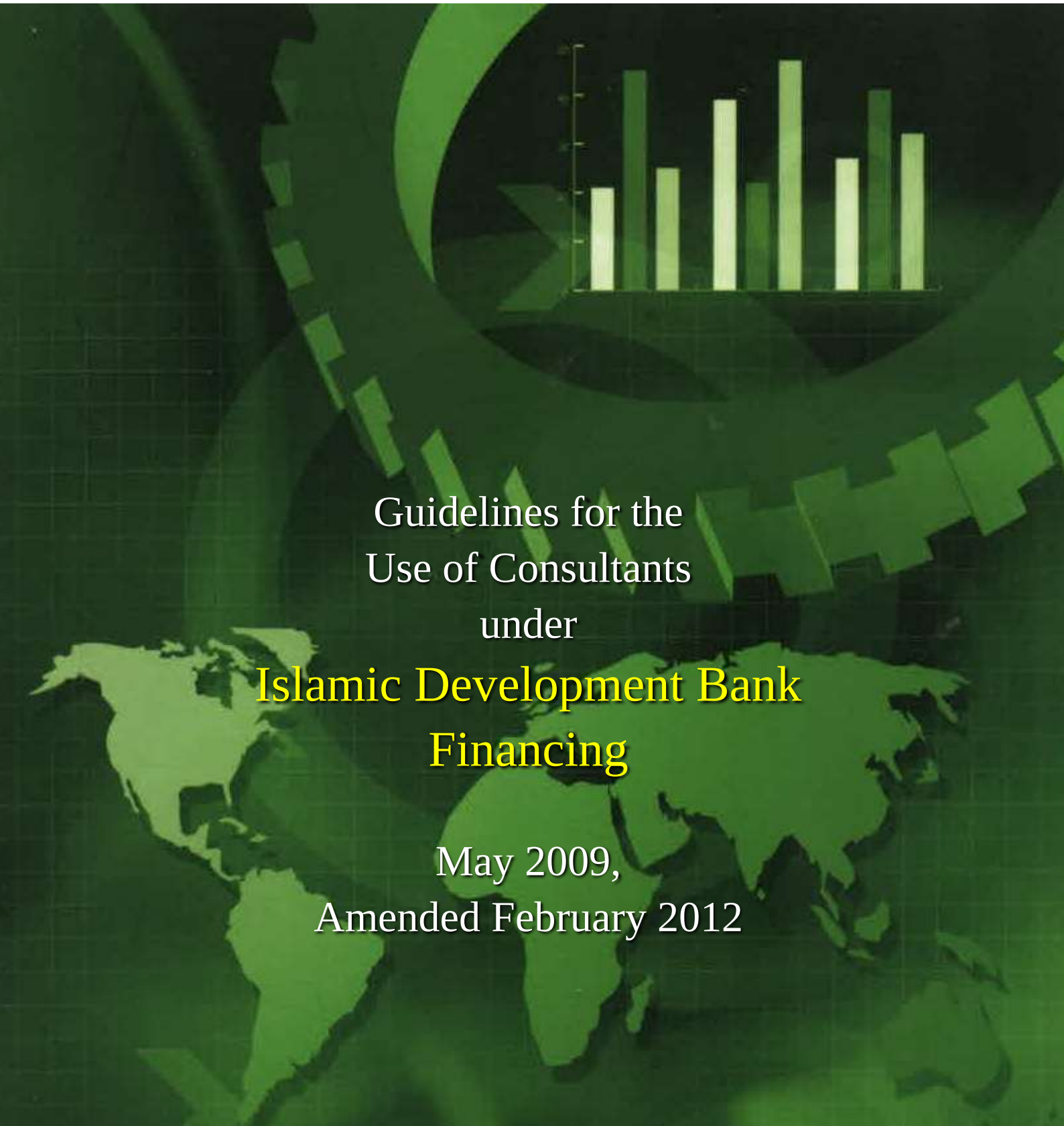
Islamic Development Bank



Guidelines for the Use of Consultants under Islamic Development Bank Financing

May 2009,
Amended February 2012

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GUIDELINES
FOR THE USE OF CONSULTANTS
UNDER
ISLAMIC DEVELOPMENT BANK FINANCING

1. GENERAL PRINCIPLES

Purpose of the Guidelines

1.1 The following Guidelines define the policies and procedures of the Islamic Development Bank ("IDB") for the selection, contracting and execution of consulting services financed by IDB.

1.2 The Guidelines assist (i) Beneficiaries to obtain the best possible quality from consulting services and to do so with due attention to the four basic principles of procurement: economy, efficiency, fair opportunity for eligible firms, and transparency; and (ii) Consultants to prepare and execute proposals that meet the requirements of IDB and the Beneficiary for high quality services. If in a project financed by IDB, the consulting services are financed by the Beneficiary or by other sources, IDB reserves the right to ensure that these services are of satisfactory quality.

Relationship between IDB, the Beneficiary and Consultants

1.3 The Financing Agreement governs the legal obligations between the Beneficiary and IDB regarding consulting services financed by IDB. No party other than the parties to the Financing Agreement shall derive any rights therefrom or have any claim to the funds provided by IDB. The Request for Proposals (hereinafter called "RfP") issued by the Beneficiary, and the contract signed between the Beneficiary and the Consultant govern the rights and obligations of both parties.

