteria.

The Table below shows a range of points that may be allocated to each criterion on a scale of 1 to 100. The weights may be adjusted for specific circumstances. The actual distribution should depend on the type of assignment and the relative importance of each criterion for the success of the assignment. A good practice is to have those who prepared the TOR advice in the selection of criteria and sub-criteria and relative points.

**Point Distribution of Evaluation Criteria for Technical Proposal**

<b>Evaluation Criteria</b>	<b>Points (weights)</b>
Specific experience of the consultants	5 to 10
Adequacy of the proposed methodology and work plan	20 to 50
Qualifications and competence of key staff	30 to 60
Suitability of the transfer of knowledge program (training)	Optional - Normally not to exceed 10
National participation (nationals among key staff)	Optional - Not to exceed 10
<b>Total</b>	<b>100</b>

The criterion “adequacy of the proposed methodology and work plan” is divided into the following three sub-criteria:

- Technical approach and methodology
- Work plan
- Organization and staffing

The criterion “qualifications and competence of key staff” is divided into the following three sub-criteria:

- general qualifications;
- adequacy for the assignment; and
- experience in the region for international consultants, and experience with similar institutes in the case of national consultants.

The other three evaluation criteria may also be divided into sub-criteria, although excessive detail should be avoided. However, given their relatively small assigned weight (in most cases maximum of 10 points out of 100), it may not be practical to adopt sub-criteria for the following three evaluation criteria:

- specific experience of the consultants relevant to the assignment;
- suitability of the transfer of knowledge program (training); and
- participation by nationals among proposed key staff.

When transfer of knowledge is a particularly important component of the assignment, more than 10 points may be allocated to this criterion; in such a case, sub-criteria may be provided.

However, if the capacity-building program is a particularly important component of the assignment, or even its main objective, this fact should be indicated in the TOR; in such case, more than 10 points may be allocated to this criterion and sub criteria may be provided.

When sub-criteria are provided, which is always the case for “adequacy of the proposed methodology and work plan” and “qualifications and competence of key staff”, for practical reasons the number of sub-criteria should be kept to a minimum (typically no more than three for each criterion).

Since sub-criteria and their weighting determine the outcome of the evaluation, they should be chosen considering the aspects that are critical to the success of the assignment.

All adopted sub-criteria should be specified in the RFP. The points allocated to each of the sub-criteria under “qualifications and competence of key staff” must be indicated. It is also recommended to disclose in the RFP the points allocated to the sub-criteria of “adequacy of the proposed methodology and work plan” and “suitability of the transfer of knowledge program” (when more than 10 points are allocated to the latter), since it increases the transparency of the evaluation.

The points allocated to each sub-criterion will vary according to its relative importance for the consultant assignment. It is recommended that no fewer than 3 points be allocated to each sub criterion. Allocation of fewer than 3 points would imply that the sub criterion is of only minor importance to the overall evaluation.

In defining the points there is an initial issue as to whether the ‘methodology and work plan’ or ‘quality of staff’, is more important. The answer depends on the nature of the assignment. Since methodology and work plan are usually less important in the final stages of the project (such as construction supervision) and deserve less points, weight given to the key staff may be higher. On the other hand, since methodology and work plan are more important in the initial stages (such as master plans and feasibility studies) and deserve more points, less points are left to key staff.

#### **Relative weight of Technical and Financial Proposals;**

When cost is a factor of selection (QCBS, FBS, LCS), the RFP has to indicate the relative

weight assigned to the technical and financial proposals. The weight for quality is normally 80 percent with 20 percent given to cost. More than 20 percent weight to the cost of the services is justified only in relatively routine and straightforward assignments (such as design of very simple structures, selection of procurement agents etc), which may be weighted up to 50%. For assignments in which quality considerations are relatively important, a minimum weight of 10 percent should be given to cost.

It is not mandatory to apply a pass or fail threshold when evaluating technical proposals. However, if cost is a factor of selection, a minimum technical qualifying mark may be provided in the RFP to minimize the risk of accepting low-quality proposals at a very low cost. A qualifying mark in the range of 70 and 80 percent is typical. Any technical proposal with a score below this threshold will be rejected, and the financial envelope will be returned unopened. Setting the threshold too high increases the risk of rejection of a majority of proposals. A nonresponsive technical proposal shall be rejected regardless of whether there is a pass or fail threshold.

**The following sections recommend best practices for selecting sub-criteria and allocating points (weights) to both criteria and sub-criteria for Technical evaluation;**

**(i) Specific Experience**

A maximum of 10 points will be assigned to the specific experience of Consultancy Organizations in the field of the assignment because the PE has already shortlisted them on the basis of their capabilities, that is, relevant qualifications and experience in projects of a similar nature. Ideally, there should be little difference between shortlisted competitors from the point of view of their specific experience. However, the experience of shortlisted Consultancy Organizations must be evaluated to identify more specific aspects of their qualifications that make them suitable candidates for the assignment. Depending on the importance of such specific aspects, the PE will decide how many points (between 5 and 10) to allocate to this criterion.

Suggested sub-criteria for **Specific Experience** are;

- Experience in similar assignments
- Experience in similar areas and conditions
- Size, organization and management

**(ii) Adequacy of the proposed Methodology and Work Plan**

The methodology and work plan for performing the assignment is a key component of the technical proposal and should be evaluated carefully. Sub-criteria for evaluating this component of the proposal should include the following:

- technical approach and methodology;
- work plan; and
- organization and staffing.

• ***Technical Approach and Methodology.***

Here consultants explain their understanding of the objectives of the assignment, highlight the issues and their importance, and explain the technical approach they would adopt to address them. They should then explain the methodologies they propose to adopt, demonstrate the compatibility of those methodologies with the proposed approach (for instance, the methods of interpreting available data; carrying out investigations, analyses, and studies; and comparing alternative solutions), and any modifications to the TOR proposed by the consultants. In case the TOR require the Consultancy Organization to provide a Quality Plan and carry out the assignment according to its provisions, an outline of the Quality Plan (its list of contents, for example) should be included in this section of the proposal.

• ***Work Plan.***

Here Consultancy Organization propose the main activities of the assignment, their content and duration, phasing and interrelations, milestones (including interim approvals by the PE), and delivery dates of the most important reports. The consistency of the technical approach and methodology with the proposed work plan is a good indication that Consultancy Organizations have understood the TOR and are able to translate them into a feasible working plan. A list of the final documents, including reports, drawings, and tables to be delivered as final output, should be included here. The work plan will enable the Consultancy Organizations to prepare the Activity Schedule.

• ***Organization and Staffing.***

In this section, the Consultancy Organizations propose the structure and composition of their team. It will list the main disciplines involved, the key expert responsible and proposed technical and support staff. The roles and responsibilities of key experts should be set out in job descriptions. In case of association (J/V, Sub-Consultants), this section will indicate how the duties and responsibilities will be shared among its members. Completion of the organization and staffing section will allow Consultancy Organizations to summarize the team composition and task assignments and prepare the time schedule for professional personnel. An organization chart illustrating the structure of the work team and its links to the PE and institutions involved in the project also should be provided. The importance of organization and staffing increases with the size of the team; in fact, larger teams, such as those required by multidisciplinary projects, are far more difficult to

manage.

The methodology, work plan, and organization are all integrated. The work plan depends on the technical approach and methodology adopted, and those in turn determine the required organization. To facilitate the evaluation, PE should invite Consultancy Organizations to illustrate separately, in a concise manner, each of these three aspects. Larger technical proposals may contain more details, but they may not contain better ideas.

In very complex assignments, when the TOR requires Consultancy Organizations to carry out activities that differ substantially from each other, additional evaluation sub-criteria may be inserted. Take, for example, a feasibility study of a new sea port in which the TOR assign major importance to traffic forecast, comparison of different layout alternatives, and design of large maritime structures. In this case, the sub-criterion “technical approach and methodology” might be split into four sections, increasing the total number of sub-criteria to six, as follows:

- traffic forecast;
- analysis of alternative layouts;
- geotechnical studies;
- other aspects of technical approach and methodology;
- work plan; and
- organization and staffing.

This breakdown helps the CSC to better focus on the different levels of detail in its evaluation.

Take another example of a phased assignment in which there is a need to evaluate the different phases separately. In this case, the sub-criterion “technical approach and methodology” might be split in to two sub-criteria, increasing the total number of sub-criteria to four, as follows;

- approach and methodology of the first phase;
  - approach and methodology of the subsequent phases;
  - work plan; and
  - organization and staffing.
- **The number of points to be allocated;**

The total points that can be allocated to ‘Adequacy of the proposed Methodology and

Work Plan' (20 to 50) have to be split among the sub-criteria depending on their relative importance for the assignment. Even in these cases, the number of sub-criteria should be kept to a minimum. Otherwise, the features being evaluated may become individually irrelevant and make the evaluation a mechanical exercise rather than an informed professional assessment of quality.

**(iii) Qualifications and Competence of Key Staff for the assignment;**

Key staff refers to the Consultancy Organization staff who have management responsibilities or have key qualifications needed for the assignment. Consultancy Organization key staff are evaluated based on the qualifications and experience shown in their curriculum vitae (CV). The evaluation is carried out using the three sub-criteria

- **General Qualifications:** This sub-criterion covers the general experience of the candidate (total duration of professional activity), level of education and training, positions held by the candidate, time spent with the Consultancy Organization as staff, experience in the location where the assignment is to be carried out (for international personnel), and so on.
- **Adequacy for the Assignment:** This relates to the education, training, and experience of the candidate in the specific sector, field, subject, and so forth directly relevant to the assignment and the proposed position. This factor is critical and should be given the highest weight among the three sub-criteria.
- **Experience in the Region and Language.** This illustrates the international candidate's knowledge of national or local conditions, including culture, administrative systems, and government organizations, and his or her ability to communicate in the national language. For national consultants, it could be the experience with similar institutes.

• **The number of points to be allocated;**

The total points that can be allocated to '**Qualifications and Competence of Key Staff for the assignment**' (30 to 60) have to be split among the sub-criteria depending on their relative importance for the assignment.

