

F8(15)FD/SPFC/consultant/2020

Date: 13.09.2021

To,

All Heads of Departments

All Officers of Account Cadre

All Procuring Entities/Stakeholders/Citizens

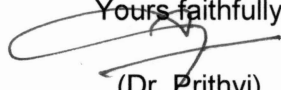
Subject: Inviting comments and suggestions towards finalization of Guidelines on hiring of Consultancy Services

Guidelines on hiring of Consultancy Services is prepared under State Procurement Facilitation Cell (SPFC). It consists of *definitions, steps for selection of consultants via various available methods* and can be referred for hiring of services Consulting service(s).

The guidelines are now being circulated to all the Procuring Entities/ Stake holders (**copy enclosed**) for comments and suggestions by uploading on Finance Department website of Rajasthan. It is requested from all the Procuring Entities/ stake holders to submit the comments and suggestions for improvement by September 30, 2021 at jsfgt@rajasthan.gov.in with a copy to CAO.SPFC@rajasthan.gov.in


These suggestions will be considered by SPFC department before finalizing the guidelines on hiring of consultancy services. If no suggestion is received from the departments by September 30, 2021, it would be assumed that no changes are required in the document and will be formalized for use in State.

Enclosure: As above

Yours faithfully

(Dr. Prithvi)
Secretary to the Government

Copy forwarded for necessary action:-

1. PS to All Additional Chief Secretaries/Principal Secretaries/Secretaries
2. All Executive Officers, Corporations, Boards and PSUs
3. Technical Director, Finance (Computer Cell) Department, Jaipur for uploading this document on Finance Website
4. Guard File


(Vimal Kumar Gupta)
Joint Secretary

Draft Guidelines for Hiring of Consultancy Services

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1. Introduction

1.1 Applicability

These guidelines shall be applicable to all the Procuring Entities as prescribed in *Section 3 of the RTPP Act*.

1.2 Definitions

1.2.1 Services

The *Section 2 (xx) of RTPP Act*, defines “**services**” as any subject matter of procurement other than goods or works and includes physical, maintenance, professional, intellectual, consultancy and advisory services or any service classified or declared as such by a procuring entity and does not include appointment of any person made by any procuring entity.

Note: So, on exclusion basis the term “services” includes all types of services other than goods and works. The services can be broadly categorized as Consultancy Services or any other Services which can be also called as Non-Consultancy Services. The definition of Consultancy and Non-Consultancy services are provided below.

1.2.1.1 Consultancy Services

“**Consultancy services**” covers a range of services of an intellectual and advisory nature provided by the qualified experts using their professional skills to study, design and organize specific projects/ activities, advise clients and conduct trainings for capacity development, etc. These services typically involve providing expert or strategic advice by the Consultants as preparatory services, implementation services, advisory services for projects/ programmes/ schemes and may include small works or supply of goods or other services which are incidental or consequential to such services. The Consultancy services can be broadly defined and grouped as under:

Table 1: Classification of Consultancy Services

| Services under Inception / preparatory phase | Services under Implementation Phase | Advisory services |
|---|---|---|
| <ul style="list-style-type: none"> • Sectoral situational assessments • Surveys and investigations and preparations of designs and drawings • Master plans • Technical and/or economic feasibility assessments • Architectural /Engineering Design Services • Project/scheme identification / conceptualization and formulation services • Detailed Project Reports (DPRs) | <ul style="list-style-type: none"> • Implementation supervision • Project management / Recruitment examinations • Quality management/control; Inspection; Measurement • Training and capacity development /Training workshops • Information, Education and Communication Services • Procurement services • Management Information Systems/ Services* | <ul style="list-style-type: none"> • Policy and Strategy development • Re-organization/ Privatization • Institutional building/ institutional reforms • Management Advice / Thematic studies • Beneficiary /customer satisfaction surveys; opinion surveys • Third party concurrent /end-line monitoring and evaluation; Appraisal; Impact Assessment • Internal and External Audits |

Note: Procurement of Management Information Systems/ Services (IT projects) should normally be carried out as Procurement of Consultancy services, as the outcomes/ deliverables vary from one service provider to another. The **IT Projects may include:**

- i) bespoke software development;
- ii) cloud based services and
- iii) composite IT system integration services involving design, development, deployment, commissioning of IT system including supply of hardware, development of software, bandwidth and operation/maintenance of the system for a define period after go-live etc.

1.2.1.2 Non-Consultancy Services

"**Non-Consultancy Service**" means a service (which is distinguished from 'Consultancy Services'), which involve routine repetitive physical or procedural non-intellectual, measurable deliverables / outcomes for which quantum and performance standards can be clearly identified and consistently applied and which are bid and contracted on such basis, other than goods or works, except those incidental or consequential to the service, and includes maintenance, hiring of vehicle, transport and logistics, outsourcing of building facilities management, security, photocopier service, janitor, office errand services, drilling, aerial photography, satellite imagery, mapping, etc.

These shall also include 'Outsourcing of Services' implying deployment of outside agencies for performance of other services which were traditionally being done in-house by the Procuring Entity (*Security Services, Horticultural Services, Janitor/ Cooking/ Catering/ Management Services for Hostels and Guest Houses, Cleaning/ Housekeeping Services, Errand/ Messenger Services and so forth*).

Depending on the nature and complexity of the assignment, a task could be dealt with either as a consultancy or non-consultancy service. *If the intellectual and advisory part of services dominates (and the physical part is incidental), the selection needs to be dealt with in Consultancy mode. Vice versa, if the physical part of the services dominates over the intellectual and advisory nature, and service is of routine nature and required expert inputs are based on recognized standard offerings that are readily available.*

2. Types of consultants

As per, *Section 2 (ii) of RTPP Act*, "bidder" means any person participating in a procurement and according to *Rule 39 of RTPP Rules*, a bidder may be a natural person, private entity, government-owned entity or, where permitted in the bidding documents, any combination of them with a formal intent to enter into an agreement or under an existing agreement in the form of a Joint Venture. In accordance with these rules, for hiring of the consultancy service, the "**Consultants**" includes a wide variety of private and public entities participating as bidders in procurement of consultancy services and inter alia thus includes, consultancy firms, engineering firms, architects, construction managers, management firms, inspection agents, auditors, investment and merchant banks, universities, research institutions, government agencies, non-governmental organizations (NGOs) and individual consultants. These can be largely grouped in following categories:

- **Consultancy or service providing firms** - The main source of consultants and service providers is Consultancy or service providing firms of diverse specializations providing required teams to Clients. These firms provide project preparation services, project implementation supervision services, training, advisory services, policy guidance etc..
- **Individual Consultants/ Service Providers** - are recruited for similar activities as Consultancy/ Service providing firms when a full team is not considered necessary. They may be independent experts not permanently associated with any particular firm, or they may be employees of a firm recruited on an individual basis. They may also be employees of an agency, institution, or university.
- **Specialized Agencies and Institutions**- including Government/ Semi-Government agencies, universities, and professional institutions, may also from time to time be recruited to provide Consultancy services, individually or as teams. Their consultancy may range from project preparation through project supervision and policy advice to project benefit monitoring and evaluation.
- **Non-Governmental Organizations (NGO)**- may be used for projects involving community participation and in-depth local knowledge. *E.g. Community mobilization and facilitation activities.*
- **Retired Government Servant**- should be hired as per applicable State Government's Administrative Rules.

3. Identification of Services required to be performed by Consultants

According to *Section 5 of RTPP Act*, in every case of a procurement made under the RTPP Act the procuring entity shall first determine the need for the subject matter of procurement. Accordingly, Procuring Entities shall identify services required to be performed by the consultant and obtain approval of the competent authority.

The need for procurement of Consultancy Services can be justified, considering following-

- i. The inadequacy of capability or capacity of required expertise in-house for bringing economy, efficiency and adhering implementation timelines;
- ii. The need to have qualified consultant for providing a specialized high-quality service;
- iii. Need for expert advice from a consultant acting independently from any affiliation, economic or otherwise to avoid conflicts of interest;
- iv. The need in some cases for transfer of knowledge/training/capacity and capability building as a by-product of such engagement;
- v. Need to acquire information about/identifying and implementing new methods and systems;
- vi. Need for planning and implementing organizational change;
- vii. There may be internal capacity/capability to do the job but there are considerations of economy, speed and efficiency in relation to additional requirement /commitment /usage of;
 - a. *Staff/Management/Organization;*
 - b. *Technological and Material Resources;*
 - c. *Money and*
 - d. *Time/Speed of execution*

As a first step towards procurement of consultancy services, in accordance with *Section 5 of RTPP Act*, the need of procurement shall be determined first by the procuring entity and a formal written brief proposal along with justification for the services should be prepared. The proposal should justify that the services being procured under the proposed consultancy services cannot be done by the procuring entity or any other procuring entities of the state government. a procurement proposal should contain-

- a) **Objective of Services-** Purpose for hiring the consultancy services
- b) **Scope of services-** Description of service to describe the subject matter of procurement which would be used in all subsequent documents
- c) **Service outcome statement-** List out qualitatively and quantitatively the outcomes expected from the procurement of services, as well as the expected time-frame and a rough estimate of cost of procurement of services
- d) **Justification for the procurement of services-** Analyse the in-house capabilities and capacities required to carry out the assignment and justify need for procurement
- e) The eligibility and pre-qualification criteria to be met by the consultants/service providers

Based on the justification contained in the procurement proposal, in-principle administrative approval and budgetary sanction for initiating procurement of such services should be obtained from the Competent Authority as laid down in DoFP, GF&AR.