Scope of Consulting Services

1.4 Consulting services cover many tasks ranging from engineering, architecture, economics and finance to management of projects and procurement, and or a combination thereof. Consulting services may be classified into the following categories:

a) **Advisory or Counseling Services**, including staffing, training and institution building and specific advice on issues and projects.

b) **Pre-Investment Studies**, including identification, pre-feasibility and feasibility studies, including regional or sectoral planning, policy and investment priorities.

c) **Engineering and Design Studies**, to define the scope and design of a project, such as the preparation of drawings, specifications, detailed cost estimates and complete tender documents for the invitation of bids for construction and/or equipment procurement. In addition, these services may include assistance in the prequalification of contractors, analysis of bids and recommendations on the award of contracts, and drawing up final contract provisions with the selected contractor.

d) Implementation or Supervision Services, to ensure execution of the project in accordance with the terms and conditions of the contract, manage expenditure control,

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and provide certification of materials, quantities and invoices submitted by the contractors and suppliers. Such services may also include introducing modifications in the design or specifications, as necessary, upon prior agreement with the Beneficiary or the owner of the project, and with IDB, as the case may be.

e) Project Management, where the Beneficiary engages a Project Management Consultant to undertake the overall responsibility for planning, design, procurement, construction and commissioning of a project. The Project Management Consultant acts as the Beneficiary's executing arm in all matters connected with the implementation of a project. There is no uniform pattern according to which services under this category are rendered: sometimes a consultant may be engaged to act as the sole project consultant often with vast powers; or an independent consultant may be appointed under a project manager and be entrusted with the discharge of specific tasks.

1.5 In addition, IDB may also need specialist services to assist it in the preparation and appraisal of projects, and the supervision and evaluation of on-going projects or to provide advice on technical matters.

Types of Consultants

1.6 The consulting profession, to which these Guidelines apply, may be grouped in the following categories:

a) independent consulting firms (partnerships; private companies or corporations operating internationally or nationally, financial institutions and procurement agents);

b) autonomous/semi-autonomous government organizations, UN-agencies, or non-governmental organizations (NGOs), set up for the purpose;

c) universities / research institutes;

d) consulting firms forming part of, or otherwise affiliated to, or associated with, or owned by, contractors or manufacturers; or consulting firms combining the functions of consultants with those of contractors / manufacturers, and

e) individual consultants.

Development and Use of Domestic Consultants

1.7 To promote the transfer of technology to developing Member Countries, it is the policy of IDB to encourage the participation of domestic consultants in projects for which they are qualified and judged capable of performing the particular services required, either alone or in association with foreign consultants. When domestic and foreign consultants form "Joint Ventures" or associate themselves to supplement expertise for particular services, IDB requires that the role and responsibilities of each party shall be clearly defined. The leadership of the joint venture or the association and the ultimate responsibility for the services shall be stipulated in the documents concerned.

General Principles of Consultants Selection

1.8 Some common principles apply to the selection of consultants under IDB financing.

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a) The Beneficiary is responsible for the selection and employment of the consultant and administering the contract, and shall assure the transparency of the selection procedure.

b) The selection of a consultant shall be based foremost on its technical qualifications, because its expertise and skill will to a large extent determine the satisfactory completion of a project. Price considerations are often part of the selection procedure as well, but are of lesser importance compared to the total cost of a project, which could be substantially higher if the technical design proves deficient. Therefore, for most assignments, both the technical quality and the remuneration of the consultant are considered in the selection method (Quality and Cost-Based Selection or QCBS), but the technical quality is accorded a proportionally higher weight. For projects where the technical quality of consulting services is paramount, it may be appropriate to carry out the selection solely on the basis of technical quality (Quality-Based Selection or QBS).

c) The selection of consultants services for any given project involves (a) the short-listing of qualified and eligible consultants, (b) the determination of the selection method and criteria ; (c) the issuance to the short-listed consultants of a Request of Proposal (RfP) comprising the terms of reference and conditions of the assignment; (d) the technical and financial evaluation, as the case may be, of the proposals received; and (e) negotiation, award and signature of the contract.

d) The Beneficiary's role is to decide on the method of selection in accordance with the criteria outlined in these Guidelines and agreed upon by IDB, and which shall be specified in IDB's project documentation and the Financing Agreement for such project.

e) IDB's role is to ensure that the proposed consulting services respond to the terms of reference of the assignment, the qualifications of the consultant are satisfactory, their tasks are well defined, the conditions of contract are acceptable to IDB, and that the consultants carry out the contract satisfactorily.

f) The Consultant's role is to provide the best quality service to ensure that the assignment has the desired impact on the final objectives.

Applicability of the Guidelines

1.9 These Guidelines apply to intellectual services and do not apply to services which are mainly of a physical nature, such as exploratory drilling, surveys, aerial photography, and services which are provided by an "Engineering Contractor"[1]. In exceptional cases like post conflict situations or natural disasters, specific procurement arrangements could be used to facilitate fast utilization of allocated funds.

[1] An engineering contractor is a special type of firm which provides services from the conception and design stage through all stages of implementation covering know-how and licenses, construction, procurement, supply and erection leading to the start-up of the project. "Engineering Contractors" are used primarily in complex industrial projects and their selection often requires the examination of factors linked to the products to be manufactured, the process adopted and other elements that are assessed on the merits of each case. These services are usually procured by International Competitive Bidding under IDB's Guidelines for Procurement (Goods and Works).

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Eligibility

1.10 It is a fundamental policy of IDB that the Request for Proposal shall unequivocally provide that the services by the consultant, and by the consultant's associates and sub contractors, shall be provided in strict compliance with the Boycott Regulations of the Organization of the Islamic Cooperation, the League of Arab States and the African Union. The Beneficiary shall advise intending consultants that proposals will only be considered from consultants who are not subject to said Boycott Regulations. The consultant, through an agent in the Member Countries concerned or through one of the Member Countries' Embassies in the country of origin of the consultant, may acquire a certificate which certifies that the consultant is not blacklisted.