The points allocated to the criterion "qualifications and competence of key staff" are distributed among the above sub-criteria according to the percentages set out in following Table;

Range of Percentage in Point Distribution of Key Staff Qualifications and Competence Sub-criteria;	
Sub-Criteria	Range of percentage
<i>General qualification</i>	20% - 30%
<i>Adequacy for the assignment</i>	50% - 60%
<i>Experience in region and language or</i>	10% - 20%

<i>experience with similar institutes</i>	
Total	100

The RFP should indicate the distribution of points and what fraction of the total refers to the team leader and to the remaining key staff. Since the success of the assignment depends to a large extent on the performance of the team leader, in no circumstances should he or she be given less weight than any other staff member. In small teams the team leader may be given more than 50 percent of the points.

An example of such distribution for Information System project is outlined below (it is assumed that the total points allocated to the criterion “key professional staff qualification and competence for the assignment” is 60):

- Team Leader; ----- 25 points
- Domain Expert; ----- 10 points
- Relevant Assignment Expert; -----07 points
- BPR Expert; ----- 06 points
- System integration Expert; ----- 06 points
- Database Expert; ----- 06 points
- \_\_\_\_\_
- Total; ----- 60 points
- =====

Some assignments more specifically, those involving large teams may require **interdisciplinary weighting**. In these cases, PE may indicate the points allocated to the most significant technical disciplines in the RFP, instead of those relating to staff members covering the most important positions. In this case, the evaluation shall consider the combined qualifications and experience of all the proposed key professional staff in each of the technical disciplines. The proposal should group the experts by discipline (or activity), and the PE should evaluate them by applying the established weight to each group.

However, the team leader shall be evaluated separately because of his or her relevance for the success of the assignment.

An example of such distribution for the same IS project outlined above is as follows;

Team Leader; ----- 25 points

Domain Experts team; ----- 10 points

Relevant Assignment Experts team; -----07 points

BPR Experts team; ----- 06 points

System integration Experts team; ----- 06 points

Database Experts team; ----- 06 points

Total; ----- 60 points

-----  
=====

**Example for interdisciplinary weighting for “feasibility study of a new seaport” assignment;**

The following example illustrates the interdisciplinary weighting of key staff for an assignment relevant to the **feasibility study of a new seaport**. The weighting indicated in the RFP is supposed to be as follows:

- The RFP states that, besides the management of the assignment entrusted to the team leader, the most important disciplines are traffic forecast studies, alternative layout analyses, and geotechnical studies. The total points allocated to the criterion “key professional staff qualification and competence for the assignment” in the RFP is 50;
  
- The relative points indicated in the RFP are the following:
  - Team leader: 20
  - Traffic forecast studies: 05
  - Analysis of alternative layouts: 15
  - Geotechnical studies: 10
  - \_\_\_\_\_
  - Total points allocated; ----- 50

• It is assumed that the percentage weight allocated to the three sub-criteria in the Data sheet of the RFP is as follows;

- General qualifications: 20%
- Adequacy for the assignment: 60%
- Experience in region and language: 20%

**Total: 100**

The detailed point allocation resulting from the breakdown above is summarized in following Table. Accordingly, the team leader can be given a maximum of 12 points under “adequacy for the assignment.” Similarly, the geotechnical expert can be assigned a maximum of two points under “general qualifications.” When more than one expert is proposed for the same activity, the relevant points are evenly distributed among them. For instance, if in the above example a Consultancy Organization proposes three traffic forecast experts, each of the three is evaluated according to the table, and then the total score is divided by three.

Distribution of Points between Team Leader and Remaining Key Staff					
		Team Leader	Traffic Forecast Experts	Alternative Layout Experts	Geotechnical Experts
Sub-criteria	Weight	20 points	05 points	15 points	10 points
General qualification	20%	20% of 20=4	20% of 5=1	20% of 15=3	20% of 10=2
Adequacy for the assignment	60%	60% of 20 =12	60% of 5=3	60% of 15=9	60% of 10=6
Experience in region and language	20%	20% of 20=4	20% of 5=1	20% of 15=3	20% of 10=2
	<b>100</b>	<b>Subtotal = 20</b>	<b>Subtotal=5</b>	<b>Subtotal=15</b>	<b>Subtotal=10</b>

**(iv) Transfer of Knowledge (Capacity Building/Training)**

When transfer of knowledge is an important component of the assignment, more than 10 points can be allocated to this area. This area could be divided into the following sub-

criteria:

- **Relevance of Program.** Transfer of knowledge should cover in sufficient depth important developments in a given sector that will benefit the PE.
- **Training Approach and Methodology.** This refers to the methodology and work program proposed to achieve the objectives specified in the TOR and ensure lasting results for the PE.
- **Qualifications of Experts and Trainers.** This covers the technical qualifications in training of the proposed specialists requested by the TOR.

### **National Participation**

The Guidelines encourage international consultancy organizations to maximize the use and expertise of nationals by factoring it into the evaluation of proposals with a specific criterion. Depending on the importance given to participation of nationals and the characteristics of the assignment, a maximum of 10 points may be given to this criterion. National participation is assessed on the basis of the percentage share of national consultants covering key positions in terms of staff months over the total staff months of key staff proposed for the assignment. Foreign Consultancy Organizations may satisfy national participation requirements either by associating (joint venture or subcontract) with their national branch, if one exists, or with independent national firms, or incorporating national individual experts into the work team. In all cases, for national participation to be effective and rewarded in the evaluation of proposals, Sri Lankan experts should be part of the key staff.

## **PROCUREMENT GUIDELINE REFERENCE: 5.20**

### **ADVANCE PAYMENT**

A maximum of twenty percent (20%) of the contract sum may be paid against the submission of an acceptable advance payment guarantee. When an advance payment is made, it shall be set off by equal installments against the payments due to the Consultant, within the first fifty percent (50%) of the total contract price.

Format for advance payment guarantee; Refer **Annex III of Chapter 5**.

**PROCUREMENT GUIDELINE REFERENCE: 5.20.1**

**PERFORMANCE SECURITY**

Suggested amount for Performance Security is 5% to 10% of the total amount of the contract for Consultancy assignment under special circumstances as decided by the PE.

Format for Advance Payment Guarantee; Refer **Annex IV of Chapter 5**.

**PROCUREMENT GUIDELINE REFERENCE: 5.24**

**TECHNICAL AND FINANCIAL PROPOSALS STANDARD FORMS**

The PE shall not modify technical and financial Proposal standard forms given in the Standard RFPs, unless it is really essential and that with the concurrence of relevant CAO or AO where appropriate.

**PROCUREMENT GUIDELINE REFERENCE: 5.5**  
**SAMPLE LETTER OF INVITATION (LOI) –**

[insert: Location and Date]

Dear [insert: Name and Address of shortlisted Consultancy Organization]:

1. \*The Democratic Socialist Republic of Sri Lanka [*select*: has received or has applied for] a [*select*: loan or credit] (hereinafter called “loan”) from the [*indicate source*] toward the cost of [*insert: Name of Project*] and intends to apply a portion of this loan to eligible payments under this Contract.
2. The [*insert: Name of PE*] now invites proposals to provide the following consulting services: [*insert: short description of objectives and scope of the assignment*]. More details on the services are provided in the attached Terms of Reference.
3. The RFP has been addressed to the following shortlisted Consultancy Organizations:  
[insert: List of Shortlisted Consultancy Organizations]
4. A Consultancy Organization will be selected under [insert: Selection Method] and procedures described in this RFP.
5. The RFP includes the following documents:

Section 1 - Letter of Invitation

Section 2 - Information to Consultants

Section 3 - Technical Proposal - Standard Forms

Section 4 - Financial Proposal - Standard Forms

Section 5 - Terms of Reference

Section 6 - Standard Forms of Contract.

6. Please inform us, upon receipt:
  - (a) that you received the letter of invitation; and
  - (b) whether you will submit a proposal alone or in association.

Sgd:

Name:

Designation:

\* Only for foreign funded projects.

**PROCUREMENT GUIDELINE REFERENCE: 5.9**

**SUGGESTED PROPOSAL VALIDITY PERIODS**

Consultants shall be required to submit proposals valid for a period specified in the RFP documents. The PE shall ensure that the period so specified is sufficient to enable the CSC to complete the evaluation of proposals, obtain all requisite approvals and in the case of a Foreign Funded Project to obtain the concurrence of the Foreign Funding Agency for the recommendation of award in order that the contract can be awarded within the proposal validity period. The minimum proposal validity periods are suggested below.

<b>Proposal Validity Period (in calendar Days)</b>		
<b>Contract Value in Rupees Million</b>	<b>GOSL Funded</b>	<b>Foreign Funded</b>
More than or equal to 100	140	190
More than or equal to 50 and less than 100	120	140
More than or equal to 20 and less than 50	90	120
More than or equal to 5 and less than 20	90	
Less than 5	60	

**PROCUREMENT GUIDELINE REFERENCE: 5.4**  
**ACCEPTABLE FORMAT FOR ADVANCE PAYMENT**  
**GUARANTEE**

Advance payment securities issued in the format given below is acceptable:

----- [ *Name and address of Agency, and Address of Issuing Branch or Office* ] ----  
--

Beneficiary: ----- [ *Name and Address of Client* ]

Date: -----

ADVANCE PAYMENT GUARANTEE No.: -----

We have been informed that ----- [ *name of Consultancy Organization* ] (hereinafter called "the Consultant") has entered into Contract No. ----- [ *reference number of the contract* ] dated ----- with you, for providing consultancy services for ----- -- [ *name of contract and brief description* ] (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, an advance payment in the sum ----- [ *amount in figures* ] ( ----- ) [ *amount in words* ] is to be made against an advance payment guarantee.

At the request of the Consultant, we ----- [ *name of issuing agency* ] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of ----- [ *amount in figures* ] ( ----- ) [ *amount in words* ]<sup>1</sup> upon receipt by us of your first demand in writing accompanied by a written statement stating that the Consultant is in breach of its obligation under the Contract.

This guarantee shall expire, [ *Insert the date, 28 days beyond the expected expiration date of the Contract* ]

Consequently, any demand for payment under this guarantee must be received by us at this office on or before that date.

\_\_\_\_\_  
[ *signature(s)* ]

\_\_\_\_\_

The Guarantor shall insert an amount representing the amount of the advance payment and denominated either in the currency(ies) of the advance payment as specified in the Contract.

