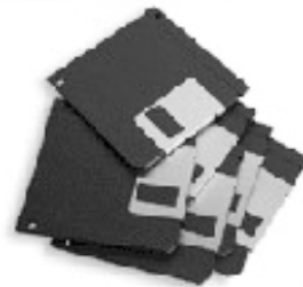
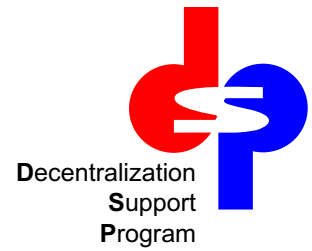


Decentralization Support Program-TA1

Procurement Guide



SUMMARY OF ADB'S GUIDELINES ON THE USE OF CONSULTANTS*

Procurement of goods and services for Decentralization Support Program (DSP) is to be carried out in accordance with ADB Guidelines and Practices on Consulting Services. This pamphlet attempts to summarize the general principles, procedures, and practices given in the Guidelines with an objective to familiarize prospective suppliers and contractors with the procurement and contracting process of Third Work Plan.

A. STAGES OF PROCUREMENT AND CONTRACTING PROCESS

1. Expression of Interest (EOI)

The guidelines provide great flexibility in this area. EOIs may be invited / received from various sources. Usually, an advertisement is placed in the national / regional dailies. The Consultant Databases available with ADB and DSP and a bidder's forum may also be used for that purpose.

An expression of interest gives an opportunity to firms/organizations / Individuals to register themselves for a project and be included in the longlist of consultants eligible for the selection process. The long-list of eligible firms / individuals is then used to prepare the shortlist of firms / individuals that are invited to submit a proposal for consulting services in a particular DSP project.

2. Shortlisting (SL)

The Guidelines specify that the number of short-listed firms / Individuals should be around 5 to 7. Technical qualification of consultants is the most important criterion when preparing a shortlist. Only short-listed firms receive the 'Request for Proposal (RFP)' containing full details on the project and all requirements of the proposals to be submitted. Individual consultants are not required to submit technical and financial proposals.

3. Methods of Selection

There are four methods for the selection of consultants:

- i. Quality and Cost-Based Selection (QCBS)
- ii. Quality-Based Selection (QBS)
- iii. Direct Selection (DS)
- iv. Individual Consultants (IC)

Quality and Cost-Based Selection (QCBS)

QCBS is ADB's preferred method of selection. It is based on the quality of the consultant's technical proposal and the cost of the services to be provided as shown in the consultant's financial proposal. Short-listed firms must therefore submit both technical and financial proposals.

* The term 'Consultant' includes consulting firms / organizations (public, private, non-government) and individual consultants both

Quality-Based Selection (QBS)

Under QBS, the second available method, shortlisted consultants are required to submit only the technical proposal. After evaluation of technical proposals, only the highest-scoring firm is invited to submit a financial proposal and attend contract negotiations.

Direct Selection (DS)

Direct Selection for recruiting consulting firms is used in exceptional cases with adequate justification and with prior approval of ADB's Management or the Board of Directors. Under direct selection, the selected firm is invited to submit a combined technical and financial proposal.

Individual Consultants (IC)

The procedure for the engagement of individual consultants is simpler than that for firms. The main difference is that the submission of technical proposals is not required. Therefore, the time required to recruit individual consultants is usually approximately a month. The evaluation used for selecting individual consultants is an assessment of their qualification and experience relevant to the assignment through review of their CVs and other available information. The main steps in the process of engaging individual consultants are:

- Expression of Interest (EOI)
- Evaluation and Ranking of Short-listed Candidates
- Negotiation of Contract Terms and Finalizing the Contract
- Performance Evaluation

The Consultant Selection Committee (CSC) decides on the most appropriate method for a TIP / Project in light of scope of work and complexity of the job.

4. Request for Proposal (RFP)

The Request for Proposal is the newly adopted name for the set of invitation documents (including the letter of invitation itself) sent to shortlisted firms invited to submit proposals (technical and financial). The RFP includes the following documents:

- Letter of Invitation
- Instructions to Consultants including Project Data Sheet
- Evaluation Criteria
- Technical Proposal Standard Forms
- Financial Proposal Standard Forms
- Terms of Reference of the Project
- Standard Form of Contract
- List of ADB Member Countries

5. Technical Proposal (TP)

There are three types of TPs:

- i. Full Technical Proposal (FTP)
- ii. Simplified Technical Proposal (STP)
- iii. Simplified Technical Proposal (STP)

Full Technical Proposal (FTP)

With FTP, sixty (60) days are allowed to the consultants for the preparation of the proposal. The complete recruitment process takes at least 200 days. A Full Technical Proposal is applied to TA projects with a budget of over \$1 million or any project where technical requirements are considered to be complex in nature.

Simplified Technical Proposal (STP)

For STP, forty-five (45) days are allowed for the preparation of the proposal. The complete recruitment process takes at least 185 days. A Simplified Technical Proposal is usually applied to TA projects with budget between \$400,000 and \$1 million where tasks are specifically stated and the methodology is well-defined, leaving the consultant little opportunity to propose alternative approaches.

Biodata Proposal (BDP)

In this case, thirty (30) days are allowed to the consultants for the preparation of the proposal. The complete recruitment process takes at least 140 days. Biodata Proposal is applied to TA projects with a budget at or below \$400,000 for which only a limited number of experts are required for short-term work.

The format of the Technical Proposal to be used is indicated in the Project Data Sheet of the RFP. Submission of the wrong type of Technical Proposal will result in the proposal being deemed non-responsive and therefore disqualified from the selection.