4. Conflict of Interest and Code of Integrity

Conflict of Interest

Both the Procuring Entity and Bidders are required to abide by *Rule 81 of RTPP Rules* regarding conflict of interests. A conflict of interest for procuring entity or its personnel and bidders (here Consultants) is considered to be a situation in which a party has interests that could improperly influence that party's performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations.

It is to be ensured that consultants provide professional, objective, and impartial advice and at all times hold the client's interest's paramount, without any consideration for future work and strictly avoid conflicts with other assignments or their own corporate interest. Consultants shall not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of not being able to carry out the assignment in the best interest of the Procuring Entity.

The consultant has an obligation to disclose to the Procuring Entity any situation of actual or potential conflict that impacts its/his capacity to serve the best interest of its client/ Procuring Entity. Failure to disclose such situations may lead to the disqualification of the consultant or termination of its/his contract during execution of the assignment.

Without limitations on the generality of this rule, consultants shall not be hired under the circumstances set forth below:

- a. A firm which has been engaged by the Procuring Entity to provide goods, works, or non-consultancy services for a project and any of its affiliates, shall be disqualified from providing Consultancy services resulting from or directly related to those Goods, works, or non-consultancy services and conversely.
- b. Consultant or any of their affiliates shall not be hired for any assignment which, by its nature, may be in conflict with another assignment of the consultants. As an example, consultants hired to prepare engineering design for an infrastructure project shall not be engaged to prepare an independent environmental assessment for the same project and consultants assisting a Procuring Entity in the public assets shall not purchase, nor advise purchasers of such assets.
- c. A consultant (including its/his experts and subconsultants) that has a close business or family relationship with a professional staff of the Procuring Entity who are directly or indirectly involved in any part of:
 - 1. The preparation of ToR for the assignment;
 - 2. Selection process for the contract; or
 - 3. Supervision of the contract, may not be awarded a contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the client throughout the selection process and execution of the contract.

Code of Integrity

The consultants are required to observe the highest standard of ethics during the selection and execution of consultancy contracts. For the purpose of this provision the terms set forth in RTPP Rules Chapter 6 'Code of Integrity' and rules thereof shall apply. In case a consultant is found in breach of any provision of Code of Integrity, in accordance with Rule 82 of RTPP Rules, the procuring entity may take appropriate action in accordance with the provisions of Sub-section (3) of Section 11 and Section 46 of the RTPP Act.

5. Public procurement cycle for Hiring of Consultancy Services

In accordance with the *Section 9 of RTPP Act*, every procuring entity shall pre-determine a reasonable time frame for completion of various stages of the process of procurement. Generally, the process of procurement and implementation of Consultancy services shall include the following steps:

- (i) Preparation of concept paper/ procurement proposal and obtaining in principle approvals;
- (ii) Preparation of the ToR, cost estimate and seeking administrative and budgetary approval;
- (iii) Short list of consultants (EoI stage) – EoI formulation, publication, receipt of proposals and evaluation;
- (iv) Selection of the Consultant - preparation and issuance of the RfP; receipt of proposals; evaluation of technical proposals: consideration of quality; evaluation of financial proposals; selection of winning proposal; negotiations and award of the contract to the selected consultant; and
- (v) Monitoring of assignments.

6. Consultant Selection Methods as per provisions of the RTPP Act and Rules

- (i) *Section 27 of RTPP Act 2012*, has provisions to select either the lowest price bid or most advantageous bids as successful for award of contract under any competitive methods of procurement mentioned under *Section 28 of RTPP Act* i.e. **Open Competitive Bidding or Limited Competitive Bidding or Two Stage Bidding**. The provisions under *Section 27 of RTPP Act* are detailed below:
 - (a) where price is the only award criterion, the bid with the lowest bid price;
 - (b) where there are price and other award criteria, the most advantageous bid ascertained on the basis of the criteria and procedures for evaluating bids as specified in the bidding documents;
 - (c) where there is no financial criteria, the most advantageous bid ascertained on the basis of selected non-financial criteria or other parameters for evaluating bids as specified in the bidding documents
- (ii) *Section 31 of RTPP Act*, has provisions to select the Consultant (bidder) on the basis of single source if the situation meets the conditions specified under the section. Also, as per *Rule 32 of RTPP Rules*, a procuring entity may procure directly from notified agencies a subject matter of procurement from the category of bidders (including Consultants), without inviting bids (Proposals in case of Consultancies), as notified by the State Government, from time to time.

With due consideration to the application of *Section 27 and 31 of the RTPP Act*, following are the selection methods for hiring of Consultancy Services-

Table 2: Selection methods for hiring for consultancy services

| # | Name of Selection method and Definitions | Method of Procurement as per Section 28 of RTPP Act | Award criteria for selection of the Consultant in line with provisions in RTPP Act and Rules |
|---|--|---|---|
| 1 | Quality and Cost Based Selection (QCBS) – method of selecting <u>Highest ranked Consultant on the basis of combined evaluation of Technical and Financial Proposals</u> | Open Bidding Competitive (Single Stage-Two Envelope) | The most advantageous bid ascertained on the basis of the price and other award criteria |
| 2 | Least Cost Selection (LCS) – method of selecting consultant with <u>Lowest priced proposal among technically qualified bidder (As per Technical Proposal)</u> | Open Bidding Competitive (Single Stage-Two Envelope) | The most advantageous bid ascertained on the basis of the price and other award criteria |
| 3 | Fixed Budget Selection (FBS) – method of selecting <u>Technical highest qualified consultant amongst technically qualified consultant (As per Technical Proposal) whose financial proposal are within specified fixed budget</u> | Open Bidding Competitive (Single Stage-Two Envelope) | The most advantageous bid ascertained on the basis of the price and other award criteria - |
| 4 | Quality based selection (QBS) – method of selecting <u>Technical highest qualified Consultant as per Technical Proposals</u> | Open Bidding Competitive (Single Stage-Two Envelope) or Two Stage Bidding | The most advantageous bid ascertained on the basis of selected non-financial criteria or other parameters |
| 5 | Consultants Qualification Base Selection (CQS) – method of selecting - <u>Technical highest qualified consultant amongst shortlisted Consultants and whose Technical Proposal is qualified for selection. However, if the Financial Proposal of such consultant is with unreasonable prices, then it may not be considered.</u> | Open Bidding Competitive (Single Stage-Two Envelope) or Two Stage Bidding | The most advantageous bid ascertained on the basis of selected non-financial criteria or other parameters |
| 6 | Single Source Selection – method of directly selecting consultant on single source basis | Single Procurement Source | Direct procurement if the procurement situation meets the conditions specified in RTPP Act and Rules |

In the *Detailed guidelines for Hiring of Consultants*, the common procedures for selection of consultant is described in detail in subsequent sections of the guidelines. The variation in procedure for selection of consultants using different methods of selection, *i.e. QBBS, LCS, FBS, QBS, CQS* and *SSS* in comparison to common procedure is described in respective sub-sections under **Section 8**.

7. Steps in the Consultant Selection Process

The selection process in general includes the following steps, the variations for different selection methods are detailed in **Section 8**.

- 1. Preparation of procurement proposal for consultancy services-** As elaborated in Identification of Services required to be performed by Consultants of these guidelines

2. **Administrative and Financial Sanction-** Undertake require administrative and financial sanction approval on procurement proposal in accordance with the GF&AR Delegation of Financial Power.
3. **Preparation of the Terms of Reference-** As elaborated in Section 7.1 of these guidelines.
4. **Preparation of cost estimate and budget-** As elaborated in Section 7.2 of these guidelines.
5. **Preparation of Request for Expression of Interest,** including short-listing criteria- as elaborated in Section 7.3 of these guidelines.
6. **Publicity-** A procuring entity shall invite Expression of Interest from prospective consultants by giving wide publicity to the invitation to pre-qualify in accordance with the *Sub-rule (6) or (7) of rule 43 of RTPP Rules*.
7. **Preparation of the short list of consultants** – As elaborated in Section 7.4 of these guidelines.
8. **Preparation and issuance of the RFP which should include-** *The Letter of Invitation (LOI); Instructions to Consultants (ITC); the TOR and the proposed draft contract]*- as elaborated in Section 7.5 of these guidelines.
9. **Pre-bid clarification and meeting (if applicable)-** As elaborated in Section 7.6 of these guidelines.
10. **Receipt of proposals-** As elaborated in Section 7.7 of these guidelines.
11. **Evaluation of technical proposals-** Consideration of quality- As elaborated in Section 7.8 of these guidelines.
12. **Public opening of financial proposals-** As elaborated in Section 7.9 of these guidelines.
13. **Evaluation of financial proposal-** As elaborated in Section 7.10 of these guidelines.
14. **Final combined evaluation of quality and cost-** As elaborated in Section 7.11 of these guidelines.
15. **Negotiations-** As elaborated in Section 7.12 of these guidelines.
16. **Award of the contract to the selected consultant-** After negotiations are successfully completed and the competent authority has approved the negotiated contract, the successful consultant shall be awarded the contract.
17. **Information and Publication of Award** - Information of award of contract shall be communicated to all participating Consultant and published on the State Public Procurement Portal in accordance with provisions of *Sub-section (3) of Section 27 of RTPP Act*.