<p><b>PROCUREMENT MANUAL REFERENCE: 5.20.1</b></p> <p><b>ACCEPTABLE FORMAT FOR PERFORMANCE SECURITY</b></p>
<p>_____ <i>[Issuing Agency's Name, and Address of Issuing Branch or Office]</i> _____</p> <p><b>Beneficiary:</b> _____ <i>[Name and Address of Employer]</i></p> <p>_____</p> <p><b>Date:</b> _____</p> <p><b>PERFORMANCE GUARANTEE/SECURITY No.:</b> _____</p> <p>We have been informed that _____ <i>[name of Contractor/supplier]</i> (hereinafter called "the Contractor") has entered into Contract No. _____ <i>[reference number of the contract]</i> dated _____ with you, for the _____ <i>[insert "construction / "supply"]</i> of _____ <i>[name of contract and brief description of Works or supply]</i> (hereinafter called "the Contract").</p> <p>Furthermore, we understand that, according to the conditions of the Contract, a performance guarantee is required.</p> <p>At the request of the Contractor, we _____ <i>[name of Agency]</i> hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of _____ <i>[amount of figures]</i> ( _____ ) <i>[amount in words]</i>, such sum being payable in the types and proportions of currencies in which the Contract price is payable, upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation(s) under the Contract, without your needing to prove or to show grounds for your demand or the sum specified therein.</p> <p>This guarantee shall expire, no later than the _____ day of _____, 20____ <i>[insert 28 days beyond the schedule contract completion date]</i>. and any demand for payment under it must be received by us at this office on or before that date.</p> <p>_____</p> <p><i>signature(s)</i></p>

## **CHAPTER 6**

### **PROPOSAL PROCESS**

<b>PROCUREMENT GUIDELINE REFERENCE: 6.1</b>
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<b>ISSUANCE OF RFP DOCUMENTS</b>
----------------------------------

- |   |
|---|
| <ul style="list-style-type: none"><li>a. The RFP should be made available during business hours, by mail or in person to Shortlisted Consultant; or through the e-GP system, on the payment of the prescribed fees if applicable.</li><br/><li>b. The RFP shall be issued only to the shortlisted consultants on the same date.</li><br/><li>c. The prescribed fee (if any) for purchase of RFP documents should not be fixed so high as to discourage the consultants.</li></ul> |
|---|

## PROCUREMENT GUIDELINE REFERENCE: 6.2

### PROPOSAL PREPARATION PERIOD

- a. The proposal preparation period shall commence from the date on which the RFP documents are available to Shortlisted Consultants.
- b. The period shall end with the deadline for proposal submission.
- c. The proposal preparation period shall be reasonably adequate to prepare the bids.
- d. PE should allow Consultants a reasonable time for the preparation of Proposals. For small and simple assignments, normally 28 days between the invitation and submission should suffice. For large and complex assignments, however, for which the Consultants must associate, or visit the site, or attend the preproposal conference, periods of up to three months may be needed.

#### Minimum period of Proposal preparation

Minimum period shall be maintained as stated below:

Consultancy assignment where international consultancy organizations are also Shortlisted following QCBS, QBS, FBS, LCS methods	42 days (more for Complex assignments)
Consultancy assignment where international consultancy organizations are also short-listed following CQS selection method	28days
National Consultancy Organizations only [QCBS, QBS, FBS, LCS]	28days
National Consultancy Organizations only [CQS,] for more than LKR 5m	21days
National Consultancy Organizations only [SSS and less than or equal to LKR 5m for CQS]	14days
Individual Consultants[IC]	07days

#### Extension for Proposal preparation period;

During the period specified in the RFP, Consultancy Organizations may seek clarifications on the information contained in the RFP. Consultancy Organizations must submit their requests for clarifications to the PE in writing, to the client's address indicated in the Data Sheet or by standard electronic means (including fax or e-mail). PE must respond promptly,

also in writing or electronically, and send a copy of the query and its response to all Shortlisted Consultancy Organizations who have confirmed their intention to submit proposals in response to LOI. The PE should not disclose the source of the query. When the clarification results in important changes to any part or provision of the RFP, the PE must extend the deadline for the submission of Proposals to enable Consultancy Organizations to take into account the responses to their questions.

If the RFP provides for a pre-proposal conference, clarifications should be recorded in the minutes and sent to all attendees. Because attendance is not mandatory, the PE should fax or e-mail the conference minutes to those Consultancy Organizations who did not attend the conference, but who confirmed their intention to submit Proposals.

Consultancy Organizations should prepare their Proposals using the Standard Forms contained in the RFP and should provide all information and documentation requested.

## **PROCUREMENT GUIDELINE REFERENCE: 6.3**

### **SUBMISSION/RECEIPT OF PROPOSALS**

- a. The Proposal shall be received only at one location by;
  - i. Mail under registered post; or
  - ii. Personal delivery against receipt, to the officer authorized by the PC to receive such Proposals at the specified location; or
  - iii. According to the instruction given in the RFP under e-GP system if applicable;
- b. Except for CQS and SS, for all proposals must be submitted only under sealed cover and the RFP documents should stipulate a condition to this effect.
- c. Proposal shall be submitted in one original and a copy as stipulated in the “Instruction to Consultants” sealed separately and clearly marked as “Original” or “Copy”. All these sealed envelopes shall together be enclosed in one envelope and delivered as per above.

**PROCUREMENT GUIDELINE REFERENCE: 6.4**

**REJECTION OF LATE PROPOSALS**

Proposals shall be closed at the time specified in the RFP documents. Late Proposals shall not be accepted and shall be returned unopened in the case of QCBS, QBS, LCS, and FBS. In case of e-GP system, system shall automatically reject the proposal if the specified time is expired.

Under CQS and SSS, wherein technical and financial proposals are requested from only one consultant, a degree of flexibility is acceptable when a minor delay occurs for reasons beyond the control of the Consultancy Organizations.

**PROCUREMENT GUIDELINE REFERENCE: 6.5 & 6.6**

**PUBLIC OPENING OF PROPOSALS ANDPROCEDURE FOR  
OPENING FINANCIAL PROPOSALS**

Under QCBS, QBS, FBS and LCS selection methods, it is essential that both technical and financial proposals must be submitted at the same time. Proposals must be submitted at the designated place (exact address, office, and room number to avoid any ambiguity), no later than the date and time indicated in the RFP. Proposals received after the deadline for submission are disqualified and must be returned to the Consultancy Organizations unopened.

**Opening of Technical Proposals:**

Opening of Proposals shall be done by a committee appointed with the concurrence of the respective CSC. Proposal Opening Committee (POC) must ensure that the clock that will be used for deciding the closing time is set correctly. Just before the bids are closed the POC shall ensure that all the Proposals that are posted, personally delivered, deposited in the tender box, electronically if the e-GP system is available or any other means allowed for submission of Proposals have been brought to the Proposal opening room. The proceedings of the Proposal opening shall be recorded in the prescribed format and should be signed by all members of the POC. The time for proposal opening shall be same as for the deadline for receipt of proposals. The proposal opening shall take place at the location described in the RFP.

When submission of both technical and financial Proposals is required, POC open the technical proposals immediately after the deadline. Then verify that the financial envelopes are sealed and that they are deposited in a safe place under the custody of a designated officer. The POC should disclose the names of consultancy organizations who have submitted the proposals, presence or absence of the financial Proposal. Each member of the POC shall sign the outer envelope of the Financial Proposal in the presence of the representatives of the consultancy organizations who have submitted Proposals and attended the proposal opening meeting. Minutes of the technical Proposal opening event are kept, including lists of the firms that presented proposals and of the documents that were submitted. The technical Proposals are handed over to the CSC for evaluation.

**Opening of Financial Proposals:**

On the date and time set for opening the financial Proposals in accordance with the section 6.6 of this manual above, the POC shall verify that the financial Proposals have remained sealed and then opens them. In the case of QCBS the quality score of each Proposal shall be announced prior to opening of Financial Proposals. Then the name of the Consultancy Organization, and the proposed prices are read aloud and recorded as each financial Proposal is opened. No modification to financial Proposals is permitted. The POC prepares the minutes of the public opening, which should be attached to the Financial Evaluation Report.

**Refer Annex I,II and III of Chapter 6**

**PROCUREMENT GUIDELINE REFERENCE: 6.5 & 6.6**

**FORMAT FOR PROPOSAL OPENING MINUTES -**

All who are officially attending the Proposal opening shall sign the attendance. Just before the proposal opening a request shall be made from all the representatives of the proponents to sign their attendance. The POC may order any representative of the proponents who is refusing to sign the attendance, to move out from the proposal opening room. Any representative of a proponent who arrives late should be requested to sign the attendance and similar procedure described above is applicable.

<b>Attendance at Proposal Opening</b>		
Title of Consultancy:		
Date:		
Time:		
Location:		
Type of Meeting:	Technical Proposals Opening / Financial Proposals Opening	
<b>We the undersigned were present at the proposal opening</b>		
<b>A: Proponent's Representatives:</b>		
<b>Name of Representative</b>	<b>Proponent's Name</b>	<b>Signature</b>
1.		
2.		
3.		
4.		
5.		
6.		
7.		
<b>B: Proposal Opening Committee</b>		
<b>Name</b>	<b>Capacity (Chairperson/Member)</b>	<b>Signature</b>
1.		
2.		
3.		

**PROCUREMENT GUIDELINE REFERENCE: 6.5 & 6.6**

**FORMAT FOR PROPOSAL OPENING MINUTES – FIRST OPENING**

The proceedings of the proposal opening shall be recorded in the prescribed format and should be signed by all members of POC. In addition to the time, location etc. of proposal opening the POC minutes shall include the name of the proponent, presence or absence of financial proposal, and any other special features of the proposals submitted. It may also include and special features happened during the proposal opening.

<b>Proposal Opening Minutes</b>	
Title of Consultancy:	
Proposed Opening Date:	
Proposed Opening Time:	
Location:	

Observations of Each Proposal							
Observation Criteria	PR1	PR2	PR3	PR4	PR5	PR6	PR7
	Insert Y if answer is Yes and N if answer is No.						
3.1 Is outer envelope of proposal sealed?							
3.2 Is the financial proposal present?							
3.3 Is the financial proposal sealed?							
Any additional Information:*							
*Describe							

**PROCUREMENT GUIDELINE REFERENCE: 6.6**

**FORMAT FOR FINANCIAL PROPOSAL OPENING MINUTES –**

The proceedings of the proposal opening shall be recorded in the prescribed format and should be signed by all members of POC. In addition to the time, location etc. of proposal opening the POC minutes shall include the name of the proponent, Quality score in the case of QCBS or LCS proposal price and any other special features of the proposals submitted. It may also include and special features happened during the proposal opening.