1.11 For the boycott requirement, the eligibility of a consultant will be finally determined at the time of signature of the contract. In cases where consultants withhold information to evade disqualification on account of the boycott requirement, the Beneficiary will have the right to cancel the contract at any time and also to penalize such parties and claim compensation for losses, as a consequence thereof, to the Beneficiary and IDB. IDB reserves the right not to honor any contract if the consultant involved is found to be subject to the boycott requirement.

1.12 For the purpose of these Guidelines, a Member Country firm is defined as follows:

a) it is registered or incorporated in a Member Country of the IDB;

b) its principal place of business is located in a Member Country ;

c) its chief officer is a National of a member country; (d) the majority of managerial and professional staff are nationals of the Member Country or of other Member Countries.

1.13 For the purpose of these Guidelines, a domestic firm of a Member Country is defined as follows:

a) it is registered or incorporated in the Member Country where the assignment is to be carried out;

b) its principal place of business is located in the Member Country;

c) its chief officer is a national of the Member Country;

d) more than half of its managerial and professional staff are nationals of the Member Country.

1.14 Government-owned enterprises in the Beneficiary's country may participate only if they can establish that they:

a) are legally and financially autonomous;

b) operate under commercial law, and

c) are not dependent on the budget of the Beneficiary's Government.

1.15 Government-owned universities and research centers in the Beneficiary's country, and university professors and research staff, may participate if they are critical to the consulting assignment. Such participation will be decided on a case by case basis.

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1.16 Government officials and civil servants can only be hired under consulting contracts, either as individuals or as members of a team of a consulting firm, if they are (a) on leave of absence without pay; and (b) are not in any conflict of interest situation.

1.17 A firm or an individual declared ineligible by IDB in accordance with sub-paragraph (d) of paragraph 1.31 of these Guidelines or in accordance with the IDB Group Anti-Corruption Guidelines on Preventing and Combating Fraud and Corruption in IDB Group-Financed Activities and sanctions procedures shall be ineligible to be awarded an IDB-financed contract during the period of time determined by IDB.

Conflict of Interest

1.18 IDB policy requires that consultants provide professional, objective, and impartial advice and at all times hold the client's interests paramount, without any consideration for future work, and that in providing advice they avoid conflicts with other assignments and their own corporate interests. 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 being unable to carry out the assignment in the best interest of the Beneficiary.

1.19 Without limitation on the generality of the foregoing, consultants shall not be hired under the circumstances set forth below:

a) Conflict between consulting activities and procurement of goods, works, or non-consulting services (i.e., services other than consulting services covered by these Guidelines): A firm that has been engaged by the Beneficiary to provide goods, works, or non-consulting services for a project, or any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm, shall be disqualified from providing consulting services resulting from or directly related to those goods, works, or non-consulting services. Conversely, a firm hired to provide consulting services for the preparation (before Finance effectiveness) or implementation of a project, or any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm, shall be disqualified from subsequently providing goods, works, or services (other than consulting services covered by these Guidelines) resulting from or directly related to the consulting services for such preparation or implementation. This provision does not apply to the various firms (consultants, contractors, or suppliers) which together are performing the Contractor's obligations under a turnkey or design and build contract.

b) Conflict among consulting assignments: Neither consultants (including their personnel and sub-consultants), nor any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm, shall be hired for any assignment that, by its nature, may be in conflict with another assignment of the consultants. As an example, consultants assisting a client in the privatization of public assets shall neither purchase, nor advise purchasers of, such assets. Similarly, consultants hired to prepare Terms of Reference (TOR) for an assignment shall not be hired for the assignment in question.

c) Relationship with Beneficiary's staff: Consultants (including their experts and other personnel, and sub-consultants) that have a close business or family relationship with a professional staff of the Beneficiary(or of the project implementing agency, or of a recipient of a part of the Financing) who are directly or indirectly involved in any part of: (i) the preparation of the TOR for the assignment, (ii) the selection process for the

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contract, or (iii) the supervision of such contract may not be awarded a contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the IDB throughout the selection process and the execution of the contract.

d) A consultant shall submit only one proposal, either individually or as a joint venture partner in another proposal. If a consultant, including a joint venture partner, submits or participates in more than one proposal, all such proposals shall be disqualified. This does not, however, preclude a consulting firm to participate as a sub-consultant, or an individual to participate as a team member, in more than one proposal when circumstances justify and if permitted by the RFP.

Unfair Competitive Advantage

1.20 Fairness and transparency in the selection process require that consultants or their affiliates competing for a specific assignment do not derive a competitive advantage from having provided consulting services related to the assignment in question. To that end, the Beneficiary shall make available to all the short-listed consultants, together with the request for proposals, all information that would in that respect give a consultant a competitive advantage.

Association of Consultants (Joint Ventures and Sub-contracting)

1.21 Consultants may conclude association agreements either for the long term or for a specific assignment. Such associations may take different forms and constitute (i) a Joint Venture, whereby all members are jointly and severally liable for the entire assignment, and all members are required to sign the contract with the client; or, (ii) an intermediate form of association, where the contract provides that the assignment is divided in several lots assigned to each member of the group, whereby each member only signs a contract with the client for the part that is assigned to it, except the lead-consultant, who remains severally liable for all members of the group and signs the contract with the client for the entire assignment; or (iii) a Subcontracting Arrangement, whereby the lead-consultant assumes complete responsibility for and coordination of the services requested and signs the contract with the client, while the subcontracting consultant only executes part of the services assigned to it under specific terms of reference, and signs a subcontract with the lead-consultant only.

1.22 Once the short list is finalized and the RfP issued, any form of joint venture, other association, or subcontracting among the short-listed consultants, as well as with non-short-listed consultants, shall be allowed only with the approval of the Beneficiary, and communicated in writing to the Beneficiary at least 14 days before the submission date of the Proposal and in accordance with the provisions of the RfP.