7.1. Preparation of Terms of Reference (TOR)

The Procuring Entity shall be responsible for preparing the TOR for the assignment. TOR shall be prepared by a person(s) specialized in the area of the assignment. The scope of services described in the TOR shall be compatible with the available budget and vice versa. A TOR should clearly define the purpose/objectives of the assignment, scope of work, activities, tasks to be performed, respective responsibilities of the Procuring Entity and consultant, expected results and deliverables of the assignment to facilitate the consultants in the preparation of their proposals. The TOR should be comprehensive and unambiguous. If transfer of knowledge or training is also 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. TOR shall list the services and surveys necessary to carry out the assignment and the expected outputs (for example, reports, data, maps, surveys). However, TOR should not be too detailed and inflexible, so that competing consultants may propose their own methodology and staffing. The Procuring Entity's and consultant's responsibilities should be clearly defined in the TOR. Generally, TOR includes the following:

Table 3: Broad contents of Table of References (ToR)

| # | Broad Contents of ToR | Typically may include details on |
|----|--|---|
| 1. | Background information on the project and the assignment | <p>The Procuring Entity shall provide adequate information on Organization's background along with project background.</p> <ul style="list-style-type: none"> • name of the project authorities; • project location; • rationale of the project; • project history (works done so far and by whom); • list of relevant studies and basic data; |

| # | Broad Contents of ToR | Typically may include details on |
|----|--|--|
| | | <ul style="list-style-type: none"> • need for consultants in the project; • issues to be resolved; • activities to be carried out by the consultants; • source of financing for the assignment; and • supervision arrangements. |
| 2. | Precise statement of the objectives of assignment | <p>The Procuring Entity shall precise statement listing out purpose for seeking consultancy service along with qualitatively & quantitatively the service outcomes expected from the Procurement of Services, as well as the expected Timeframe.</p> <ul style="list-style-type: none"> • preparation of development programs; • determination of project feasibility before an investment is made; • design of projects; • preparation of bidding documents; • supervision of works; • provision of training; • collection and analysis of data; and • Evaluation of Project Authorities assets for sale, such as in privatization projects. |
| 3. | An outline of the tasks to be carried out (Scope of services) including transfer of knowledge, if any. | <p>Procuring Entity shall mention detailed scope of work starting from end-outcomes backwards, the process to achieve the outcomes is broken down into a discrete number of interrelated tasks, which the consultant will have to undertake. In consultancy services generally, the 'Detailed Scope of Work' should describe only the activities, not the approach or methodology by which the results are to be achieved, since these are the task of the consultants. The scope of services should be consistent with the staff-month estimate or the estimated cost of the services.</p> <ul style="list-style-type: none"> • definition, scope, limits, and criteria of acceptance of the assignment; • desired level of detail (level of design, accuracy, composition of cost estimates, and so forth); • span of projections (time horizon, life span of project components, and so forth); • necessary comparison of the assignment with similar projects; • main issues to be addressed; • alternatives to be considered; • necessary surveys, special analyses, and models; • special equipment requirements; • institutional and legal framework of the project; • Capacity-building programme and transfer of knowledge, if any: Procuring Entity shall specifically outline objective and scope along with the details of numbers of staff to be trained, and so forth, to enable consultants to estimate the required resources • language requirements; • units of measurement to be used; • need for continuity, such as data gathering; • quality management requirements (if needed); • if applicable, types of training services; training approaches and methods and tools. |
| 4. | Description of key professionals whose CVs would be evaluated | <ul style="list-style-type: none"> • The list of key professionals who's CVs would be evaluated along with the required qualifications and experience for each key professional. • The PE may also specify the non-key professionals whose services shall be provided by the consultant, but whose CVs will not be evaluated |
| 5. | Outputs and Deliverables (List of reports, etc.) | <ul style="list-style-type: none"> • Inception Report • Progress Reports |

| # | Broad Contents of ToR | Typically may include details on |
|----|--|---|
| | | <ul style="list-style-type: none"> • Interim Reports • Technical Design & Drawings • Data Sets • Final Report • Number of copies of reports • Schedule of deliveries of outputs |
| 6. | Schedule for completion of tasks, deliveries and period of performance | <ul style="list-style-type: none"> • The completion schedule shall clearly indicate the time frame to achieve the outcomes broken down into a discrete number of interrelated tasks to be consistent with payment terms and consultancy period. |
| 7. | Data, services, personnel, and facilities to be provided by the Client | <ul style="list-style-type: none"> • Facilities may include office space, local conveyance, vehicles, survey equipment, office machines and computer equipment, secretarial assistance, utilities, local services, and telecommunication systems. • Data may include access to specific data sets to be used under assignment, reports available related to assignment • Personnel may also include Counterpart Staff for coordination support |
| 8. | Institutional and organizational arrangement | <ul style="list-style-type: none"> • Composition of Procurement Committee to monitor consultants' performance. • Institutional setup, • Roles and responsibilities, • Hierarchy and Authorities of Client's Personnel |
| 9. | Procedure for review of progress reports, inception, status, final draft and final reports | <ul style="list-style-type: none"> • Procedure to review and approval of deliverables • Review Timeline |

7.2. Preparation of Cost Estimate and Budget

Preparation of a well-thought-through cost estimate is essential if realistic budgetary resources are to be earmarked. Costs shall be divided into two broad categories—(a) fee or remuneration of various professional key and non-key staff (according to the type of contract used); and (b) reimbursable costs (all costs other than remuneration such as logistics, communication, etc require to perform services). Depending on the nature of the assignment, cost estimates may be prepared either in local currency or with a combination of local plus foreign currencies. Cost estimate should provide for forecast of inflation during the period of assignment.

The cost estimate shall be based on the Procuring Entity's assessment of the resources needed to carry out the assignment:

- Ø Staff time;
- Ø Logistical support (city, National and International travels/trips and durations);
- Ø Physical inputs (for example, vehicles, laboratory equipment);
- Ø Miscellaneous (support services, contingencies and profit element, taxes and duties)

Although assignments vary in size, length and nature, it is possible to make a cost estimate by breaking down the assignment's activities into the following cost categories:

Table 4: Broad contents of Cost estimates

| # | Broad items of Costs | Typically may include details on |
|----------------------|--|---|
| Remuneration: | | |
| a) | Fee or remuneration of various professional Staff/ Experts and support staff | <ul style="list-style-type: none"> • Total Fee (Considering Daily/ Monthly Rates and person-days/ months required); • Social Costs; |

| # | Broad items of Costs | Typically may include details on |
|----------------------|--|---|
| | | <ul style="list-style-type: none"> Consultancy Organization overhead. |
| Reimbursable: | | |
| a) | Mobilization & Demobilization costs, if necessary. | <ul style="list-style-type: none"> Relocation expenses, travel, transport, temporary housing, storage, miscellaneous, etc. |
| b) | Communication, Surveys and training programmes | <ul style="list-style-type: none"> The costs of these activities. |
| c) | Office Costs | <ul style="list-style-type: none"> Office Rent Office Supplies Computer's/printers/fax/scanner operational cost Communication, Telecommunication. Postage Office Equipment's& Furniture costs (usage) |
| d) | Office visits, Training Programmes, Field visits, Survey visits etc. | <ul style="list-style-type: none"> Air Travel/ Rail Travel/ Local Travels Vehicles/ motorcycles hiring Staff allowances, per diem–lodging & boarding Field equipment costs – for surveys, tests, etc. Training related programmes costs Laboratory equipment's Logistics support, shipping Per Diem, staff allowances |
| e) | Report Preparation and submission | <ul style="list-style-type: none"> Costs of Data sets/ maps etc. Cost of data entry & analysis Typing / Translation services Printing, Photocopying, binding Shipping charges |
| f) | Financial costs | <ul style="list-style-type: none"> Insurance Duties Taxes |
| g) | Contingencies | <ul style="list-style-type: none"> Contingencies for miscellaneous activities |

The cost of staff time shall be estimated on a realistic basis for the personnel as well as reimbursable, as applicable, by ascertaining the prevalent market conditions and consultancy other organizations engaged in similar activities or contracts awarded for similar services in past, but not far earlier. A mismatch between the cost estimate and the ToR is likely to mislead consultants on the desired scope, depth and details of service required and this could lead to serious problems during contract negotiations or during implementation of the assignment.

7.3. Preparation of Request for Expression of Interest (EoI)

The process of request for Expression of Interest and preparation of shortlists is akin to the process of Pre-Qualification of Bidders as per *Section 18 of RTPP Act*, with a view to identifying, the bidders that are qualified for any specified period of time, prior to inviting bids. The request for expressions of interest shall be published on e-procurement portal and newspapers and a copy may also be sent to such reputed consultant dealing with such studies. The eligible consultants may be invited to indicate their interest in providing the consultancy services. The interested consultants be requested to provide information indicating that they are qualified to perform the services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills along with staff etc.) Consultants may be allowed to associate to enhance their qualifications. It may be mentioned in notice that it is a proposal only for preparation of a list. After a review of letters of interest and information received from consultants a short list shall be prepared by the Committee.

The procedure for allotting marks which are usually applicable for assessing the offers may even be adopted and EOI so received should be evaluated by giving marks out of 100. The list should be prepared in order of merit. The consultants securing marks above 50 (this may be increased as per the procuring entity requirement) may be included in short list.

Note: The Procuring Entity can however advertise inviting technical and financial bids and short list the consultants directly without advertising EOI.