<b>Proposal Opening Minutes</b>	
Title of Consultancy:	
Proposed Opening Date:	
Proposed Opening Time:	
Location:	

Observations of Each Proposal							
Observation Criteria	PR1	PR2	PR3	PR4	PR5	PR6	PR7
	Insert Y if answer is Yes and N if answer is No.						
(a) Is financial envelope remained sealed?							
(b) Any objections rose by any proponent about the status of financial envelope?*							
(c) Quality score announced? **							
(d) Additional Information:***							
*describe							
**only for QCBS &LCS							
*** Describe							

**Steps to be followed in Preparation, Submission & Evaluation of Proposals for QCBS method**

1. Letters of Invitation are issued
2. Requests of clarifications & Pre-Proposal Conference
3. CSC meets to agree on rating system to adopt for evaluating the technical proposals.
4. CSC confirms that all members fully understand the evaluation process and method.
5. Technical and financial proposals are received.
6. Opening of the proposals by the POC. Provisions are taken for the safekeeping of the financial proposals.
7. Each member of the CSC independently evaluates the technical proposals.
8. Evaluation Committee meets with the chairperson of CSC to discuss and consolidate the evaluation.
9. Technical evaluation report is prepared by the CSC and delivered to the designated decision-making authority such as CAO or Cabinet of Minister.
10. The decision-making authority reviews the technical evaluation report, decides on possible technical deviations, and approves the procedure.

***[If FFA assignment and subject to prior review;***

11. *PE forwards the technical evaluation report to the FFA for “no objection.”*
12. *Once the FFA's “no objection” is received, the PE notifies the consultants of the date for the opening of the financial proposals].*
13. Public opening of the financial proposals by the POC
14. CSC evaluates the financial Proposals, determines the combined scores and the recommendation for award, and delivers the final evaluation report to the decision-making authority.
15. The decision-making authority reviews the final evaluation report, decides on its recommendation for award.
16. *[and forward the final evaluation report to the FFA for its information - if applicable for FFA project]*
17. The PE invites the first-ranked consultant organization to negotiations.
18. *The PE forwards to the FFA the initialed negotiated contract for its “no objection” – in the case of FFA assignment*

*[11, 12, 16 & 18 clauses are applicable only for FFA funded project on their request]*

## CHAPTER 7

### EVALUATION OF PROPOSALS

#### PROCUREMENT GUIDELINE REFERENCE: 7.1

##### GENERAL

All the proposals should be evaluated strictly on the basis of evaluation criteria, and terms and conditions incorporated in the RFP document. No new conditions and criteria should be brought in while evaluating the Proposals. Aim should be to ensure that no Consultant gets undue advantage over others.

After the CSC has been appointed, the PE shall distribute the RFP to the CSC members and inform them to familiarize themselves with the characteristics and requirements of the assignment, the selection procedures, and the evaluation criteria and sub-criteria. The Chairperson of the CSC should meet with all CSC members to review any questions they may have on the evaluation principles, procedures, and objectives. Usually familiarization with the RFP takes one to two days, and the review meeting takes three to six hours, depending on the complexity of the assignment. PE staff who drafted the TOR may assist CSC members.

After the review meeting, the CSC meets again to outline the grades of the rating system to be adopted for scoring the technical Proposals, according to the criteria and sub-criteria set out in the Data Sheet. The grading system must be defined before the technical proposals are opened to prevent bias (or perceived bias) occurring because of the CSC's knowledge of the opened proposal contents.

It is recommended that the evaluation and scoring of technical Proposals be carried out after defining the grading system.

Before starting the evaluation, the CSC members should ensure that they

- have no conflicts of interest,
- understand the rating and scoring system,
- have been provided with evaluation worksheets, and
- agree on how to evaluate the proposals.

**PROCUREMENT GUIDELINE REFERENCE: 7.4 & 7.5**

**TIME FRAME FOR PROPOSAL EVALUATION AND  
EXTENSION OF PROPOSAL VALIDITY**

It is required to keep Proposals valid for a specific period to allow the CSC to examine and evaluate them, select the best Proposal, obtain the necessary approval from different authorities. Thus Proposal evaluation shall be undertaken expeditiously, leaving ample time to seek all the requisite formal approvals. Hence Proposals shall be evaluated within the period specified in the agreed time schedule i.e. the Procurement Time Schedule. Unless there is a specific reason to allow more time.

To enable the PE to award the contract within such Proposal validity period after carrying out the other procedures, it is required that CSC should complete the evaluation report generally within 50 % of the proposal validity period.

Where there is a delay in Proposal evaluation so that above requirement is unlikely to achieve, the PE with the concurrence of the respective CSC shall request the proponents to extend the period of validity of their Proposals.

The proponent has the choice of such extension or not to extent. The proponent may serious problems in retaining the staff proposed beyond the original validity period. Due to the above reason a proponent who has submitted a good Proposal may refuse to extent their Proposal validity depriving the PE to select the best Proposal. Hence the extension of Proposal validity should be requested only under exceptional situation.

Refer **Annex I of Chapter 7**

## PROCUREMENT GUIDELINE REFERENCE: 7.8

### EVALUATION OF TECHNICAL PROPOSAL

#### Evaluation Based on Disclosed Criteria

A. The evaluation shall be based on the evaluation criteria defined in the RFP. The CSC shall evaluate each technical Proposal, taking into account several criteria:

- i. The Consultant's relevant experience for the assignment;
- ii. The quality of the methodology proposed;
- iii. The qualifications and experience of the key staff proposed;
- iv. Transfer of knowledge (for assignments where training is needed); and
- v. The extent of participation by nationals among key staff in the performance of the assignment in situations where the Shortlist comprises of national and foreign consultancy organizations.

B. Each criterion shall be marked on a scale of 1 to 100. Then the marks shall be weighted to become scores. The following weights are indicative. The actual percentage figures to be used shall fit the specific assignment and shall be within the ranges indicated below. The proposed weights shall be disclosed in the RFP.

Consultant's specific experience	05 to 10 points
Methodology	20 to 50 points
Staff	30 to 60 points
Transfer of knowledge-(optional)	0 to 10 points
Participation by nationals-(optional)	0 to 10 points
Total	100 points

C. The CSC shall normally divide the major criteria, for which more than 10 points is allocated, into sub-criteria. In such situations, the sub-criteria shall be selected in relevance to the assignment. The number of such sub-criteria should be limited to three, wherever possible.

The weight assigned to the criterion, Consultants experience may be relatively modest. More weight shall be given to the criterion, methodology in the case of complex assignments, where the assignment may be completed in innovative different ways.

D. The evaluation of only key personnel shall be done for the criterion staff. More weight shall be assigned to the criterion, staff where the experience and qualification of the key personnel is paramount important to the proposed assignment. The qualifications and experience of proposed key personnel shall be reviewed based on their CVs, which must be accurate, complete, and signed by an authorized official of the Consultancy Organization and the individual proposed. The individuals shall be rated using following

sub-criteria, as relevant to the task of each person.

- i. General qualifications: general education and training (if relevant), time with the Consultancy Organization as staff, and so forth;
- ii. General experience: length of experience, positions held and so forth
- iii. Experience specific to the assignment: experience in the specific sector, field, subject, and so forth, relevant to the particular assignment; and
- iv. Experience in the region: knowledge of the local language (if appropriate), culture, administrative system, government organization, and so forth.

After the technical quality is evaluated, Consultancy Organizations whose technical proposals do not respond to important aspects of the TOR or do not meet the minimum qualifying score, if specified in the RFP shall be rejected at this stage.

## **PROCUREMENT GUIDELINE REFERENCE: 7.12**

### **EVALUATION OF FINANCIAL PROPOSALS**

The CSC should first establish that the financial Proposals are completed (i.e. whether they have priced all the items of the corresponding technical Proposal. If not the CSC shall cost them and add those costs to the initial price if Time Based type contract is used). Then the Proposals are checked for arithmetical errors. Arithmetical errors should be corrected, and the corresponding adjustments made to the offered prices to obtain the final evaluated prices. For the purpose of comparing Proposals, evaluated prices shall be converted to a single currency using the exchange rate, date and source indicated in the RFP where appropriate. Please refer to **Annex II of Chapter 7**.

## **PROCUREMENT GUIDELINE REFERENCE: 7.13**

### **NEGOTIATIONS WITH THE HIGHEST RANKED CONSULTANT**

The objective of negotiations is to arrive at a mutually satisfactory contract between the PE and the selected Consultancy Organization. The PE and the selected Consultancy Organization shall discuss the technical proposal submitted, agree on the detailed scope of work, negotiate financial terms, and discuss and finalize contract conditions. A good contract should protect the interests of both parties adequately.

#### **A. Preparations for Negotiation**

Under QCBS, the PE notifies in writing the Consultant whose proposal has obtained the highest combined score and invites the selected firm for negotiations. The PE indicates in the notification letter the date and time set for negotiations and any issues or comments on the Consultant's Proposal to enable it to prepare a response and make any necessary arrangements. The PE also informs consultants whose proposals were not chosen which firm was selected and that negotiations will begin with that firm.

Under QBS, the PE notifies the Consultant with the highest technical score in writing and requests that the firm submit its financial Proposal, if it was not submitted together with the technical Proposal.

The PE appoints a negotiating team (CSC can act as a negotiating team) including at least one member from the CSC, who should be fully familiar with the TOR, the Consultant's Proposal, the comments and suggestions of the Evaluation Committee relating to the technical and financial evaluation reports, and recommendations of the decision-making authority.

For QBS, CQS and SSS, wherein the financial conditions of the proposal can be negotiated, the team should have independent information on market rates and salaries of consultant staff. Both parties should appoint a chief negotiator, and, if required, the Consultant's representative should submit a power of attorney.

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

#### **B. 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 under below paras include the

following:

- Scope of work
- Technical approach and methodology
- Work plan and activity schedule
- Organization and staffing, plus time schedule for key staff
- Deliverables
- Counterpart staff
- Counterpart facilities and equipment
- Contract special conditions
- Staff unit rates (for QBS, CQS, SSS & IC only)
- Reimbursable expenses (for QBS, CQS, SSS & IC only)
- Proposed contract price (for QBS, CQS, SSS & IC only)

The contract should indicate the remuneration of the Consultant separately from all identified local taxes payable under the contract. If the Consultant is to be reimbursed by the PE for such taxes, the contract should specify the way this should be done.