1.23 In case of short list of international firms and member countries firms, association of non member countries firms with member countries firms is encouraged. Association of non-domestic consultants with a domestic non-short-listed firm is also encouraged. In case of short list limited to member countries firms, association with non member countries firms may be accepted. For this purpose, a member country firm as well as a domestic firm are defined as in paragraphs 1.12 and 1.13.

1.24 In all cases of subcontracting, a short-listed firm is solely responsible for ensuring the execution up to the required standard. It shall retain the leadership of the association and shall

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provide more than 50% of the professional staff-months through its own regular staff. The associated firm shall intervene mainly through its permanent staff.

1.25 Association with entities other than consulting firms (e.g. universities) shall be subject to the prior approval of the Beneficiary and IDB.

Advance Contracting and Retroactive Financing

1.26 In certain circumstances, in order to accelerate project implementation or in emergencies, the Beneficiary may, with IDB's prior agreement, proceed with the selection procedure of consultants before signature of the Financing Agreement. This procedure is called advance contracting. In such cases, the Beneficiary shall follow IDB's Guidelines for the Use of Consultants and IDB will apply its normal review procedure. The Beneficiary undertakes such advance contracting at its own risk, and any concurrence by IDB with the selection procedure or proposal for award does not commit IDB to provide the financing for the services in question.

1.27 IDB does not normally finance any expenditure incurred prior to the approval of the project except in very exceptional circumstances and in accordance with the limits specified in the Financing Agreement. This procedure is called Retroactive Financing. Retroactive Financing would normally be restricted to expenditures incurred and paid for by the Beneficiary 6 months before the expected signing date of the Financing Agreement. However, in cases where the project objectives, design and implementation arrangements have been worked out, this period may be extended up to 12 months before the signature of the Financing Agreement.

Misprocurement

1.28 IDB does not finance expenditures for consulting services which have not been selected in accordance with the agreed procedures in the Financing Agreement, or if the terms and conditions of the contract are not satisfactory to IDB, and it is the policy of IDB to cancel that portion of the Financing Agreement allocated to the consulting services that have been misprocured.

Language and Interpretation

1.29 RfPs with international short lists shall be prepared in one of the working languages of IDB (Arabic, English or French) and shall, unless prohibited by law, specify the languages that shall govern for proposals with national short lists only. In the case of national short listing, documents may be prepared in the national language, but IDB shall be supplied with a certified translation of the same in one of the afore mentioned working languages.

Training and Transfer of Technology

1.30 If the assignment includes an important component for training or transfer of knowledge to Beneficiary staff or national consultants, the terms of reference shall indicate the objectives, nature, scope, and goals of the training program, including details on trainers and trainees, skills to be transferred, time frame, and monitoring and evaluation arrangements. The cost for the training program shall be included in the budget for the assignment and the consultant's contract.

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Fraud and Corruption

1.31 It is the IDB's policy to require that Beneficiaries as well as consultants, and their agents (whether declared or not), sub-contractors, sub-consultants, service providers or suppliers, and any personnel thereof, observe the highest standard of ethics during the selection and execution of IDB-financed contracts[2]. In pursuance of this policy, the IDB:

a) defines, for the purposes of this provision, the terms set forth below as follows:

   i. "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

   ii. "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;

   iii. "collusive practices" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

   iv. "coercive practices" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;

   v. "obstructive practice"

   (aa) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an IDB investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or

   (bb) acts intended to materially impede the exercise of the IDB's inspection and audit rights provided for under paragraph 1.31(e) below.

b) will reject a proposal for award if it determines that the consultant recommended for award, or any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;

c) will declare misprocurement and cancel the portion of the Financing allocated to a contract if it determines at any time that representatives of the Beneficiary or of a recipient of any part of the proceeds of the Financing were engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the selection process or the implementation of the contract in question, without the Beneficiary having taken timely and appropriate action satisfactory to the IDB to address such practices when

[2] In this context, any action taken by a consultant or any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers, and/or their employees, to influence the selection process or contract execution for undue advantage is improper.

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they occur, including by failing to inform the IDB in a timely manner at the time they knew of the practices;

d) will sanction a firm or an individual, at any time, in accordance with prevailing IDB's sanctions procedures[3], including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a IDB-financed contract; and (ii) to be a nominated sub-consultant, supplier, or service provider of an otherwise eligible firm being awarded a IDB-financed contract; and

e) will require that a clause be included in the RFP and in contracts financed by IDB requiring consultants, and their agents, personnel, sub-consultants, sub-contractors, service providers, or suppliers, to permit the IDB to inspect all accounts, records, and other documents relating to the submission of proposals and contract performance, and to have them audited by auditors appointed by the IDB.

1.32 With the specific agreement of the IDB, a Beneficiary may introduce, into the RFP for contracts financed by the IDB, a requirement that the consultant include in the proposal an undertaking of the consultant to observe, in competing for and executing a contract, the country's laws against fraud and corruption (including bribery), as listed in the RFP[4]. The IDB will accept the introduction of such a requirement at the request of the Beneficiary country, provided the arrangements governing such undertaking are satisfactory to the IDB.

Evaluation of Consultant's Performance

1.33 The Beneficiary is responsible for supervising the consultants' performance and ensuring that consultants carry out the assignment in accordance with the contract. Without assuming the responsibilities of the Beneficiary or the consultants, IDB staff shall monitor the work as necessary to satisfy themselves that it is being carried out according to appropriate standards, and is based on acceptable data. As appropriate, IDB may take part in discussions between the Beneficiary and consultants and, if necessary, may help the Beneficiary in addressing issues related to the assignment.

1.34 IDB evaluates and records, in a fair and confidential process, the performance of consultants on services financed by IDB. IDB shall take this performance evaluation into consideration for other IDB-financed studies or projects. IDB may consider blacklisting firms in case of major deviation and/or unethical behavior.