Evaluation Criteria / Minimum Qualifications for the TP

A technical proposal is considered "technically qualified" if the score determined during technical proposal evaluation is at least 750 points out of the 1,000 maximum. Evaluation is conducted by the Consultant Selection Committee (CSC) on the basis of Evaluation Criteria provided in Section 2 of the RFP. Different evaluation criteria are used for each type of technical proposal. The standard criteria include points for qualification of consultant, approach and methodology and personnel.

6. Financial Proposal (FP)

Financial Proposals (FPs) are required in all cases but at different stages depending on the Method of Selection.

- If Quality and Cost-Based Selection (QCBS) is used, the FP is requested at the same time as the Technical Proposal (TP) but in a separate sealed envelope. The firm will be disqualified from the selection process if any financial considerations are included in the TP. FPs are opened at the "Public Opening" where firms which have submitted proposals and have been technically qualified are invited to attend. During the Public Opening, the technical evaluations of firms and overall price submitted by them in their FPs are presented
- If Quality-Based Selection (QBS) is used, the technical proposal is evaluated based on the technical merits and only the winning / first-ranked firm is invited to submit a FP
- If Direct Selection is used, the FP is required at the same time as the TP

7. Contract Negotiations (CN)

The first-ranked firm / individual, selected through the evaluation process, is invited for Contract Negotiation. The negotiations cover the work the consultant will perform, the timeline of the job, members of consultants' team, and terms and conditions of the contract. If negotiations fail to result in an acceptable contract, the second ranked firm / individual may be invited for negotiations

Type of contract

There are two commonly used types of contracts or fee structures for consulting services:

- i. Time-based or Person-month contracts
- ii. Lump Sum Contracts

The Time-based arrangement is, however, more common and preferred by ADB

8. Performance Evaluation

- Performance evaluation of firms/organizations/individuals is systematically carried out. However, the result is communicated to the firm only if the performance is considered marginal or unsatisfactory.
- The performance assessment is recorded in the contracts database, which is checked prior to any shortlisting of firms/organizations/individuals.
- A briefing on the performance evaluation process is given to the consultant during contract negotiations and a copy of the standard evaluation form is handed out for information.

B. CHOOSING AN APPROPRIATE SELECTION METHOD

Selection Method	Eligibility Criteria
QCBS	<ul style="list-style-type: none">• QCBS is used when the TOR is detailed and specific; scope of the consultant's work is precisely defined and the required inputs and all other requirements affecting the cost of the services are indicated
QBS	<ul style="list-style-type: none">• QBS is used when the assignment is very complex or highly specialized and it is not possible to write detailed Terms of Reference (TOR) showing the tasks the consultant will perform• The project will have a high impact and it's appropriate to engage the best experts• The assignment can be carried out in substantially different ways and the technical proposals may not be directly comparable
DS	<ul style="list-style-type: none">• DS is used when the market lacks depth in the proposed Terms of Reference (TOR) requirements and one service provider is clearly qualified to implement the TOR• The TOR is well defined and complete in respect of Level of Effort, Duration and Deliverables• The TOR requires innovative activities, that is, activities for which DSP has not accumulated a track record of experience• The TOR envisages a significant role for Program Support Office (PSO) in implementation, particularly regarding interaction with DSP implementing partners• TOR is time critical, that is, must be initiated within one month from approval of the

	<p>TIP in order to protect the integrity of the TIP</p> <ul style="list-style-type: none"> The TOR costs less than or equal to \$100,000 (Rs. 6 million)
IC	<ul style="list-style-type: none"> The method is used when the engagement of an individual consultant will not incur additional administrative load on part of the proposing PSO in excess of alternative modalities The TOR is well defined and complete in respect of Level of Effort, Duration and Deliverables The TOR envisages significant role for PSO in implementation particularly regarding interaction with DSP implementing partners TOR is time critical, that is, must be initiated within one month from approval of the TIP in order to protect the integrity of the TIP The TOR costs less than or equal to \$100,000 (Rs. 6 million)

C. TIMELINE FOR AVAILABLE SELECTION METHODS

Method	Weeks												
QCBS	24	2w	2w	1w	6w	4w	1w	2w	2w	1w	2w	1w	Contract
		EOI	SL	S1	RFP	TE	S2	C4FP	FE	S3	CN	S4	
QBS	20	2w	2w	1w	6w	4w	1w	1w	2w	1w	Contract		
		EOI	SL	S1	RFP	TE	S2	C4FP	CN	S3			
DS	8	1w	2w	1w	1w	2w	1w	Contract					
		S1	RFP	T&FE	S2	CN	S3						
IC	4	1w	1w	2w	Contract								
		EOI / SL	S1	CN									
QCBS: Quality & Cost Based Selection	SL: Shortlisting				S1-S4: Submission to ADB for approval at each stage								
QBS: Quality Based Selection	RFP: Request for Proposal				TE: Technical Evaluation								
DS: Direct Selection	C4FP: Call for Financial Proposal				FE: Financial Evaluation								
IC: Individual Consultants	CN: Contract Negotiation												

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		EOI	SL	S1	RFP	TE	S2	C4FP	FE	S3	CN	S4	
QBS	20	2w	2w	1w	6w	4w	1w	1w	2w	1w	Contract		
		EOI	SL	S1	RFP	TE	S2	C4FP	CN	S3			
DS	8	1w	2w	1w	1w	2w	1w	Contract					
		S1	RFP	T&FE	S2	CN	S3						
IC	4	1w	1w	2w	Contract								
		EOI / SL	S1	CN									
QCBS: Quality & Cost Based Selection			SL: Shortlisting				S1-S4: Submission to ADB for approval at each stage						
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Finance Division
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