If amounts payable by the PE to the Consultant under the contract are subject to local taxation, it is the responsibility of the selected Consultant, before starting financial negotiations, to contact the local tax authorities to determine the tax amount. The PE with experience from previous contracts may assist the Consultant in obtaining the necessary contacts.

### **C. Outline of Negotiation Procedures**

Contract negotiations for small assignments are usually completed within one or two days; however, for large or complex assignments, at least one full week should be allowed. Negotiations may be also carried out in phases, when decisions are needed from other authorities.

The CSC/PE should prepare minutes of the negotiations. If the issues to be negotiated are many and complex, significant points can be initialed by the counterparts as negotiations progress. When cost is not a factor of selection and the CSC/PE has reason to believe that the staff rates proposed by the Consultants are significantly higher than market rates, the CSC/PE may request that the Consultants provide financial or administrative records that justify such rates.

During the course of negotiations, the CSC/PE and the Consultants may initially disagree on

some important issues. In rare cases, agreement between the CSC/PE and the 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. The CSC/PE then notifies the approving authority, indicating the reasons for the decision. Once the approving authority's approval obtained, the PE invites the second-ranked consultant for negotiations.

If the validity period of the proposals is about to expire, the PE should ask all consultants for an extension. In that case, the consultants may propose staff modifications without changing the proposed fee or may withdraw their proposal. However, the staff can only be replaced with those who are equally or better qualified (that is, the new staff should be evaluated using the criteria and points specified in the RFP and must receive equal or higher scores).

#### **D. Limits of Negotiations**

Negotiations should begin by considering the comments, suggestions, and requests made by the CSC on both the technical and financial evaluation reports and the recommendations of 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 CSC/PE. 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 affecting the financial score of the proposal.

Because the quality of the technical proposal is the main factor in the ranking of consultants, CSC/PE willing to reduce the scope of work or downgrade the proposed staff to cut the proposed price should keep in mind that the overall quality of the proposal shall not be substantially altered, because doing so may affect the basis of the technical evaluation on which the ranking was determined.

Sometimes, a Consultant intentionally proposes a methodology and key staff with qualifications above the requirements of the assignment to secure higher scores in the technical evaluation and increase its chances of being selected and called to negotiate. Although this strategy of increasing quality also implies an increase in the offered price, the 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 consultant could propose or try to trim the scope of work or the quality of its proposal if the offered price exceeds the budget. This practice should not be accepted and may require the disqualification of the Consultant.

There are also limits to financial negotiations. They should be used by the CSC/PE to achieve consistency between the quality and the price of the services offered and not just to induce a

price reduction. 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.

CSC/PE may want to extract arbitrary reductions of price from Consultants, or force them to accept extensions of the scope of work without price adjustments. These practices are unacceptable.

Under FBS, the cost of the services is indirectly taken into account, given that the best technical proposal within the established budget is selected. Therefore, as with QCBS, negotiations should include discussion only of technical aspects.

Similarly, under LCS, negotiations should also focus only on technical aspects. However, a price increase related to technical improvements can be negotiated on condition that the proposal remains the least cost.

The following paragraphs discuss in more detail the main items to address during negotiations and offer examples of best practices to consider in different cases.

#### **E. Negotiations of Technical Aspects**

Technical negotiations can, within the limits imposed by the selection method, lead to the reduction of the proposal price without affecting the quality or the scope of the services by seeking a more efficient use of the 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 by simplifying the proposed methodology, or through a combination of both.

When the offered price exceeds the available budget and negotiations fail to bring the price within the budget, the CSC/PE may negotiate a reduction in the scope of work (para. d). In some cases, reductions in the scope of work may not be possible without affecting the outcome or quality of the assignment. In such cases, the CSC/PE may need to seek additional financing, or (as a last resort) new proposals may be invited, with the proper approval after revision of the TOR or the budget (or both).

#### **F. 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 CSC/PE on the technical evaluation report and the Consultant's comments on the TOR. Any differences between the Consultant's understanding of the TOR and the position of the CSC/PE should be examined in detail with a view toward reconciliation.

The Consultant's technical proposal is not a part of the contract. Therefore, once discussions are completed, the TOR should be revised to include any modification of the scope of work agreed on between the PE and the consultant. The final TOR is included in the contract under "Description of the Services" (DOS) and shall supersede both the original TOR and the RFP. The methodology and work plan agreed on, including the work schedule with the list of documents to be delivered by the consultant and the staffing schedule, are annexed to the DOS (final TOR) and also form part of the contract. If needed, the PE may suggest improvements of the work plan based on ideas developed by competitors. However, it is not permitted to disclose the proposals of competitors to the selected Consultant.

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

### **G. Organization and Staffing**

In the discussion of organization and staffing, clarifications should be obtained on the role of each key staff of the Consultant's team. Key staff substitutions should not be allowed except where justified by circumstances beyond the control of the Consultant (including, for example, unforeseen delays in the selection process)

Sometimes the Consultant proposes high-quality key staff in the technical proposal to be awarded the contract and subsequently seeks to replace them with other, less-qualified staff during negotiations or in the early implementation stage of the assignment. Evidence of such practices would be grounds for contract termination.

If substitutions are unavoidable (an expert resigned from the firm or became ill, for instance), each replacement should be evaluated to ensure that the qualifications of the proposed candidate are at least equal to, or better than, those of the staff being replaced. Individual qualifications shall be evaluated according to the provisions of para. 17.4, and the remuneration rate charged by the Consultant for the replacement shall not exceed the rate set forth in the proposal or agreed on during negotiations.

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

### **H. Counterpart Staff, Facilities, and Equipment (client's Inputs)**

Special attention shall be paid to clearly defining the extent and timing of inputs, facilities, and counterpart staff to be provided by the PE. All equipment and supplies required for carrying out the services and all necessary surveys should be identified, agreed on, and included in the contract. All too frequently, counterpart staff and facilities are not clearly

specified during negotiations and are later interpreted differently by the Consultant and the PE, with serious consequences for the smooth and timely execution of the services.

#### **I. 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 (QCBS, FBS, LCS), negotiation of unit rates should not be done. Negotiation of unit rates for reimbursable is not done 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 (QBS, SSS, CQS), negotiation of all financial conditions can be done.

#### **J. 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 Consultancy Organizations to adhere to these schedules. Work done is billed at monthly, daily, or hourly staff rates, which need to be clearly indicated in the contract to avoid any misunderstanding during implementation. If the selection methods did not include price as a factor of selection, financial negotiations include unit rates and reimbursable expenses.

If the selection method included price as a factor of selection, negotiations of staff unit rates should not take place, except for exceptional conditions such as, for example, when staff rates offered are much higher than rates usually charged by consultants for similar contracts. Consequently, the inability to negotiate staff rates does not preclude the right of the PE to ask for clarifications and, if offered rates are very high, to ask for changes in the rates.

Reimbursable are to be paid upon presentation of receipts on actual expenses incurred and therefore are not subject to negotiations.

#### **K. Lump-Sum Contracts**

Under a lump-sum contract, the Consultancy Organization is paid an agreed lump-sum price based on a schedule payments linked to delivery of outputs. The unit rates for personnel and reimbursable expenses used by the Consultancy Organization to arrive at the lump-sum amount are included in the contract. This is used solely in order to determine the remuneration due for any additional services beyond the agreed upon scope of work (for example, an extension). Consultancy Organizations are paid according to the schedule

specified in the contract, which shows the assignment's specific outputs.

#### **L. Negotiation of Contract Conditions**

Before discussing the financial proposal, the parties should discuss the clauses of the draft contract. The General and Special Conditions of Contract should be reviewed to ensure that both parties understand the contract terms and conditions and that they faithfully and clearly reflect the parties' agreement. Although the GCC cannot be changed, special conditions are subject to negotiation. However, contract negotiations should be limited to specific and justified requirements of the consultant.

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

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

- Negotiated TOR, including the scope of work of the services, agreed-on methodology, organization chart, and program of activities indicating dates for completion of the various tasks
- List of reports indicating format, frequency, 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 PE; also the timing for the provision of such services, facilities, and counterpart personnel
- Estimated contract amounts in foreign or local currency (or both), indicating monthly rates for foreign and local staff and reimbursable expenses
- Contingency and/or Provisional Sums separately if applicable
- Detailed capacity-building program (if this is a specified requirement of the TOR)

### **PROCUREMENT GUIDELINE REFERENCE: 7.14**

#### **PROPOSAL EVALUATION REPORT**

Immediately after the evaluation is completed the CSC should prepare a Proposal Evaluation Report in the prescribed format and submit to the relevant authority for the approval together with all supporting documents.

**Annex I of Chapter 7**

**PROCUREMENT GUIDELINE REFERENCE: 7.4 &7.5**

**TIME FRAME FOR PROPOSAL EVALUATION & EXTENSION  
OF PROPOSAL VALIDITY**

**Evaluation of Technical Proposals**

## **Main Considerations**

The CSC members should familiarize themselves with the RFP (in particular the TOR), the evaluation criteria and sub-criteria specified in the RFP, and the selection procedure. The CSC should meet shortly before the deadline for submission of the Proposals to confirm that there is a common understanding of the evaluation method, the evaluation criteria and sub-criteria, and a joint definition of the rating system, including the definition of the grades. It is important not to wait until after the technical Proposals are opened to define the rating system, since these definitions could be biased by the knowledge of the contents of the proposals.

The CSC should confirm that its members :

- have no conflict of interest;
- understand the rating and scoring system;
- have been provided with evaluation worksheets; and
- agree on how to evaluate the proposals.