Confidentiality of Procedures.

1.35 After the opening of proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards shall not be disclosed to those who have submitted proposals, or other persons not officially concerned with this procedure, until the award of contract is notified to the successful consultant.

[3] A firm or individual may be declared ineligible to be awarded a IDB-financed contract upon: (i) completion of the IDB's sanctions proceedings as per its sanctions procedures, including, inter alia, cross-debarment as agreed with other International Financial Institutions, including Multilateral Development Banks; and (ii) as a result of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding.

[4] As an example, such an undertaking might read as follows: "We undertake that, in competing for (and, if the award is made to us, in executing) the above contract, we will observe the laws against fraud and corruption in force in the country of the Beneficiary, as such laws have been listed by the Beneficiary in the RFP for this contract."

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2. SELECTION OF CONSULTING FIRMS

General Provisions

2.1 The selection of a consulting firm[5] is primarily based on the assessment of the quality and judgment of the services that the consultant offers for the project and the price being commensurate with the consultant's input. To be able to formulate the criteria for the selection procedure, it should be borne in mind that:

a) Although the consultancy fees constitute only a small part of the total cost of the project, the quality of consulting service has an important bearing on the satisfactory implementation of the project and on the project costs in general.

b) The Terms of Reference should leave room for the consultant's capability for creative and cost-effective solutions and designs.

c) When price becomes the sole consideration, proposals may not offer the expected intellectual reflection and innovation. This means that price should not be the sole factor in the selection of a consultant, and that a balance between quality and price is needed, taking into account the nature of the services required and the type of the project in question.

2.2 The selection and appointment of consultants for a service comprises certain essential steps, in the following order,

a) Preparation of the Terms of Reference.

b) Preparation of the cost estimate (budget).

c) Notification and advertising of the envisaged consulting assignment.

d) Drawing up a short-list of qualified consultants.

e) Agreement on a selection method and criteria between the Beneficiary and IDB.

f) Preparing and Issuing a Request for Proposals (RfP), including a draft contract, to the short-listed consultants.

g) Evaluation of the technical proposal.

h) Evaluation of financial proposal.

i) Selection of the best evaluated proposal, followed, as necessary, by negotiations with the selected consultant, and

j) Awarding the contract to the selected consultant and signing it.

2.3 IDB’s no-objection is required at all of the above mentioned stages, unless otherwise agreed upon between IDB and the Beneficiary.

[5] The selection procedure for individual consultants is dealt with in Section 4.

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Review by IDB and IDB Assistance

2.4 While it is the Beneficiary's responsibility to carry out all steps to hire consultants, IDB reviews the adequacy of these steps to satisfy itself that the selection procedure is carried out in accordance with the provisions of the Financing Agreement[6]. The staff of IDB remain available to assist the Beneficiary at all stages of the selection procedure in order to ensure that the required scope of work is fully covered and that the procedures are suitably applied. This may especially include the provision of long or short lists of suitable consultants. In response to a written request from a Beneficiary, IDB will furnish a long list of firms that it expects to be capable of undertaking the assignment. The provision of the list does not represent an endorsement of the consultants. The Beneficiary may delete or add other names as it wishes; however, the final short list shall be submitted to IDB for its approval before issuing the RfP.

2.5 IDB maintains a data system on consultants (DACON). Registration in DACON is not mandatory to be considered for an IDB-financed assignment, nor is DACON a list of pre-approved consultants. When consultants register with DACON, they provide information that may be useful to the Beneficiaries and IDB in the preparation of long and short lists and review of qualifications of consultants proposed by Beneficiaries. IDB does not verify or endorse the information provided. IDB provides this information to member governments and international public bodies upon request, without any charge to the Beneficiaries and at no cost to others. IDB may, with the consent of the consultants, also provide non-confidential information to other consultants interested in seeking associates or partners for assignments.

The Terms of Reference (TOR)

2.6 The TOR constitute the basic document defining the work that the consultant is required to perform and, together with any modifications thereof at the negotiation stage, becomes part of the contract that is eventually entered into between the consultant and the Beneficiary. Because the consultant submits its proposal in response to the TOR, they should be carefully prepared and spell out:

a) the scope and objective of the project;

b) the relevant background, including available studies, of the project and institutions concerned;

c) the type of services required and objectives sought;

d) the schedules of implementation and expected outputs (periodic reports, documents and end products);

e) the scope and nature of transfer of technology and training, if required;

f) the method of remuneration for the services;

g) the responsibilities of the Beneficiary and those of the consultant,

h) information on the Beneficiary's counterpart staff to be associated with the service and the facilities that will be provided to the consultant,

i) a description of the main terms and conditions of appointment;

j) the approximate number of staff-months that may be required, and

[6] IDB's review procedures are described in Annex 2.

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k) all other important elements considered necessary to enable the consultant to submit a comprehensive proposal and estimate of the required resources.

2.7 For projects of simple or routine nature, the contents of the TOR can be fairly standard. For projects of a complex nature requiring research and creativity for achieving optimum solutions, the "TOR" shall delineate such areas to the extent known or identified at that stage and shall not be too detailed or inflexible so as to leave room for the consultants' creativity in determining approach and methodology.

Cost Estimate (Budget)

2.8 The Beneficiary shall estimate the cost of a proposed consulting assignment on the basis of the estimated resources needed for the assignment (level and type of personnel, realistic staff time in the field and the consultant's home office, physical outputs and logistical support, such as vehicles, office supplies and computer equipment). It is essential that the cost estimate shall fully cover the requirements of the TOR to ensure that the financial commitments of the consultants fully reflect their technical proposals, which - if inaccurate - could result in deficient proposal evaluation and contract award, and unsatisfactory contract implementation. The costs shall be divided in two separate categories: (a) remuneration (fees)and (b) reimbursable cost items (travel and transport, communications, office rent, local staff salaries, local taxes, etc.). Local taxes (indirect and direct) and customs duties on imported equipment and supplies shall be identified separately, since taxes and duties are not financed by IDB and are not part of the competitive evaluation.