The EOI document shall contain following sections:

1. **Letter of Invitation (LOI):** It shall include a copy of the advertisement whereby consultants are invited to submit their EOI
2. **Instruction to Consultants (ITC):** It may include instructions regarding nature of job; submission requirement; requirement of bid processing fees; if any; last date of submission; place of submission; and any related instruction
3. **Description of Service (Brief purpose and SoW):** It may include
 - Brief purpose / objective statement
 - Service outcome statement
 - Scope of work (including Time frames)
 - Inputs to be provide by Procuring Entity
 - Expected deliverables of the assignment
 - Place of execution
4. **Conflict of interest provisions:** It will include standard instructions regarding applicability of conflict-of-interest provisions as per *RTPP Act and Rules*.
5. **Shortlisting Criteria:** This may clearly lay down the minimum qualification criteria which shall be applied by the Procuring Entity for short listing the consultants. Care should be taken to avoid formation of unreasonable qualification criteria prior to shortlisting of consultants that may lead to restricted participation. The Procuring Entity may assign scores to the response of each consultant based on weightages assigned to each of the criteria in the EoI. The assigning of marks should be done in such a way that consultants submitting best proposals can be shortlisted.

Table 5: Shortlisting criteria & sub - criteria

| # | Criteria Sub - Criteria | Weightage | |
|----------|--|-------------------|-------------------|
| | | Criteria Total | Sub - Criteria |
| 1 | Past experience of the Consultant | 60% | |
| | Numbers of years relevant experience | | 20% |
| | Past experience related to similar assignments | | 80% |
| 2 | General profile of qualification, experience and number of key staff (not individual CVs) | 25% | |
| | Qualification | | 30% |
| | Relevant Experience | | 70% |
| 3 | Overall financial strength of the consultant in terms of turnover, profitability and cash flow (liquid assets) situation | 15% | |
| | Turnover figure for last three years | | 50% |
| | Net profit figure for last three years | | 50% |
| | Totals | 100% | |

Note: In EOI, simplified evaluation criteria can also be used, instead of marking schemes as mentioned above. A fail-pass, minimum benchmark in each criteria/sub-criteria can also be specified. Any firm which passes these benchmarks is declared as qualified.

According to the qualification criteria the requested information will include the following, among others:

- **Details of the Consultancy Organization:** Legal status, Nature of core business and years in business;
- **Qualifications and experience of the Consultancy Organization** in the field of the assignment along with brochures, description of similar assignments performed with details of clients, experience in similar conditions etc.;
- **Technical and managerial capability** of the Consultancy Organization: general qualifications and number of key professional staff, but not experts bio-data.
- **Financial Capability** of the Consultancy Organization: Annual Turnover, Gross Income, etc. as per Annual Reports
- Any other information as per short-listing criteria

7.4. Preparation of short list of consultants

The process of short listing is as follows-

- As explained in *Preparation of Request for Expression of Interest (EoI)* shortlisting criteria are specified and the Procuring Committee evaluate their EOIs by giving marks out of 100. The consultants securing marks above 70-80 may be considered for preparing the short list.
- The shortlist of consultants shall include not fewer than three (03)** For consultancy assignments of small value (*to be defined by Finance Department*), Procuring Entity can prepare a short list of the consultants based on its own knowledge of reliable and well performing consultants in the area of operation.
- The short list shall preferably comprise consultants of the same category, similar capacity and business objectives, capacity, experience and field of expertise and that have undertaken assignments of similar nature and complexity. Consequently, the short list shall normally be composed, either of consultants of similar experience or of not-for-profit organizations (NGOs, Universities, etc.) acting in the same field of expertise. If mixing is to be used, the selection should be made using Quality Based Selection (QBS) or Selection Based on the Consultant Qualifications (CQS) for small assignments usually equivalent. The short list of consultants should not include Individual Consultants.
- If the same consultant is considered for inclusion in short lists for concurrent assignments, the Client shall assess the consultant's overall capacity to perform multiple contracts before including it in more than one short list. However, this needs to be pre-declared in the EoI documents.
- When the services of government owned universities or research centres or other institutions in India are of unique and exceptional nature including because of the absence of a suitable private sector alternative, and their participation is critical to government project / programme implementation, such institutions can be shortlisted on case-to-case basis.
- The final shortlist is communicated to all consultants that expressed interest, as well as any other consultant or entity that requests this information. The invitation to Shortlisted consultants to submit Proposals includes the names of all Shortlisted consultants.

7.5. Preparation and issuance of the request for proposals (RFP) to the short-listed consultants

In the **second stage** Request for Proposals (**RfP**) are issued for inviting Technical and Financial Proposal from such shortlisted consultants to select the winning consultant in accordance with *Section 18(3) of RTPP Act*.

The content of the Request for Proposal (RFP) i.e. Bidding document, shall be in accordance with relevant provisions of *Section 20 of RTPP Act* and *Rule 36 of RTPP Rules*. RFP for hiring of Consultancy Services shall include, (a) Letter of Invitation, (b) Information to consultants, (c) the TOR, and (d) Proposed contract.

- Letter of Invitation (LOI):** The LOIs shall state the intention of the Procuring Entity to enter into a contract for providing of consultancy services, the source of funds, the details of the Procuring Entity and the date, time and address for submission of proposals.
- Instructions to Consultants (ITC):** All necessary information shall be made available to the short-listed consultants that would help them prepare responsible proposals and shall bring as much transparency as possible to the selection procedure by providing information on the evaluation process and by indicating the evaluation criteria and factors and their respective weights and the minimum passing quality score. The ITC shall indicate the expected input of key professionals. Consultants, however, shall be free to prepare their own estimates of staff time necessary to carry out the assignment.

The ITC shall specify the proposal validity period (normally 60-90 days). The ITC shall include adequate information on the following aspects of the assignment:

- A very brief description of the assignment;
- The names and contact information of officials to whom clarifications shall be addressed and with whom the Consultants representative shall meet, if necessary;
- Details of the selection procedure to be followed, including
 - a) A description of the two-stage process, if appropriate;
 - b) A listing of the technical evaluation criteria and weights given to each criterion;
 - c) The details of the financial evaluation;
 - d) The minimum pass score for quality; and
 - e) The details on the public opening of financial proposals;
- An estimate of the level of key staff inputs (in staff months) required of the consultants; and indication of minimum experience, academic achievement, and so forth, expected of key staff or the total budget, if a given figure cannot be exceeded;
- Details and status of any external financing;
- The deadline for submission of proposals;
- Currency(ies) in which the costs of services shall be expressed, compared and paid;
- Reference to any laws that may be particularly relevant to the proposed consultants contract;
- A statement that the consultant and any of its affiliates shall be disqualified from providing downstream goods, works or services under the project if, such activities constitute a conflict of interest with the services provided under the assignment;
- The method in which the proposal shall be submitted, including the requirement that the technical proposals and price proposals be sealed and submitted separately in a manner that shall ensure that the technical evaluation is not influenced by price;
- A request that the invited consultant (i) acknowledge receipt of the RFP, and (ii) informs the Procuring Entity whether or not it will be submitting a proposal;
- The short list of consultants being invited to submit proposals, and whether or not associations between short-listed consultants are acceptable;
- The period for which the consultant's proposals shall be held valid (normally 60-90 days) and during which the consultants shall undertake to maintain, without change, the proposed key staff, and shall hold to both the rates and total price proposed; in case of extension of the proposal validity period, the right of the consultants not to maintain their proposal;
- The anticipated date on which the selected Consultant shall be expected to commence the assignment;
- A statement indicating (i) whether or not the consultants contracts and personnel shall be tax-free or not; if not, (ii) what the likely tax burden will be or where this information can be obtained, and statement requiring that the Consultant shall include in its financial proposal a separate amount clearly identified, to cover taxes;
- If not included in the TOR or in the draft contract, details of the services, facilities, equipment, and staff to be provided by the Procuring Entity.
- Phasing of the assignment, if appropriate; and likelihood of follow-up assignments;
- The procedure to handle clarifications about the information given in the RFP; and
- Any conditions for subcontracting part of the assignment.

3. TOR: The TOR shall be prepared as indicated in above sections.

4. Standard formats for technical and financial proposals

- a) The standard formats for technical proposal include:
 - (i) Letter of Proposal submission
 - (ii) Consultant's organization and experience
 - (iii) Comments and suggestions on TOR
 - (iv) Approach and methodology
 - (v) Team Composition

- (vi) Curriculum Vitae of key professionals
- (vii) Staffing Schedule
- (viii) Work Schedule
- (ix) Comments / modifications suggested on draft contract.
- (x) Information regarding any conflicting activities and declaration thereof.

- b) The standard formats for financial proposal include:
 - (i) Letter of Financial Proposal submission
 - (ii) Summary sheet of cost estimates to be quoted by the consultant
 - (iii) Remuneration
 - (iv) Reimbursable

5. Contract: The Procuring Entity shall use the appropriate form of contract out the various forms of contracts as provided in **Types of Contracts**, containing conditions of payment, stages of submission of interim report and final report etc. The contract in general will include General Conditions of Contract (GCC), Special Conditions of Contract (SCC), Contract Form and Annexes.

- (a) The general conditions of contract shall include all such conditions which are common in nature and not project specific. Such conditions include clauses pertaining to sub-contracting, methods of payment, termination and extension of contracts, arbitration, variation in quantities, indemnity and insurance, force majeure, conflict of interest, compliance to local laws and taxes and duties, etc.
- (b) The special conditions of contract include project specific clauses relating to the assignment in hand. These clauses should be carefully developed to protect the interest of the Procuring Entity.