## **Evaluation of Proposals**

After the Proposals have been received and opened, the evaluation process begins. Each evaluation should be carried out individually. The committee member first reviews each Proposal to confirm that it is substantially responsive, that is, that there are no important omissions or deviations from the stated objectives, TOR, or other key requirements of the RFP. The evaluation also establishes whether a Proposal passes the minimum qualifying mark provided in the RFP. Individual evaluators' results are recorded on pre-established worksheets. Depending on the complexity of the assignment, at least half a day (for example, to select one expert from several applicants) to two days for a standard technical Proposal should be allowed for the evaluation

The CSC should review the level of responsiveness of each Proposal (technical, contractual, and other aspects). If the CSC finds a Proposal nonresponsive, it may reject the Proposal at this stage. An example of deviation that could lead to rejection of a Proposal may include the omission of a component of the services, which reflects a poor understanding of the assignment. The CSC should decide how any acceptable deviations in each Proposal should be handled during negotiations, in case that Proposal is ranked first. The Technical Evaluation Report is a confidential document and its contents must not be disclosed (subject to RTI Act).

If a Proposal is found to be substantial responsive, by applying the criteria and sub-criteria specified in the RFP, committee members should establish the absolute, not the relative,

quality of the Proposals. A relative evaluation singles out the best Proposal on a relative scale and still could leave the PE with a poor choice. The evaluation should instead single out the Proposal with the best objective quality. The way to establish such quality is to define the grades of the rating system as clearly as possible.

It is good practice for each evaluator to re-review each Proposal after having rated all criteria and sub-criteria, to check that scores are a reliable reflection of the absolute quality of the Proposal. The CSC should not seek clarifications or additional information from the Consultants that could change the substance of the Proposal. Proposals are evaluated based on what has been submitted. Material issues to be clarified with the selected Consultant will have to be discussed during negotiations.

After each committee member has independently completed the evaluation, the CSC should meet to review, and if necessary discuss the merits of, individual evaluations and scores. Some evaluators tend to be generous while others will be rigid in their judgment and ratings. Such disparity does not matter, provided each evaluator is consistent and differences in scores are not too large. Large differences should be reviewed and explained since they often are caused by improper or inaccurate use of the rating system. The chairman of the CSC shall take a lead role in discussing these disparities. As a result of these discussions, a committee member may revise some of his or her ratings and scores if necessary; these changes should be recorded. For each Proposal, the CSC should then calculate the average of the scores allocated by all members under each criterion, establish the technical ranking of the proposals, and identify the best.

The evaluation report must include the joint as well as the individual evaluations.

During the meeting the committee also should comment on the strengths and weaknesses of all Proposals that have passed the minimum technical qualifying mark indicated in the RFP. This will help identify any issues in the winning Proposal that need to be clarified during negotiations.

### **Technical Evaluation Report**

The CSC prepare a Technical Evaluation Report by recording and explaining the scores given to each Proposal. For each Proposal, the report also should indicate technical weaknesses and commercial deviations or alternative clauses in the contract proposed by the consultants, and comment on their acceptability. It is recommended the use of its Sample Form of Evaluation Report published by NPC, which contains templates for the preparation of both technical and financial evaluation reports.

### **EVALUATION PRACTICES OF TECHNICAL PROPOSALS**

Technical proposals for consulting services are an intellectual product; their evaluation 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.

### **Rating System**

The RFP shall specify the 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 generally include the following:

- i. specific experience of the Consultants in the field of the assignment;
- ii. adequacy of the proposed methodology and work plan in responding to the TOR;
- iii. qualifications and competence of key staff proposed for the assignment;
- iv. suitability of the transfer of knowledge program; and
- v. local participation.

The transfer of knowledge criterion is included wherever it forms an explicit aspect of the assignment. The local participation criterion is only when international experts are expected for the assignment. The RFP should specify the sub-criteria for the proposed key staff, 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 CSC member other than the chairman 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 Consultancy Organization in the field of the assignment” may have been allocated a maximum of 10 points in the RFP. A Proposal with a good level of responsiveness to this criterion is given a 90 percent rating and therefore receives a score of 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 CSC should agree on the definition of each grade for each criterion (or sub-criterion). That is, the CSC 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 CSC 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 Consultancy Organizations. 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.

### **i) Specific Experience of Consultancy Organizations that Relates to the Assignment**

#### **Rating Scale**

The Guidelines allow a maximum of 10 points to be allocated to the specific experience of the firm.

The grades indicated in Table below are recommended for percentage ratings related to the evaluation of this criterion. Since all Consultancy Organizations have been shortlisted based on experience, ideally their experience should not be rated normally less than satisfactory, that is, not less than 40 percent.

<b>Recommended Grades and Percentage Rating for Specific Experience</b>	
<b>Grade (Level of responsiveness)</b>	<b>Percentage rating</b>
Satisfactory	40
Good	70
Very Good	100

#### **Aspects to Consider for Evaluation;**

The CSC should consider the following (as appropriate) aspects in evaluating the relevant experience of the Consultancy Organizations:

- ***Experience in Similar Projects.*** Evidence of having successfully carried out similar assignments.
- ***Experience in Similar Areas and Conditions (international).*** The Consultancy Organizations have worked in regions or countries with physical, cultural, social, and institutional characteristics comparable to those of Sri Lanka.
- ***Size, Organization, and Management.*** The Consultancy Organizations have the capacity—for instance, staff, organization, and managerial skills—to carry out the assignment. For some assignments, consider how long the Consultancy Organizations have been established.
- ***Specialization.*** For some assignments, it may be important to evaluate the Consultancy Organizations' specialized skills and access to particular technologies related to the assignment.
- ***Experience in Transfer of Knowledge and Training.*** The Consultancy Organizations' 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.

### **Defining the Grades;**

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

- **Satisfactory:** The Consultancy Organizations 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 Consultancy Organizations are fully experienced in the use of standard approaches and methodologies required for the assignment. The Consultancy Organizations' permanent staff is adequate.
- **Good:** The Consultancy Organizations 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 Consultancy Organizations have experience with advanced approaches and methodologies for dealing with the specific requirements of the assignment.
- **Very Good:** The Consultancy Organizations have outstanding, state-of-the-art expertise in assignments similar to the one being considered. Quality and composition of the Consultancy Organizations' staff easily cover the needs of the assignment and ensure an excellent level of backstopping, and Consultancy Organizations' staff includes top experts in the field of the assignment. The Consultancy Organizations are considered specialists in the approaches and methodologies dealing with specific issues of the assignment. The Consultancy Organizations operate according to well-established Quality Management 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 CSC wants to take into account the possibility that a firm with less than satisfactory specific experience is shortlisted, it may decide to include an additional grade ("poor") with a rating of or about 30 percent. Such a decision should be made at the time of definition of the rating system and before the opening of the Proposals.

### **ii) Adequacy of Proposed Methodology and Work Plan;**

**Rating Scale;** The Guidelines allocate between 20 and 50 points to the “adequacy of methodology and work plan” criterion. The grades indicated in Table below are recommended for percentage ratings related to the evaluation of this criterion.

<b>Recommended Grades and Percentage Rating for Methodology and Work Plan</b>	
<b>Grade (Level of responsiveness)</b>	<b>Percentage rating</b>
Poor	40
Satisfactory	70
Good	90
Very Good	100

The lowest grade is 40 percent instead of zero because;

- a zero rating is not realistic, since it would imply that the Consultancy Organization 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 nonresponsive.

### **Aspects to Consider for Evaluation**

The CSC 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 Consultancy Organizations’ 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 Consultancy Organizations? In the latter case, check whether the external Consultancy Organizations have worked on previous assignments with the Consultancy Organizations' 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 Consultancy Organizations have to work at remote sites, the Consultancy Organizations' 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.

#### **EVALUATION WHEN SUB-CRITERIA ARE PROVIDED**

With the exception of small (less than Rs. 2 m) or simple assignments, the quality and adequacy of the proposed methodology and work plan are evaluated by means of the following three 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 CSC shall define, for each of the three sub-criteria above, the definition of the grades. Such grade definitions should be based on the specific aspects. An example of the definition of the four grades for the three 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 Consultancy Organization 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 discussed 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 Consultancy Organization 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 Consultancy Organizations 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 Consultancy Organizations 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 Borrower’s role and integration in the assignment is provided. The proposal contains a detailed discussion demonstrating that the Consultancy Organizations have optimized the use and deployment of staff from the point of view of efficiency and economy, based on the proposed logistics.

### EVALUATION FOR SMALL AND SIMPLE ASSIGNMENTS

For small and simple assignments, the PE 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 grades. An example of how these grades could be defined, based on the aspects 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 Consultancy Organizations may have misunderstood relevant aspects of the scope of work; 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 Borrower 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 Consultancy Organizations’ 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.

### iii) Qualifications and Competence of Proposed Key Staff

#### Rating Scale

The Guidelines allocate between 30 and 60 points to “qualifications and competence of key staff. The grades indicated below are recommended for percentage ratings related to the evaluation of the proposed key staff. The lowest grade is 40 percent instead of zero. Grades given below 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 subordinate staff shall not be evaluated.

<b>Recommended Grades and Percentage Rating for Qualification and Competence of Key Staff</b>	
<b>Grade (Level of responsiveness)</b>	<b>Percentage rating</b>
Poor	40
Satisfactory	70
Good	90
Very Good	100

## ASPECTS TO CONSIDER FOR THE EVALUATION

The CSC 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 Consultancy Organizations in the field to which they are assigned. For evaluation purposes, the value of previous university education diminishes with age. Experts with more than 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 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 is 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, in addition to capabilities in English, local language requirements for adequate communication within Sri Lanka, if needed. Scores should be given only for the local language. In scoring national consultant staff, their knowledge of the language of the contract should be evaluated. 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-function overlap. Full marks to each function are assigned only if the functions can be clearly separated without affecting the quality of the services.

## EVALUATION USING THE THREE SUBCRITERIA SPECIFIED IN THE RFP

The qualifications and competence of key staff shall be evaluated using the following three

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 the above Table. The CSC 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 below.

An example of the definition of the four grades in the Table above for each of the three 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 10 years of relevant experience.
- **Satisfactory:** The proposed expert has 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 15 years of overall working experience; 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 20 years of specialized experience 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 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 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 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 English and 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 one of the official languages of the Bank is adequate.
- **Good:** In recent years, the expert has worked in the region of the assignment for at least one year; and he or she is fluent in one of the official languages of the Bank and 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 Consultancy Organizations 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 the key staff better than the lower grade, the upper grade may be assigned.

**iv) Transfer of Knowledge (Training)**

**Rating Scale**

The Guidelines allow a maximum of 10 points to be allocated to "transfer of knowledge" except when training is an important component of the assignment. The grades indicated below are recommended for percentage ratings related to the evaluation of transfer of knowledge.