Advertising of the Consulting Assignment

2.9 It is in the interest of the Beneficiary to get the best possible consultants for a given assignment. Because the available resource data on consulting firms needed for the assignment may not be sufficiently complete to identify suitable consultants for the short list, the Beneficiary advertises as widely as possible the main elements of the assignment, by requesting "expressions of interest" from interested firms. This shall be done in two steps and with prior approval of IDB . When the Financing Agreement for a project is signed between IDB and the Beneficiary, the Beneficiary shall launch a General Procurement Notice (GPN). Where it concerns consulting contracts limited to Member Countries, the GPN may be advertised using the IDB website. Where it concerns consulting contracts for which the shortlist may include candidates from non-Member Countries, the GPN shall be advertised in the international press. The GPN shall provide information concerning the Beneficiary, the amount and purpose of the project, the subject and scope of the impending consulting assignments, the name, telephone or fax number and address of the Beneficiary or the Beneficiary's Agency responsible for the procurement, and the website and e-mail address, if available.

2.10 Contracts, for which the shortlist will consist of domestic consultants only, shall be advertised locally in a newspaper or other medium of wide distribution.

2.11 The consultants should be asked to provide in their expression of interest to the Beneficiary details of their organization, key personnel, past experience, a list of past and present assignments of similar nature and any other information that may show the consultant's ability to carry out the assignment satisfactorily. Sufficient time for response shall be indicated in the advertisement, and normally not less than 14 days shall be allowed to receive responses before preparing the short list. However, an expression of interest to

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participate in the provision of services shall not oblige the Beneficiary to include the applicant in the short list.

Short-Listing of Consultants

2.12 The Beneficiary is responsible for the preparation of the short list and submits the short list for prior approval to IDB, unless otherwise agreed in the Financing Agreement. IDB requires that the short-list consist of 6-8 consultants, reflecting a reasonable geographical distribution from IDB Member Countries (except in the case of short lists consisting of domestic consultants only.), and including not more than two firms from any one Member Country. In exceptional cases, where the expertise is not readily available in Member Countries, firms from non-Member Countries may be shortlisted as per the provisions of the Financing Agreement. The criteria for a firm to be selected for the short list comprise the following factors:

a) The consultant is eligible in conformity with IDB's eligibility rules (paragraphs 1.10-1.17).

b) The consultant has a good reputation as a professional body and reputation for maintaining a satisfactory client-consultant relationship, or in the case of a Beneficiary with a developing consulting industry, the consultant presents satisfactory credentials and competence necessary to carry out the assignment.

c) The consultant's past experience and performance in the particular field of service is satisfactory.

d) On a case by case basis and depending on the scope and complexity of the assignment, the financial ability of the consultant may be taken into account. The longevity of the consultant in the international arena is one measure of its stability and a good indicator of continued solvency throughout the period of services.

e) The consultant shall be free from conflicts of interest.

2.13 In preparing the short list, and taking into account the above criteria, the Beneficiary shall give first consideration to the firms which have given "expressions of interest" that possess the relevant qualifications. In addition, the Beneficiary may use its own database and experience of consulting firms or require IDB's assistance.

2.14 Once IDB has given its "no-objection" to the short-list, applications from other firms shall not be considered and the Beneficiary shall not add or delete names without IDB's prior concurrence. However, the Beneficiary may identify one or two additional firms to add to the short list, with IDB's prior concurrence, if several short listed firms decline to respond or to participate, causing the level of competition to be limited to one or two firms. In such a case, the RfP should be issued to the newly short listed firms within ten days from the initial distribution date. The final date for proposal submission may have to be extended for all short listed consultants by an equal number of days to ensure that the newly short listed consultants are not disadvantaged.

2.15 For assignments estimated to cost less than the amount stipulated in the Financing Agreement, the short list may consist entirely of domestic consultants, provided that at least five qualified domestic firms are available. Domestic consulting firms shall comply with IDB's eligibility requirements stipulated in paragraphs 1.10- 1.17.

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2.16 Except in the case of preparation of terms of reference, for assignments of "downstream work" (such as detailed engineering after the feasibility study, or supervision of implementation after detailed engineering), when continuity is essential, IDB will not object to the same consultants being hired on the condition that the consultants carried out the preceding phase satisfactorily. If this possibility is part of the project, the Beneficiary shall indicate the scope and requirements for this follow-up assignment clearly in the RfP. Short listed consultants shall duly respond to the criteria set for this assignment, to arrive at an equitable and transparent selection during proposal evaluation and to permit the Beneficiary to negotiate a suitable contract for the follow-up assignment with the selected consultant when the situation arises.

Selection Methods used by IDB

2.17 The selection of consultants involves some subjectivity and depends on the evaluation of several elements in the consultant's proposal. Different methods can be used for the selection of consultants and are detailed in paragraphs 3.1–3.36.