7.6. Pre-bid clarification and meeting

With an intent to pre-bid clarifications (as per *Section 22 of RTPP Act* and *Rule 46 of RTPP Rules*), in all cases of large value or complex assignments, a pre-bid clarification meeting may be prescribed in the RfP. The date and time for such a meeting should normally be after 15 (Fifteen) days but within 21 (Twenty-one) days of issue of the RfP and should be specified in the RfP itself. During this meeting, the scope of assignment, responsibilities of either parties or other details should be clearly explained to the prospective consultants so that there is no ambiguity later at the time of submission of technical/financial Proposals.

7.7. Receipt of Proposals

The receipt and opening of proposals shall be in accordance with *Rule 53, 54 and 55 of RTPP Rules*. The Procuring Entity shall allow enough time for the consultants to prepare their proposals. The time allowed shall depend on the assignment, but normally shall not be less than four weeks. The technical and financial proposals shall be submitted at the same time. the technical proposal envelope shall be opened immediately by the Procurement Committee on the defined Technical bid opening date. Financial bids will remain sealed till completion of technical evaluation and opening of Financial Proposal as per selection method applicable specified in the RFP. The bidders may witness the electronic bid opening procedure online, if prescribed.

Evaluation of the proposal shall be carried out in two stages, first the quality, and then the cost. The Procurement Committee shall not have access to the financial proposals until the technical evaluation is concluded and made known to all the participating bidders. Financial proposals shall be opened only thereafter.

7.8. Evaluation of the Technical Proposals

(i) Evaluation of Responsiveness of the Technical Proposals

Evaluation of responsiveness Technical Proposals shall adhere to provisions with *Rule 56 and 59 of RTPP Rules*. At the first stage of evaluation of technical proposals, responsiveness of proposals be evaluated.

(ii) Evaluation of Quality of the Technical Proposals

Evaluation of Technical Proposals shall adhere to provisions with *Rule 61 of RTPP Rules*. The responsive proposals shall be further evaluated for quality. The evaluation shall be carried out in full conformity with the provisions of the RFP.

The Procurement Committee constituted by the procuring entity shall evaluate each technical proposal taking into account criteria as prescribed in the RFP:

- a) The Consultant's experience relevant to the assignment;
- b) The quality of the approach and methodology proposed;
- c) The qualifications and experience of the key staff proposed;
- d) Capability for transfer of knowledge, and each criteria shall be marked on a scale of 1 to 100 and then the marks shall be weighted to evaluate final scores. Indicative scoring criteria is listed below

Table 6: Scoring criteria

| # | Rated Criteria | Range of % for Score |
|-----|---|----------------------|
| (a) | Consultant's experience relevant to the assignment | 5-10% |
| (b) | Quality of Approach and Methodology | 20-50% |
| | Sub-criteria- <ol style="list-style-type: none"> a) Understanding of ToR (30% weightage); b) Acceptability and detailing of methodology and work plan, staffing, duration of staff months (50% weightage); c) Innovation, if it is important (20% weightage) Note: More weight shall be given to the methodology in the case of more complex assignments. | |
| (c) | Qualification and relevant experience of key staff | 30-60% |
| | Sub-criteria: <ol style="list-style-type: none"> a) <u>Educational qualifications (20 to 30 % weightage)</u>; evaluation may be done on general education and training, length of experience, position held, time with the consultant as staff, experience in other countries etc. b) <u>Professional experience in the required area of assignment (70 to 80% weightage)</u>; evaluation may be done on education, training and experience in the specific sector, field, subject, relevant to the particular assignment, c) <u>Experience in the region (10 % weightage)</u>; evaluation may be done on knowledge of the local language, culture, administrative system, government infrastructure. Note: Since key personnel ultimately determine the quality of performance, more weight shall be assigned to this criterion if the proposed assignment is complex. | |
| (d) | Transfer of Knowledge* | 0-10% |

Note: In technical evaluation, other relevant evaluation criteria can also be used, instead of marking schemes as mentioned above. In such case applicable marking schemes shall be specified according to which marks will be assigned.

The Procurement Committee shall evaluate each proposal on the basis of its responsiveness to the TOR. Precise and exact markings of criteria and sub-criteria specified in technical evaluation (*especially of unquantifiable criteria e.g. Evaluation of Methodology*) may neither be feasible nor warranted, especially when there is bound to be variation among marks by different members of evaluation committee. Instead of assigning marks over the full range of attributes, it may be more appropriate to divide the range into 4-5 slabs of ratings, such as Very Good, Good, Satisfactory, Unsatisfactory and Not relevant. Then Procurement Committee can decide the marks which will be assigned on the basis of rating criteria. A proposal shall be considered unsuitable and shall be rejected at this stage if it does not respond to important aspects of the TOR or it failed to achieve minimum technical score specified in the RFP. At the end of the process, an evaluation report shall be prepared of the technical responsiveness of the proposal. The report

shall substantiate the result of evaluation and describe the relevant strengths and weaknesses of the proposals. All records relating to the evaluation, such as individual mark-sheets, shall be retained until the completion of the project and its audit.

7.9. Public Opening of Financial Proposals

On completion of the technical evaluation, the Procuring Entity shall notify those consultants whose technical proposals did not meet the minimum qualifying standard or were considered non-responsive to the RfP and/or ToR, indicating that their financial proposals will be returned unopened after completing the selection process. In case of QCBS, the Procuring Entity shall simultaneously notify the consultants that have successfully satisfied the qualifying standard or where marks have been awarded, the minimum qualifying marks and indicate the date and time set for opening the financial proposals. In such a case, the opening date shall not be later than three weeks after the notification date. The financial proposals shall be opened publicly in the presence of representatives of the technically qualified consultants who choose to attend. The Procurement Committee demonstrably verifies that the financial proposals have remained sealed and then opens them. The name of the consultant, quality scores and proposed prices shall be read aloud and recorded when the financial proposals are opened. No modification to financial proposals is permitted. The Procuring Entity shall prepare the minutes of the public opening. When electronic submission of proposals is used, this information shall be posted online.

7.10. Evaluation of Financial Proposals

The offered total price includes all the Consultant's remuneration and other reimbursable and miscellaneous expenses. For the purpose of evaluation, the offered prices exclude local identifiable indirect taxes (such as sales, value-added, and excise taxes and similar taxes and levies) on the contract and income tax payable to the country of the Borrower on the remuneration of Services rendered in the country of the Borrower by non-resident experts and other personnel of the consulting firm. In exceptional circumstances, when the Borrower cannot fully identify indirect taxes when evaluating the financial offers, the Bank may agree that, for the purpose of evaluation only, prices may include all taxes payable to the country of the Borrower.

For a time-based contract, any arithmetical errors are corrected, and prices are adjusted if they fail to reflect all inputs that are included in the technical Proposals. For a lump-sum contract, the Consultant is deemed to have included all prices in its financial Proposal, so neither arithmetical corrections nor price adjustments shall be made; the total price, net of taxes, included in the financial Proposal is considered the offered price.

For QCBS, the Proposal with the lowest offered total price is given a financial score of 100% (one hundred percent), and other Proposals given financial scores that are inversely proportional to their prices. The methodology to be used is specified in the request for proposals document.

7.11. Final Evaluation of Quality and Cost:

Financial and Combined Evaluation of Bids shall adhere to provisions with *Rule 64, 65 and 70 of RTPP Rules*. After the evaluation of the technical proposal is completed, the Procuring Entity shall notify those consultants whose proposal did not meet the minimum qualifying mark or where considered non-responsive to the RFP and TOR indicating that their financial proposals will be returned unopened after completing the selection process. The Procuring Entity shall simultaneously notify the consultants that they have secured the minimum qualifying marks and indicating the date and time set for opening financial proposal. After rejecting the offers securing less than the minimum qualifying marks for the quality, the financial envelopes of the rest shall be publicly opened. The Most advantageous Bid is selected on basis of relative scores to quality and costs. The following table provides a suggestive weighting for QCBS.

Table 7: Weighting criteria for QCBS

| Type of Services | Scores for Quality/ Cost Score Weighting (%) in QCBS |
|------------------|--|
|------------------|--|

| | |
|--|--------------|
| High complex/ downstream consequences/ specialized assignments | 80/20 |
| Moderate complexity | 75-65/ 35-25 |
| Assignments of a standard nature | 60/40 |

The procedure for selection of winning consultant is as follows:

- The financial Proposal with the lowest cost will be given a financial score of 100 and other proposals will be given financial scores that are inversely proportional to their prices.
- The technical and financial proposals will be evaluated on the basis of weightage assigned to quality and costs. The proposed weightages for quality and cost shall be as specified in the RFP.
- The total score, both technical and financial, shall be obtained by weighing the quality and cost scores and adding them up.
- On the basis of the combined weighted score for quality and cost, the consultant shall be ranked in terms of the total score obtained.
- The proposal obtaining the highest total combined score in evaluation of quality and cost will be ranked as H-1 followed by the proposals securing lesser marks as **H-2, H-3 etc.**
- The proposal securing the highest combined marks and ranked **H-1** will be invited for negotiations, if required and shall be recommended for award of contract.