<b>Recommended Grades and Percentage Rating for Transfer of Knowledge (Training)</b>	
<b>Grade (Level of responsiveness)</b>	<b>Percentage rating</b>
Poor	40
Satisfactory	70
Good	90
Very Good	100

The lowest grade is 40 percent instead of zero for reasons similar to earlier. In cases in which training is a particularly important component of the assignment, more than 10 points may be given to this criterion. In such cases, sub-criteria, grades, and grade definitions will have to be determined along lines similar to those indicated earlier.

### **ASPECTS TO CONSIDER FOR THE EVALUATION**

The CPC should evaluate the proposed transfer of knowledge program by considering the following or similar qualifications:

- ***Methodology and Expected Outcome of the Program.*** Definition of outcome and results in agreement with the requirements of the TOR; type and approach to the transfer of knowledge (program based on on-the-job training, stand-alone training, or a combination) and methodology proposed to attain the objectives are clearly explained and appropriate for the target audience. Quality of learning materials proposed.
- ***Organization of the Program.*** Degree of definition of the program, that is, the activities that will be carried out under the assignment; definition of roles, duties, output, and organizational arrangements of the Borrower's personnel; level of skill and effort required of such personnel; Consultancy Organization personnel involved and the expected level of effort; and allocation of responsibilities between the Consultancy Organizations and the PE.
- ***Experience in Transfer of Knowledge and Training.*** The level of previous training experience of the Consultancy Organization experts involved.
- ***Supervision and Evaluation.*** Arrangements for supervision, implementation of the assignment, and impact of transfer of knowledge program—for example, progress reports, progress evaluation, and evaluation of knowledge gained by the trainees.

## **EVALUATION WHEN NO SUBCRITERIA ARE PROVIDED**

When no sub-criteria are provided for transfer of knowledge, the program for transfer of knowledge proposed by the Consultancy Organizations should be evaluated as a whole using the four grades below. An example of their definitions based on the aspects listed is given below (definitions may differ from case to case depending on the characteristics of the program).

- **Poor:** Approach and methodology of the training program respond only partially to the objectives indicated in the TOR, and resources allocated are insufficient.
- **Satisfactory:** Program objectives and approach are generally consistent with the requirements of the TOR; proposed methodology seems suitable, but there is no discussion of its important aspects; training program is complete and well defined; allocated resources are commensurate with the objectives; functions and responsibilities are only broadly defined; and measures to supervise the program are only generally indicated.
- **Good:** The methodology is specifically tailored to the objectives of the program and is discussed exhaustively. Timing of training activities is well defined and fully consistent with the time schedule of the activities on which the training is based. Quality and composition of Consultancy Organization personnel involved are very well thought out and balanced. Duties and responsibilities of Consultancy Organization and Borrower personnel involved are clear and defined in detail. Measures to supervise the program and minimize risks of abuses are clearly indicated.
- **Very Good:** In addition to meeting the definition under “good,” approaches and methods proposed represent new best practices. In the event that the training program 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 training program better than the lower grade, the upper grade may be assigned.

## **EVALUATION WHEN SUBCRITERIA ARE PROVIDED**

There may be cases in which training is an important component of the assignment and the RFP has allocated to “transfer of knowledge” more than 10 points. In these cases, sub-criteria may be established and points allocated in the RFP to each of them. The Evaluation Committee should establish grade definitions for each one of the sub-criteria, considering the aspects indicated in the above paragraph.

### **Local Participation as Reflected by Nationals among Key Staff**

The Guidelines allow a maximum of 10 points to be allocated to this criterion. In the evaluation, these points will be allocated to each proposal in a proportion equal to the percentage share of national key staff in the total key staff time effort proposed. If, for

example, 8 points are attributed to the criterion, and 50 percent of total staff months or staff hours of key staff is allocated by the Consultancy Organizations to national experts, the proposal will receive 4 points. This criterion covers only the quantitative aspect of participation by nationals; qualitative aspects such as experience of national key staff are captured by the criterion “qualification and competence of the key staff proposed”. The participation of national Consultants as domestic Consultants, as local branches of foreign consultants, or as individual experts equally satisfies the Bank’s recommendation of participation by nationals.

## **Annex II of Chapter 7**

### **PROCUREMENT GUIDELINE REFERENCE: 7.12**

#### **EVALUATION OF FINANCIAL PROPOSALS (Factors to be considered in QBS, CQS, AND SSS METHODS)**

The remuneration rates for staff are made up of salary, social costs, overheads, fee that is profit, and any premium or allowance paid for assignments away from headquarters. To assist the firm in preparing financial negotiations, a sample form giving a breakdown of rates are attached (no financial information should be included in the Technical Proposal). Agreed breakdown sheets shall form part of the negotiated contract.

The CSC shall review the reasonableness of the Financial Proposal, supported by financial statements audited reports for fees proposed for individuals and other reimbursable costs. The fees shall be the gross regular cash salary paid to the individual and shall not contain any premium for work away from headquarters or bonus. Reasonable social cost which may include staff's non-monetary benefits, medical and life insurance costs, and the cost of a staff member being sick or on vacation may be allowed.

Overhead expenses are the firm's business costs that are not directly related to the execution of the assignment and shall not be reimbursed as separate items under the contract. Typical items are office costs, the cost of support staff not included in the proposal. The CSC should not accept an add-on margin for social charges, overhead expenses, etc., for staff who are not permanent employees of the firm. In such case, the firm shall be entitled only to administrative costs and fee on the monthly payments charged for subcontracted staff.

The profit shall be based on the sum of the **salary, social costs, and overhead**. Profit shall not be allowed on transport or other reimbursable expenses. Subsistence allowances which are not included in the rates may be paid separately.

The CSC shall further focus on such items as out-of-pocket expenses and other reimbursable. These costs may include, but are not restricted to, cost of surveys, equipment, office rent, supplies, international and local travel, computer rental, mobilization and demobilization, insurance, and printing.

## **CHAPTER 8**

### **AWARD OF CONTRACT**

#### **PROCUREMENT GUIDELINE REFERENCE: 8.2**

#### **COMMUNICATION TO ALL CONSULTANTS OF INTENTION TO AWARD THE CONTRACT**

Within one week of being informed of the recommendation of CCSC, MCSC, DCSC or PCSC as required, all the participated Consultants whose financial Proposal was opened shall be informed in writing individually by the Secretary to the Line Ministry (CAO) or his nominee, of the selection of the successful Consultant and the Intention to Award the

Contract to such consultant and the specific reasons as to why the particular consultant's proposal has not been successful.

The above Notification of Intention to Award shall provide to each recipient, as a minimum, the following information as relevant to the selection method, and as further specified in the request for proposals document:

- a. the name and address of the Consultancy Organization with whom the CSC/PE successfully negotiated a contract, and the contract price;
- b. the names of all Consultancy Organization included in the short list, indicating those that submitted Proposals;
- c. where the selection method requires, the price offered by each Consultancy Organization as read out and as evaluated;
- d. the overall technical scores and scores assigned for each criterion and sub-criterion to each Consultancy Organization;
- e. the final combined scores and the final ranking of the Consultancy Organization;
- f. a statement of the reason(s) why the recipient's Proposal was unsuccessful, unless the combined score already reveals the reason.
- g. instructions on how to request a debriefing and/or submit a complaint during the Standstill Period, as set out in the request for proposals document; and
- h. the date the Standstill Period is due to end.

## **PROCUREMENT GUIDELINE REFERENCE: 8.4**

### **STANDSTILL PERIOD**

To give consultants time to examine Notification of Contract award and to assess whether it is appropriate to submit a complain /appeal, a Standstill Period shall apply, except in the following situations; Only one Proposal is submitted in case of open competitive methods or Direct Selection was done with approval from the proper authority.

The submission of the PE'S Notification of Contract Award, begins the Stand Still Period.

The Stand Still Period shall last 10 working days after origination of such transmission date, unless otherwise extended due to appeal process. The contract shall not be awarded either before or during the stand still period in which PE should accommodate request for debriefing and the same should be completed within the first 06 working days of the 10 days the consultant shall be allowed to make appeal within the next 04 working days.

**PROCUREMENT GUIDELINE REFERENCE: 8.5**

**APPEALS AGAINST CONTRACT AWARDS RECOMMENDED BY  
THE CCSC/MCSC/DCSC or PCSC**

- a. Any unsuccessful Consultant who is not satisfied with the contract award decision, within 10 working days' time of being informed of the Notification of Contract Award, may make its representation against the recommendation of the CCSC/MCSC/DCSC or PCSC to award the contract to the successful Consultant, to the respective Appeal Board upon payment of the requisite fees as instructed by NPC or Relevant Authority.
- b. The Appeal Board shall immediately after the filing of the request serve a notice thereof to the Chief Accounting Officer of a procuring entity.
- c. Request for review and suspension of procurement proceedings shall be by a written notification by the Appeal Board.
- d. Upon being served with a notice of a request for review, the Procuring Entity shall within five days or such lesser period as may be stated by the Appeal Board in a particular case, submit to the Appeal Board a written memorandum of response to the request for review together with such documents as may be specified.
- e. The Appeal Board shall, immediately notify all other parties to the review upon receipt of such documents from a Procuring Entity.
- f. Appeal Boards shall, after due consideration of the contents of the appeals, make their recommendation with reasons to the appropriate authority with copy to NPC.

**PROCUREMENT GUIDELINE REFERENCE: 8.8**

**PUBLICATION OF CONTRACT AWARD**

The PE should publish promptly in its website (if available), the NPA website and/or any other appropriate media, the following particulars in regard to contracts on which awards have been made:

- a. Description of the Consulting Services for which proposals were invited;
- b. The names of all Consultants who submitted proposals;
- c. Name of the successful Consultant;
- d. Amount at which the contract was awarded;
- e. In the case of a contract awarded to a foreign principal who has a local agent, the name of the local agent.

**CHAPTER 9 –CONTRACT ADMINISTRATION**

**PROCUREMENT GUIDELINE REFERENCE: 9.1**

**CONTRACT ADMINISTRATION**

The PE shall be responsible for ensuring adequate supervision and assessment of deliverables and scope of services by the Consultants.