2.18 IDB's selection methods for consulting firms apply to different types and complexity of assignments, and, therefore, to different types of consulting firms. The selection methods are usually determined in agreement with IDB at the time of project appraisal or at any other suitable time in the project cycle. The needs and timing of consulting services are based on the procurement plan of the scheduled investments, and subsequently during project implementation. Consulting assignments vary greatly in complexity, ranging from complex designs or management studies to straightforward audits of project accounts or small assignments with simple TOR. The appropriate selection method shall be adopted for each type of assignment, as indicated below:

a) Selection based on the technical quality with price consideration (Quality and Cost-Based Selection – QCBS). In this method, quality and price factors are combined and weighted in varying proportions depending on the importance of the quality versus price. The weight given to price in the overall ranking of the consultants depends on the technical complexity of the assignment and the nature of the project, and requires careful consideration, since at no time price consideration should be allowed to compromise quality. Generally, the proportional weights are set at 80 points for quality and 20 points for price, but could be 70 and 30 points, respectively, for assignments of standard or routine nature, or conversely 90 and 10 points respectively, for assignments where technical quality is of greater importance. The required methodology shall be explained in the RfP.

b) Selection based solely on the technical quality of proposals (Quality Based Selection – QBS), where the degree of technical quality is of paramount importance and decisive for the success of the project.

c) Selection based on the technical quality of comparable smaller and routine assignments[7], where the qualified lowest financial proposal is selected (Least-Cost Selection – LC).

d) Selection based on a fixed budget (Fixed Budget method – FB), for simple assignments for which the budget is fixed and cannot be increased.

[7] "small" may be defined as not exceeding the equivalent of ID 75,000.

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e) Selection based on Consultants Qualifications (Consultants Qualification Selection – CQ), also for smaller assignments, where the selection procedure only comprises the comparison of the most appropriate qualification and references, and the preparation of technical and financial proposals on the basis of detailed TOR. No RfP is required.

f) Selection based on Sole-Source or Direct Contracting, allowed only in exceptional circumstances and generally for small assignments only.

2.19 IDB's requirements for prior review and "no-objection" of these selection methods are detailed in Annex 2.

Presentation of the Request for Proposals (RfP)

2.20 For all selection methods, IDB requires that a RfP be prepared. The RfP shall comprise a complete set of documents, including (a) the Letter of Invitation; (b) a standard section comprising the Instructions to Consultants (ITC) on how and when to submit their proposals, complemented by a Data Sheet elaborating on the standard instructions and indicating the specific requirements for the proposed assignment, including the evaluation criteria; (c) the TOR, and (d) the standard "Model Contract ". For CQ and Single-Source selection, no RfP is required, only detailed TOR. Modifications to the ITC of the RfP shall only be introduced through the Data Sheet. The Beneficiary shall submit the complete set of documents constituting the RfP to IDB for approval before it is issued, unless otherwise agreed in the Financing Agreement, and IDB may request the Beneficiary to make the necessary modifications to ensure that the documents are in conformity with IDB procedures.

Validity of Proposals

2.21 Consultants shall be required to submit proposals valid for a period specified in the Request for Proposals, sufficient to enable the Beneficiary to complete the comparison and evaluation of proposals, obtain the necessary approvals from IDB and possible other co-financiers so that the award of contract can be notified within that period. The validity period should normally be from a minimum of 60 to 120 days from proposal submission through evaluation, contract award and signature.

Letter of Invitation

2.22 The Letter of Invitation (LOI) includes the following:

- the subject of the assignment;
- a statement that the Beneficiary has obtained financing from IDB for a specific project, under which the assignment is to be carried out[8];

[8] The reference to IDB financing should be made along the following lines:
"…(Name of the Beneficiary)… has received (or in appropriate cases has applied for)… financing from the Islamic Development Bank equivalent to US Dollars… towards the cost of (name of project), and intends to apply part of the proceeds of this financing to the contract(s) for which this Invitation is issued. Disbursement of funds by IDB will be subject in all respects to the terms and conditions of the Financing Agreement and the Guidelines for the Use of Consultants under IDB financing. Except as IDB may specifically otherwise agree, no party other than (the name of Beneficiary) shall derive any rights from the Financing Agreement or have any claim to its proceeds."

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- a statement that the LOI is a formal invitation to submit proposals to undertake the assignment;
- a statement that a consulting firm shall be selected on a competitive basis;
- the selection method;
- the details of the Beneficiary;
- the names of the short-listed consultants;
- the list of the documents attached (Instructions to Consultants, TOR, Standard Forms for the technical and financial proposals, and the draft Model Contract) on the basis of which the proposals shall be formulated;
- the deadline for proposal submission;
- a statement that the invited consultants are requested to respond immediately to the Beneficiary that they are interested to submit a proposal for the assignment or that they decline.

Instructions to Short-listed Consultants (ITC) in the RfP

2.23 The contents of the Instructions to Consultants (ITC)[9] and the associated Data Sheet of the RfP:

- define the procedure, place and period for proposal submission (between 30-90 days depending on complexity);
- indicate the proposal validity period (normally 60-120 calendar days). It is important to define a realistic validity period to avoid that the consultant is forced to substitute at the negotiations stage key staff proposed and evaluated;
- provide the details needed for responsive proposals, including the evaluation criteria and respective weights of technical and financial proposals;
- state the minimum technical quality passing score;
- provide information on the eligibility and association of consulting firms;
- indicate the language requirements;
- schedule visits to the project site;
- give the date and time of a pre-proposal meeting (in the case of a complex assignment requiring clarifications on site), and
- explain the procedures for the proposal opening and evaluation, contract negotiations and contract award.

2.24 In all selection methods, the consultant is required to submit a technical and financial proposal.

2.25 The RfP does not provide the estimated budget cost (except in the case of the Fixed Budget selection method), only the estimated input of professional staff time. Consultants shall be free to submit their own estimates. For purposes of the evaluation and comparison of costs, the RfP shall specify the source and date of the exchange rate to be used for the

[9] Details of the Instructions are given in Annex 3.

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conversion of price proposals, provided that this date shall not be earlier than four weeks prior to the deadline for proposal submission, nor later than the original date of expiration of the proposal validity period.

2.26 The RfP shall clearly state that consultants may express the price for their services in the currency of an IDB member country. The Beneficiary may require consultants to state the portion of the price representing local costs in the currency of the Beneficiary's country.