7.12. Negotiations

- Negotiations would be undertaken as per provisions given in *Section 15 of RTPP Act* and *Rule 69 of RTPP Rules*. The highest ranked consultant on the basis of combined evaluation, shall be informed in writing either through messenger or by registered letter and email (if available). A minimum time of seven days shall be given for calling negotiations. Technical negotiations shall include discussions of the TOR, the methodology, staffing, Procuring entity's inputs, and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, the quality of the final product, its cost, and the relevance of the initial evaluation be affected. The final TOR and the agreed methodology shall be incorporated in "Description of Services," which shall form part of the contract.
- Financial negotiations shall be carried out only if due to technical negotiations as mentioned above, there is any change in scope of work which has any financial bearing on the final prices, but the unit rates shall not be negotiated. As per *Rule 69 of RTPP Rules*, to the extent possible, normally no financial negotiations shall be conducted, however, negotiations may be undertaken with highest ranked consultant if the rate quoted are considered much higher than the prevailing market rates and the Procurement Committee shall have full powers to undertake financial negotiations. In such circumstances, further negotiations shall be as per the provisions in *Rule 69 of RTPP Rules*.

7.13. Confidentiality

Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the consultants who submitted the proposals or to other persons not officially concerned with the process, until the publication of the award of contract, except the required open disclosure of information to the competing consultants during evaluation and award process. Procuring Entity shall maintain confidentiality in accordance with *Section 49 of RTPP Act* and any imposed condition by it for protecting confidentiality of such information.

7.14. Rejection of All Proposals, and re-invitation

The rejection of all proposal and re-invitation shall be as per *Rules 69, 70 and 72 of RTPP Rules*. The procuring entity will have the right to reject all proposals at any stage without giving any reasons as per *Rule 72 of RTPP Rules*. However, normally such rejections should be well considered and normally be in cases where the Proposals are either substantially in deviation to the TOR or considered unreasonably high in cost. If it is decided to re-invite the Proposals, the terms of reference should be critically reviewed / modified so as to address the reasons of not getting any acceptable proposal in the earlier round of Invitation of Proposals.

8. Systems for selection of Consultants

8.1. Description of QCBS Method

(i) **QCBS:** Quality and Cost Based Selection (QCBS) is a system of selection of Most Advantageous Bid (in accordance with *Section 27 (b) of RTTP Act*) with using EOI & RFP process by taking into account the quality of the proposal as well as cost of the services in the selection of the successful consultant.

(ii) **When it is appropriate:** QCBS method is appropriate when:

- The scope of the work of the services can be defined with fair clarity and the Terms of Reference are clear and well specified;
- Procuring Entity as well as the Consultants, can estimate with reasonable precision the staff time, the assignment duration and other inputs and costs required for the consultancy assignment, on the basis of terms of reference;
- The risks of downstream impacts are quantifiable and manageable.

(iii) **Examples:** QCBS method is normally adopted for following kind of services:

- Feasibility studies & designs for assignments well-defined scope;
- Preparation of bidding documents and detailed designs;
- Supervision of the construction of works;
- Project management services of a noncomplex nature;
- Procurement and inspection services

(iv) **Features of Selection process:**

- a) Steps as explained in Section 7 steps for selection process are followed as it is.
- b) As per QCBS procedure initially few consultants are shortlisted using open competitive process followed by inviting Technical and Financial Proposals to select the winning consultant.
- c) Open invitation for consultancy proposals, would be time consuming for the Procuring Entities since it has to evaluate each of the proposals to select a consultant. Also some of the proposals obtained through open invitation shortlist may not be from competent Consultants thereby leading wastage of resources for evaluation of such proposals. Hence the consultancy proposals are invited from a short list of selected consultants (who are assessed to be equally competent and qualified).
- d) The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment.
- e) Under QCBS the technical and financial proposals are submitted simultaneously in separate sealed envelopes (two- cover system). Proposals received after the deadline for submission are rejected.
- f) Evaluation of the proposals is done in two stages – **First Quality (Technical)** and then **Cost (Financial)**. The envelopes containing the technical proposals are opened by a Procurement Committee immediately after the closing time for submission. The financial proposal envelopes remain sealed. The evaluation of the technical proposals is done as per criteria set out in the RFP. Technical scores of the technical proposals are notified publicly. The consultants/ service providers who are qualifying as per the technical evaluation criteria are considered as technically responsive and the rest would be considered technically non-responsive and would be dropped from the list.
- g) Financial proposals are then opened for only eligible and responsive offers, and other financial offers are returned unopened to bidders.
- h) The technical and financial scores are then combined according to the weights indicated in the RFP.
- i) The consultant obtaining the highest combined score is selected for award.
- j) The highest ranked consultant is then invited for negotiations. Because price is a factor of selection, the staff rates and other unit rates are not to be negotiated.

8.2 Least Cost Selection (LCS)

- (i) **Method:** Least Cost Selection (Method) is a competitive process by which a consultant offering lowest cost among the technically qualified consultants (as per evaluation of Technical Proposals) is selected for award.
- (ii) **When it is appropriate:** This method is generally appropriate for selecting consultants for assignments of a standard or routine nature, where well-established methodologies, practices and standards exist.
- (iii) **Examples:** LCS method is normally adopted for services such as audits, engineering design of simple works, and so forth.
- (iv) **Variations in Consultant Selection Process:**
 - a) Steps as explained in Section 7 for Selection of Consultants are followed as it is, except that at the stage of preparation of proposal (Preparation and issuance of the request for proposals (RFP) to the short-listed consultants
 - b) A “minimum” qualifying mark for the “quality” are established, understanding that all proposals above the minimum will compete only on “cost” and the minimum qualifying marks shall be stated in the RFP.
 - c) At the stage of opening of Financial Proposals, those securing less than the minimum qualifying marks on the basis of evaluation of Technical Proposals are rejected.
 - d) The financial proposals of the technically qualified consultants shall be opened.
 - e) Unlike Quality and Cost Based Selection (QCBS), there is no weightage for technical score in the final evaluation and the Financial Proposal are ranked on the basis of costs as L1, L2, L3..., and the technical qualified proposal with the lowest cost as L1 is selected for award of contract.

8.3 Quality Based Selection (QBS)

- (i) **Method:** Quality Based Selection Method is a competitive process by which a technically best qualifying consultant (as per evaluation of Technical Proposals) is selected for award without consideration to costs.
- (ii) **When it is appropriate:** QBS method is appropriate for following types of assignments:
 - a) Complex or highly specialized assignments demanding high level of proficiency and innovation for which it is difficult to define precise TOR and the required input from the consultants, and for which the PE expects the consultants to demonstrate innovation in their proposals;
 - b) Important strategic studies / assignments having far-reaching high downstream impact and in which the objective is to have the best experts;
 - c) Assignments that can be carried out in substantially different ways, such that proposals will not be comparable.
- (iii) **Examples:** QBS method is normally adopted for Consultancy services such as:
 - a) Complex and specialized assignments: state level economic or sectoral and multi-disciplinary studies, multi-sector feasibility studies, design of a hazardous waste remediation plant or of an urban master plan, financial sector reforms; assignments involving high uncertainty and risks
 - b) Important studies having far-reaching downstream impact: Feasibility and structural engineering design of such major infrastructure as large dams, policy studies of state-level significance;
 - c) Assignments with non-comparable unique features: management advice, and sector and policy studies in which the value of the services depends on the quality of the analysis Complex capacity building programs
 - d) Assignments in which consultant organizations with different cost structures (for example traditional consultants, nongovernmental organizations (NGOs) are required to compete;
 - e) Design contests in which best consultant is selected on the basis of plan or design presented in response to concept or criteria provided by the Client.
- (iv) **Variations in Consultant Selection Process:**
 - a) Steps as explained in Section 7 for Selection of Consultants upto the Stage of Evaluation of Technical Proposal are followed as it is.
 - b) At the stage of opening of financial proposals, the Procuring Entity opens the Financial Proposal submitted by the technically highest ranked consultant.

- c) Since price is not considered as an evaluation-criteria, negotiation will include financial negotiations to assess reasonability of prices besides technical negotiations. In such negotiations, the selected consultant may also be asked to justify and demonstrate that the prices proposed in the contract are not out of line with the rates being charged by the consultant for other similar assignments. However, in no case such financial negotiation should result into increase in the financial cost as originally quoted by the consultant and on which basis the consultant has been called for the negotiations.
- d) If negotiations fail due to unreasonable price or costs or unacceptable requirements, the procuring entity may either cancel the procurement proceedings and issue fresh RFP or proceed similarly with the technically next lower-ranked consultant;
- e) Based on successful negotiations, Procuring Entity will award the contract.
- f) The other financial bids shall be returned unopened to the bidders after the successful conclusion of negotiations as in QCBS method.

8.4 Fixed Budget Selection

- (i) **Method:** FBS is a competitive selection process by which a technically best qualifying consultant (as per evaluation of Technical Proposals) is selected whose financial proposal is within the specified / fixed budget.
- (ii) **When it is appropriate:** This method is appropriate only when the assignment is simple and unambiguous, where TOR can be precisely defined and realistic budget as per market rates can be prepared. Also, in such case Procuring Entity want to select the best qualified consultant who is willing to perform services within the budget specified.
- (iii) **Examples:** FBS method is normally adopted for Consultancy services such as architectural services for design standard type of infrastructure, geotechnical surveys for alignment, environmental studies with well specified assessment procedures, etc.

(iv) Variations in Consultant Selection Process:

Steps as explained in Section 7 for Consultant selection process are followed as it is upto the stage of Evaluation of Financial Proposal are followed as it is, except that at the stage of preparation of proposal (Preparation and issuance of the request for proposals (RFP) to the short-listed consultants

), the RFP indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget.