## PROCUREMENT GUIDELINE REFERENCE: 9.2

### VARIATION OF CONTRACT/CHANGE REQUESTS

- a. The conditions of contract will normally empower the PE to vary the scope, quality or quantity of Services to be executed at any time during the progress of the contract and provide the basis for such variations and valuation of such variations within approved limits.
- b. The PE & Change Control Committee (CCC) shall examine the variations that are justifiable in all aspects.
- c. Any contract variation shall obtain prior approval by the relevant authority.
- d. However, before committing any expenditure due to variation proposed, necessary financial provision shall be available and relevant total cost estimate shall be duly revised.

#### A. Approving Authority for Variations/Change Requests

##### a. Limit of approval of AO/HD/PD

**Aggregate variation up to 7.5% of the Contract Award Price; and aggregate variation amount shall be less than the DPC/PPC threshold.**

AO (Head of the Department (HD) /Project Director (PD)) may approve the change request on recommendation by the CCC.

##### b. Limit of approval of CAO

**Aggregate variation beyond 7.5% and up to 10% of the Contract Award Price; and aggregate variation amount shall be less than the MPC threshold.**

AO shall forward all the relevant documents along with the CCC and AO's recommendation to the CAO for approval;

##### c. Aggregate variation exceeds 10% of the contract award price

- i. AO shall forward all the relevant documents along with the AO's and CCC's recommendation to the CAO in order to obtain the approval for the variation from the appropriate procurement committee and such PC need not necessarily be the PC that handled the original procurement;

- ii. On receipt of the approval for the variation, CAO/AO shall take necessary action for revision of TCE where necessary.

#### **PROCUREMENT GUIDELINE REFERENCE: 9.4**

#### **DEBARRING OR BLACKLISTING OF DEFAULTING CONSULTANTS**

- a. The NPC shall maintain a data base of defaulting Consultants which would be updated regularly. The names of defaulting Consultants will also be published in NPC's website.
- b. The PEs should not award any contracts to any Consultant, as long as their names remain in this data base.
- c. The placement of a defaulting Consultant's name in the NPC website is merely for the purpose of informing PEs that they must refrain from dealing with such parties, until such time their names are removed from the data base at the sole discretion of the NPC and is not intended to imply any moral delinquency on the part of such consultant.

#### **PROCUREMENT GUIDELINE REFERENCE: 9.6**

#### **TYPES OF CONTRACTS**

##### **Lump-Sum Contracts**

Lump-sum contracts are used mainly for assignments in which the content and length of the services and the required output of the Consultancy Organization are precisely specified. Under a lump-sum contract, the Client agrees to pay the Consultancy Organization a fixed sum of money for certain products of specified technical output, such as study report, project design, and procurement document, to be delivered within a specified deadline, the quality of which can usually be assessed.

Lump-sum contracts are often used in relatively simple and clearly defined assignments such as planning and feasibility studies, environmental studies, detailed design of buildings and infrastructures, preparation of databases, and surveys.

Lump-sum contracts are also adopted in cases of sophisticated and clear-cut assignments in which external factors generally do not influence (delay or substantially change) the outcome of the advice or study being provided.

Contract price is fixed for the life of the contract, and no physical or price contingencies are

normally provided. Payments are made in accordance with a contractually agreed upon schedule at the delivery of an agreed upon product. If payments are made against a schedule of percentage of work completed, then, as a minimum, a progress report and supporting evidence that the work has been completed should be submitted.

The lump-sum contract is easy for the PE to administer and requires little technical supervision, as no matching of inputs to payments is required. This type of contract is also indicated for clients with relatively small or weak administrative and managerial structures.

A lump-sum contract transfers cost risk to the Consultancy Organizations and gives PE certainty about the costs involved in procuring consulting services. However, they can increase the risks for the PE on the quality of the advice. Because fees are fixed, after the contract is awarded Consultancy Organizations have the opportunity of internalizing efficiency gains and have incentives to reduce inputs against levels they had originally planned to increase profit margins.

These incentives can be offset by the PE's ability to assess and enforce quality standards. The PE is advised to engage peer reviewers to monitor the quality of advice and ensure that important issues are completely covered and include such reviews as a condition for release of stage payments.

If quality is not easy to assess, the timely delivery of the agreed output may be a criterion.

For the assignments involve a well define scope for a part of the assignment and the duration and quantity of services depends on variables that are beyond the control of the Consultancy Organizations for the balance part then a combination of lump sum and time based type of contract may be used. [eg: assignments involving design component (well defined scope) and supervision of construction (services depends on variables that are based on the contractor's performance)]

### **Time Based Contracts**

Under this type of contract, the Consultancy Organization provides services on a timed basis according to quality specifications, and contract price is based on:

- (a) agreed upon unit rates for Consultancy Organization staff multiplied by the actual time spent by the staff in executing the assignment; and
- (b) reimbursable expenses using actual expenses and/or agreed unit prices.

Time-based contracts transfer cost risk to the PE. They require a system to monitor and

control assignment progress and costs because consulting firms have incentives to put more resources on the job, including more costly senior resources.

Time-based contracts are only recommended when:

- the nature and scope of the services are such that the TOR cannot be established with sufficient precision, as may be the case for complex or unusual assignments that are difficult to define, such as management of complex institutions or studies of new approaches;
- the duration and quantity of services depends on variables that are beyond the control of the Consultancy Organizations, or the services are related to activities by third parties (for instance, supervision of implementation assignments);
- the output required of the Consultancy Organizations is difficult to assess, such as for technical assistance, institutional development, or emergency situations, in which the PE's needs for assistance may evolve during execution of the assignment; and
- transfer of knowledge and training between the Consultancy Organization and PE trainees is paramount important.

Time based contracts normally include a ceiling on the payments to Consultancy Organizations, and Consultancy Organizations will stop work unless a change in the scope of work is authorized or the deadline for the completion of the services is extended. This ceiling should include a contingency allowance for unforeseen work and its duration and a provision for price adjustment where appropriate. An allowance for price escalation should normally be provided if the contract lasts for more than 12 months. <sup>[1]</sup><sub>[SEP]</sub>

### **Retainer and/or Success Fee Contracts**

This type of contract is often adopted to remunerate financial and management advisers who assist PE in the sale of assets, such as privatization operations. In these cases, the QCBS method, in which Consultants are asked to quote a retainer fee and/or a success fee, is generally recommended for the Selection of Consultants.

The proportion of retainer and success fees is often fixed in advance and is not subject to negotiation with the winning Consultants. The retainer fee proportion tends to be set higher if the Consultants' role contributes more to planning and design of privatization reforms rather than to the effort of successfully selling assets. The retainer fee is paid as a lump sum if the scope of work of the assignment and its duration are clearly defined; otherwise, a time-based remuneration should be adopted.

Success fees are appropriate when success is related to the efforts of the firms involved and is relatively easy to quantify. For example, in privatization assignments success fees should not be introduced before the structure of sector reform has been determined. Success fees should be retained for the transaction (sale) stage and should be reserved for those advisers whose efforts can have a significant impact on value. Bankers and lawyers concerned can

affect the sale value by ensuring a large number of bidders and that the transaction team delivers transparent, appropriate, and timely information to bidders, as well as by structuring the sale to ensure strong interest.

The success fee is generally structured by taking two parameters into account the:

- (a) value of the asset against which advisers will be rewarded and
- (b) structure of the fee (incentive) itself.

One approach for establishing a basis of value to adopt is to have independent experts prepare an estimate. The adviser is then given an incentive for exceeding that estimate.

The incentive can be structured as a lump sum or as a share of the proceeds above the target value. Alternatively, advisers can be given a sliding scale, which is often preferred since it relates the incentive more directly to the outcome of the transaction.

In certain contracts the retainer fee is subtracted from the success fee when this is paid at the end of the transaction. In drafting success fee contracts, emphasis should be given to dealing with termination of the contract before the success fee is earned.

Success fees normally paid out of the revenues generated by the sale of the asset.

### **Percentage Contracts;**

In a percentage contract Consultant receive an agreed upon percentage of the actual project cost or of the transaction sale price. This type of contract is discouraged for normal consultant services because it offers no incentive to lower the cost of the services. On the contrary, it may induce consultants to adopt more expensive design solutions in order to increase the absolute value of their remuneration.

The percentage contract may be only used in contracts for procurement and/or inspection agents for services that are directly related to the quantity and cost of the goods or works procured or inspected.

### **Indefinite Delivery Contracts;**

Indefinite quantity contracts refer to contracts in which an individual consulting firm is hired for a specified time period to undertake tasks as and when the need arises. The specific workload is unknown at the outset; all that is known is that advice is likely to be needed in a particular area. Indefinite delivery contracts anticipated that the services will have two particular characteristics:

- PE will need access to immediately available or on-call services for urgent assignments, and a lengthy competitive bidding process is unacceptable. These

services could include experts for urgent remedial actions or adjudicators in dispute resolutions.

- Each individual piece of advice will be quite small, making an expensive competitive selection process inefficient, although, when added together, the amount of advice is substantial.

Since it is not known how often or for what specific tasks companies will be called upon, they may not be able to submit a plan of work or a fixed total price. At the same time the long contract period and the unknown activation dates mean that Consultants may always credibly claim that the requested expert is not available.

The awarded consultant is required, within a framework contract, to provide its services on the basis of separate delivery orders issued by the PE during the contract period. The Consultant is expected to carry out any such delivery order with the agreed upon specifications and within the required time frame. Remuneration is based on agreed upon unit rates for staff plus reimbursable expenses; payments are made either on the basis of the time actually spent or on a lump-sum basis.

### **Selection of the Appropriate Contract Form**

The type of contract to be chosen usually correlates with both the scope of work of the assignment and the method adopted for the selection of the Consultants.

a. When the assignment is simple, the scope of work of the services is clearly defined, and the estimates of both staff-month effort and cost of the assignment are considered accurate, the selection of Consultants is usually based on QCBS. In these cases, the lump-sum contract may be adopted. When these conditions are not met, QBS and time-based contracts are more appropriate. When the nature of the assignment requires the use of FBS or the LCS, the lump-sum contract should normally be used.

b. The type of contract may also depend on the interest of the PE in directly supervising consultant activities and on the desire that capacity building take place through a close interaction between PE and consultant staff. For control and learning purposes, a time-based contract is more appropriate, assuming that the PE enjoys a sufficiently strong staff and institutional setup that allow for efficient supervision of the assignment. If this is not the case, a lump-sum contract may be preferable.