The TOR should be particularly well-prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks. The RFP shall clearly indicate whether the budget includes taxes or levies payable in the State, and the price of any inputs provided by the Procuring Entity.

- a) At the stage of Final Evaluation, Financial Proposals quoting financial prices that exceed the budget as indicated in the RFP shall be rejected.
- b) Thereafter, the financial proposal of the technically highest ranked consultant amongst the technical qualified consultants is selected for award of contract and such consultant invited to negotiate a contract.
- c) Since Price is the evaluation criteria, negotiations are limited to technical aspects. Contract is awarded after finalization of negotiations.

8.5 Consultant Qualification Selection

- (i) **Features:** It is a method suitable for small assignment or procurement of consultancy services during emerging conditions which simplifies the selection process while allowing the Procuring Entity to select the Consultants who is best qualified from those who have expressed Expression of Interest
- (ii) **When it is appropriate:** CQS method is appropriate for small value assignments when highly specialized skill is required, the procurement time is critical and assignment is of short term, and when need of obtaining and evaluating competitive proposals is not justified.
- (iii) **Examples:** CQS method is usually adopted for following types of assignments.
 - a) Evaluation studies at critical decision points in the project implementation such as review of alternative solutions with large downstream effects;

- b) Executive assessments of strategies and programs
- c) High level, short term, expert advice;
- d) Participation in project review panels

(iv) Variations in Consultant Selection Process

- a) Steps as explained in Section 7 for selection of consultant process upto the stage of 'Preparation of short list of Consultants' are followed as it is, except that at the stage of preparation of shortlist, a shortlist of at least three qualified consultants with relevant experience and competence is established.
- b) Thereafter, RfP is prepared as per the Preparation and issuance of the request for proposals (RFP) to the short-listed consultants
- c) and the highest ranked consultant with most appropriate qualifications and experience is selected to issue the RFP thereby inviting it to submit a combined technical and financial proposal.
- d) The technical proposal shall first be evaluated as per procedure specified for QCBS method in *Evaluation of the Technical Proposals* and, if proposal is evaluated as responsive and acceptable, then the highest ranked consultant be invited to open its financial proposal and negotiate a contract.
- e) Both technical and financial aspects of the proposal may be negotiated. The financial negotiations will be done as per process described under *Negotiations*.
- f) If negotiations fail due to unreasonable price or costs or unacceptable requirements, the procuring entity may either cancel the procurement proceedings and issue fresh RFP or proceed similarly with the bidder of the next lower-ranked technical bid;
- g) The other financial bids shall be returned unopened to the bidders after the successful conclusion of negotiations as in QCBS method.

8.6 Single Source Selection

- (i) Features:** Single Source method of Procurement can also be used as per the provisions of *Section 31 of RTPP Act* and *Rule 17 of RTPP Rules*, which are generally referred as Single Source Selection. However, the Procuring Entity shall ensure fairness and equity, and shall have a procedure in place to ensure that the prices are reasonable and consistent with market rates for tasks of a similar nature; and the required consultancy services are not split into smaller sized procurement.
- (ii) When it is appropriate:** Single source selection shall be used in exceptional cases as follows-
 - a) natural continuation of previous work carried out by the consultant
 - b) emergency situation, where timely completion of the assignment is of utmost importance
 - c) situations requiring use of proprietary techniques or only one consultant has requisite expertise
 - d) special circumstances, where it may become necessary to select a particular consultant where adequate justification is available for such single-source selection in the context of the overall interest of the Procuring Entity.
- (iii) Examples:** SSS method is normally adopted for Consultancy services in exceptional cases as described above.
- (iv) Selection Process :** Selection of consultant on single source basis should be as per Rule 17 of RTPP Rules.

9. Types of Contracts

The *Indian Contract Act, 1872*, *Arbitration and Conciliation Act, 1996*; *Competition Act, 2002*; *Information Technology Act, 2000* etc. (and amendments thereto) are major legislations governing contracts for procurement (both private and public) in India. There are different basis for linking payments to the performance of services (called types of contracts), Bids are called and evaluated based on the type of contract. The choice of the type of contract should be based on Value for Money (VfM) with due regard to the nature of assignment. Mostly used types of contracts are:

- i. **Lump-sum (Firm Fixed Price) contract;**
- ii. **Time based (Retainer-ship) contracts;**
- iii. **Per centage (Success Fee) contract;**
- iv. **Indefinite delivery contract.**

9.1 Lump Sum (Firm Fixed Price) Contract

- (i) **Where best suited:** Lump sum contracts are used mainly for assignments in which the scope and the duration of the services and the required output of the consultants are clearly defined. Consultant's proposal is deemed to include all prices – no arithmetical correction or price adjustments are allowed during evaluation. They are widely used for simple planning and feasibility studies, environmental studies, detailed design of standard or common structure, preparation of data processing systems, and so forth, wherein external factors are not expected to influence the timeline of outputs/ deliverables of the assignment.
- (ii) **Features:**
- Payments are linked to clearly defined outputs (deliverables), such as reports, drawings, bills of quantities, bidding documents, and software programs.
 - Lump sum contracts are easy to administer because payments are due on clearly specified outputs.
 - The contract shall include a fixed price for the activities to be carried out by the consultant.
 - Lump-sum contracts shall not generally be subject to automatic price adjustment when their duration is expected to be less than 18 (eighteen) months, except for small-value multi-year contracts (for example with auditors).
 - The price of a lump-sum contract may be exceptionally amended when the scope of the services is extended beyond what was contemplated in the original TOR and contract.
 - The risks of cost overruns are borne by the consultant.
 - This type of contracts shall normally be used by all Government Procuring Entity's for hiring services of the consultants under this guideline as the best option, unless adoption of other type of contract is necessary because of the specific nature of services required to be hired.

9.2 Time Based Contract

- (i) **Where best suited:** This type of contract is appropriate when it is difficult to precisely define or fix the scope and the duration of services in the ToR (such as studies with innovative new approaches, management of complex project), either because the services are related to activities carried out by others for which the completion period may vary (*e.g. supervision of implementation contracts – the duration and quantity of resources (staff months)*) depend on variables that are beyond the control of consultants or the services are related to the activities undertaken by third parties), or because the input of the consultants required to attain the objectives of the assignment is difficult to assess (*e.g. technical assistance, organization development, emergency situations in which the PE's requirements can be known as the assignment progresses*). This type of contract is widely used for complex studies, supervision of construction, and most complex capacity building and training assignments in which specific deliverables cannot be specified which can be linked with payments.
- (ii) **Features:**
- Payments are based on agreed hourly, daily weekly or monthly rates for experts (*who are normally named in the contract*) and number of reimbursable items using actual expenses and/or agreed unit prices.
 - The rates for experts include salary, social costs, overhead, fee (or profit), and, where appropriate, special allowances.
 - This type of contract shall include a ceiling maximum amount of total payments to be made to the consultants, which is revised by mutual agreement, with a change in scope of the services or the extension of the period of contract. This ceiling amount should include a contingency allowance for unforeseen work and duration, and a provision for price adjustment for inflation, as and where appropriate.
 - To adjust the remuneration rates (*the staff month rates and unit rates of reimbursable expenses*) in a time-based Contract for inflation, a price adjustment provision shall normally be included in the long duration contract if its duration is expected to exceed 18 (eighteen) months. Time-based Contracts of a shorter duration may include a provision for price adjustment when inflation is expected to be high and unpredictable.
 - The PE may include appropriate ceiling limits for adjustment due to inflation, so that consultant will also share the risk of cost escalation due to inflation.

- f) Time based contracts need to be closely monitored and administered by the PE to ensure that the assignment is progressing satisfactorily, and payments claimed by the consultants are appropriate.
- g) Time-based contracts transfer cost risk to the Client. The Client shall monitor and control assignment progress and costs because the consultant may tend to deploy staff for more period including senior staff and more number of units of reimbursable expenditures.

9.3 Percentage (Success/Contingency Fee) Contract:

(i) Where best suited: These contracts are best suited for the type of services for which consultant can offer person-month costs for precisely defined services and payment can be linked to successful realisation of deliverables/objectives. These contracts are commonly used for architectural services. They may be also used for procurement and inspection agents. Since the payment is made after the successful realisation of objectives, it is also called success (or contingency) fee contract.

(ii) Features:

- a) Per centage (Success/Contingency Fee) contracts directly relate the fees paid to the consultant to the estimated or actual project cost, or the cost of the goods procured or inspected.
- b) The final selection is made among the technically qualified consultants/service providers who have quoted the lowest per centage while the notional value of assets is fixed.
- c) It should be noted that in the case of architectural or engineering services, percentage contracts implicitly lack incentive or economic design and are hence discouraged, except the standard type of services. Therefore, the use of such a contract for architectural services is recommended only if it is based on a fixed target cost and covers precisely defined services.
- d) The Lumpsum form of contract is normally used with modification of payment terms on percentage basis are linked with successful completion of deliverables and fixed targeted cost is specified as ceiling amount.

9.4 Indefinite Delivery Contract (IDC) (Price Agreement)

(i) Where best suited: Indefinite delivery contract is an indefinite quantity contracts which provide for an indefinite quantity of services during a fixed/ defined time period. This is akin to the system of 'Rate Contracts' in the Procurement of Goods. There is no commitment from Procuring Entity for the quantum of work that may be assigned to the consultant/service provider. These contracts are used when Procuring Entity need to have "on call" specialized services to provide advice on a particular activity, the extent and timing of which cannot be defined in advance. Under such circumstances this form of contract helps in streamlining the contracting process and speed of delivery of services. These are commonly used to retain "advisers" for implementation of complex projects (for example, engineering services as member of dam safety review panel), expert adjudicator for dispute resolution panels, institutional reforms, procurement advice, technical troubleshooting, and so forth, normally for a period of a year or more.

(ii) Feature:

- a) The Procuring Entity and the Consultant agree on the unit rates to be paid for the experts, and payments are made on the basis of the time actually used. The consultant shall be selected based on the unit rate quoted by them for providing the services.
- b) The Time-based form of contract is used with a modified form, wherein unique rates are finalized for expert's remuneration and reimbursables and payments are made based on the utilization of time and reimbursable units, but timeline for services and schedule for likely utilization of services is broadly defined without any commitment towards utilization of services.
- c) Minimum and maximum quantity limits are specified in the contract as either number of units (for services) and/or as values (for services).

10. Monitoring of the Contract

Monitoring of the contract is essential to supervise the progress of the consultant vis-à-vis contractual terms and conditions; to monitor consultants' contractual obligations; to address contractual, financial and legal issues that arise during implementation; and attend to necessary administrative changes such

as replacement of personnel, changes in implementation arrangements, changes in scope, extension to contract, etc.

- (i) The Procuring Entity awarding the contract should be involved throughout in monitoring the progress of the assignment so that the output of the assignment is in line with the Procuring Entity's objectives laid down in the contract.
- (ii) Suitable provision for this should be made in the contracts which should also take care of the need to terminate/penalize the contractor or to suspend payments till satisfactory progress has not been achieved.
- (iii) In consensus with *Rule 3 (1) of RTPP Rules* every procuring entity shall constitute one or more committees for the Monitoring of Contract.
- (iv) Consultants shall be mandated to observe due diligence and prevailing standards in the performance of the assignment.
- (v) The Procuring Entity shall evaluate the performance of the consultants employed under contracts in a fair and confidential process. The performance rating will be an input for future short-listing. In the case of repeated poor performance, the consultant will be notified and provided an opportunity to explain the reasons for it and the remedial action proposed. If poor performance persists, the Procuring Entity may exclude the consultant from participation in future assignment for a stated period. Besides, the consultants shall be responsible for the accuracy and suitability of their work.

11. Special Type of Engagements

11.1 Selection of Individual Consultant

- (i) Individual consultants are normally employed on assignments for which –
 - a) Teams of personnel is not required;
 - b) No additional outside professional support is required; and
 - c) The experience and qualifications of the individual is the paramount requirement.
 - d) When individual consultant is expected to perform independently.
- (ii) **Selection process:** Process of selection of Individual consultant involves:
 - a) **Competitive Selection (Open Competitive Bidding method as per Section 28 of RTPP Act):**
 - 1) Individual consultant is selected on the basis of his/her qualifications and experience required for the assignment. Hence, proposal for hiring consultancy services from Individual consultant shall be prepared along with Terms of Reference which will include, job description/scope of services, number of person-months required, time frame, shortlisting criteria such as qualification and experience, and budget. It shall be approved by competent authority.
 - 2) Notice inviting EOI / Applications shall be given publicity, as per *Rule 43 of RTPP Rules*.
 - 3) Individual consultants shall submit either EOI or application as per Notice Inviting Proposals giving the desired information about their qualification and experience.
 - 4) Individual Consultant shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the Procuring Entity. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications. Most suitable candidate shall be selected on the basis of educational qualification, overall and assignment specific experience, and, as appropriate, knowledge of the local conditions, such as local language, culture, administrative system and Government organization.
 - 5) The Procurement Committee constituted by the Procuring Entity will award marks on the basis of EOI/Application for selection of suitable candidate for the assignment. The Procurement Committee may also interview candidates and award marks for their performance in the interview and recommend the remuneration to be paid.
 - b) **Single source selection (Single Source Procurement method as per Section 28 of RTPP Act):** Individual consultant may be selected on a single source selection basis with due justification in exceptional cases such as:

- 1) tasks that are a continuation of previous work that the consultant has carried out and for which the consultant was selected competitively;
 - 2) emergency situations resulting from natural disasters; and
 - 3) when the individual is the only consultant qualified for the assignment.
 - 4) Assignment of small value which does not justify competitive selection.
 - 5) Vide *Rule 17 (1) (a) of RTPP Rules*, in addition to above, single source selection method may be used where hiring of the services of professional is required, for a period upto twenty four months and upto financial limit of **Rupees twelve lakh** in each case, subject to delegation of financial powers.
- c) **Staff or Associates of Consultant:** If the candidate is permanent staff or associates of a Consultant, the *Conflict of Interest provisions* described in these guidelines shall apply.

11.2 Selection of Specialized Agencies/Institutions

- (i) From time to time, Procuring Entities may need to recruit a specialized agency or institution to undertake a specific task for which it is particularly well suited. Such agencies may be Government/Semi-Government Agencies, Universities or Professional Institutions.
- (ii) In some cases, the agency or institution has access to special expertise or special backup and support facilities that make it worthwhile considering recruitment on a Single Source Selection basis. In such cases, there must be full justification that the use of Single Source Selection is in the best interests of Procuring Entity.
- (iii) In cases of Government and Semi-Government Agency, a procuring entity may directly procure consultancy services from notified agencies, without inviting proposal, as notified by the State Government, from time to time in the *Procurement Rules 2013*, in exercise of powers conferred by *Sub-section (2) of Section 6 of the RTPP Act* read with Rule 32 of the RTPP Rules.
- (iv) Individual consultants recruited from agencies and institutions may be selected in the same way as any other independent consultants.

11.3 Selection of Non-Governmental Organizations (NGO)

- (i) Non-Government Organizations may be uniquely qualified to assist in the preparation, management, and implementation of projects, because of their involvement in and knowledge of local issues, community needs, and/or participatory approaches. Procuring Entity's may select the NGO for such assignments.
- (ii) Normally NGOS shall be selected following QCBS selection method in general but other competitive methods of selection, i.e. LCS, QBS, CQS and FBS as described in *Sub-sections* of Section 8 of these guidelines may be adopted if use of such method is considered most suitable/justified, depending on the scope of the required services.
- (iii) For technical evaluation of NGOs the following criteria may be adopted:
 - (a) History of work with grassroots communities and evidence of satisfactory performance;
 - (b) Familiarity with participatory development approaches and low-cost appropriate technologies which can be adopted at the local level;
 - (c) Experienced staff conversant with the cultural and socioeconomic dimensions of beneficiaries;
 - (d) Committed leadership and adequate management;
 - (e) Capacity to co-opt beneficiary participation.
- (iv) Procuring Entity may select NGOs using SSS, provided the approvals and procedures laid down for the same are followed under *Sub-section Single Source Selection* of these guidelines.

For example, SSS may be adopted to hire a local NGO for a very small assignment in a remote area where only one NGO is available and competition is impractical.

11.4 Inspection Agents

Procuring Entities may hire inspection agents to inspect and certify goods before shipment or on arrival in the Procuring Entity country. The inspection by such agents usually covers the quality and quantity of the goods concerned and the reasonableness of the price. Inspection agents are selected using QCBS, with cost being allocated a weight of up to 50 (Fifty) per cent. Payment is usually based on a per centage of the value of goods inspected and certified.

11.5 Financial Advisors

- (i) Procuring Entities may hire financial institutions to implement two main types of assignment:
 - (a) In the preparation of studies and financial consultancy; or
 - (b) As advisers on financial restructuring, Mergers & Acquisitions (M&A) or demerger etc.
- (ii) In the first case, the advisers can be selected under any of the methods described in these guidelines (that is, whichever is considered most suitable, depending on the scope of work of the assignment). In the second case, QCBS shall be adopted, whereby the RfP shall specify technical evaluation criteria similar to those relevant to standard consultancy assignments. The financial proposal would include two distinct forms of remuneration:
 - (a) A Lump-sum retainer fee to reimburse the consultant/service providers for services made available and
 - (b) A success fee, which is either fixed lumpsum amount or preferably expressed as a per centage of the value of the privatization transaction.
- (iii) Depending on the type of activity and the circumstances of the Procuring Entity, the RfP shall specify the relative weights assigned in the financial evaluation to the retainer and to the success fee, respectively. In some cases, the Procuring Entity offers a fixed retainer fee and the consultant/service providers must compete only on the success fee as a per centage of the value of the privatization transaction. For QCBS (notably for large contracts), cost may be given a weight higher than recommended for standard assignments (such as 30 (Thirty) per cent), or the selection may be based on LCS selection. The RfP shall specify clearly how proposals will be presented and how they will be compared. Success fees are most appropriate when it is relatively easy to measure results in meeting the Procuring Entity's objective (successful sale of assets) and when the success is at least partly related to the efforts of the consultant involved. Therefore, success fees are more likely to be adopted at the transaction stage, because by that time the Procuring Entity's objective is to maximize revenue.

11.6 Auditors

Auditors typically carry out auditing tasks under well-defined ToR and professional standards. Therefore, they shall normally be selected according to LCS system described under Sub-section Least Cost Selection (LCS) of these guidelines, with cost as a selection factor, unless the complex nature of the Auditing tasks justifies use of QCBS or other method described in under *systems for selection of Consultants* of these guidelines as considered most suitable.