Provisions to be Contained in the Draft Contract attached to the RfP

2.27 The General Conditions of Contract between the Beneficiary and the Consultant comprise the standard contract provisions, which are complemented by the Special Conditions of Contract, indicating the requirements specific to the implementation of the assignment. Modifications to the General Conditions of Contract shall only be introduced through the Special Conditions of Contract. Different forms of contract are explained in Annex 1. In the rare circumstances that the Standard Contract is not applicable, Beneficiaries may use other forms of contract subject to prior agreement of IDB.

2.28 If the contract duration is expected to exceed 12 months, a price adjustment formula shall be included in the draft contract to adjust the remuneration for foreign and/or local inflation. If price adjustment is indicated in the Data Sheet of the ITC, it shall not be part of the financial evaluation.

2.29 The draft contract shall contain clear payment provisions, which shall be agreed upon during contract negotiations. Payments may be on a lump sum basis (lump-sum contracts) or on a monthly basis ("time-based" contracts). Design and Detailed Engineering shall normally be remunerated on a lump sum basis. For supervision services time-based contracts are most suitable. Advances of more than 10 percent, but not to exceed 20 percent, of the contract sum shall be covered by a bank guarantee.

Procedure for the Submission and Opening of the Proposals

2.30 Beneficiaries shall allow sufficient time to consultants to submit their proposals. Depending on the complexity of the assignment, the period for submission shall be between 30 and 90 calendar days. Up to a specified date before the proposal submission date consultants may request clarifications in writing (facsimile or electronic mail) of any of the RfP documents. The Beneficiary will respond to such requests by similar method with copy to the short listed consultants who have confirmed their interest in submitting proposals, without identifying the origin of the request for clarification. If needed, the Beneficiary may, with prior concurrence of IDB, extend the deadline for proposal submission.

Procedure for the Rejection of Proposals and Insufficient Competition

2.31 A situation may occur where all proposals are not responsive and need to be rejected. In such a situation, the Beneficiary shall advise IDB of the reasons for such rejection and, after having received no-objection from IDB, inform the competing consultants accordingly. Rejection of all proposals may be necessary for the following reasons:

a) None of the proposals meet the objectives of the TOR. In this case, the Beneficiary shall improve the clarity of the TOR and, subject to "noobjection" from IDB, issue new requests for proposals to the same firms or to a newly drawn-up short list.

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b) All proposals are below the minimum qualifying mark for technical quality. This may require the preparation of a new short list of consultants with better and more relevant qualifications. Re-advertisement of the assignment may be necessary to obtain expressions of interest from a broader array of qualified consulting firms.

c) All financial proposals substantially exceed the original estimate. This may require increasing the budget because the costs were estimated too low, or scaling down the scope of the services requested. In all cases of proposal rejection, prior agreement of IDB is required.

2.32 A situation may occur where the Beneficiary, and IDB, consider that there is collusion in the proposals submitted by two or more short-listed firms. The Beneficiary may with prior agreement of IDB, decide to reject these proposals. If this results in lack of competition for the assignment, the Beneficiary may reject all proposals and issue new requests to newly short-listed consulting firms.

2.33 If only one short-listed firm has responded or remains as the only responsive firm among the proposals received, and is found to be technically and financially responsive compared to market prices, it may be considered, on exceptional basis, that a competitive procedure has taken place, and the bid may be selected for award of contract, provided that the IDB is satisfied that all required procedures have been adequately carried out (e.g evaluation process have been properly done). Following IDB "no-objection", the Beneficiary may evaluate the consultant's proposals, and, if satisfactory, invite it for contract negotiations.

2.34 If no responses are received within the proposal submission period stipulated in the RfP, the Beneficiary shall review the possible causes, and, after "no-objection" from IDB, reformulate the RfP, including the estimated staff-time, or draw up a new short list, or both, and recommence the procedure. If, after a second call, there is still no response, IDB may agree to direct contracting of a qualified firm, based on the original RfP and submission of satisfactory technical and financial proposals.

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3. SELECTION METHODS FOR CONSULTING FIRMS

Quality and Cost Based Selection (QCBS)

3.1 Under this method, the technical and financial proposals shall be submitted, before the deadline of submission, in two separate sealed envelopes, which shall then be enclosed inside a suitably marked third envelope. No amendment to either proposal shall be admitted thereafter. Any proposal received after the closing time for the submission of proposals shall be returned unopened.

3.2 Although price is a factor in the overall selection, quality remains the paramount consideration in the selection of the consultant. Therefore, the Beneficiary shall carry out first the technical evaluation independently from the price proposal. For this purpose, immediately after the deadline of submission of proposals, the Beneficiary shall cause the technical proposals to be opened by a Proposal Opening Committee drawn from the Beneficiary's relevant offices. The Committee shall ensure that all Financial proposals shall remain sealed and deposited with the Beneficiary's designated authority until public opening of the financial proposals begins.

Proposal Evaluation - General Procedure

3.3 For the purpose of evaluation, the Beneficiary shall use IDB's standard Consultants Proposal Evaluation Report. The proposal evaluation procedure comprises the following steps:

a) The Beneficiary normally appoints an evaluation subcommittee to carry out the technical proposal evaluation. The technical evaluation shall result in a list of competing consultants arranged in the order of merit and in accordance with the agreed selection criteria, which include a minimum qualifying score approved by IDB. The consultants which fall below this qualifying score are eliminated from further competition.

b) To ensure transparency and reduce the elements of subjectivity, all members of the technical evaluation team shall initial their individual evaluation sheets, which shall be added to the Report. The Beneficiary shall forward to IDB for "no-objection" the Technical Evaluation Report, describing the strengths and weaknesses of each proposal, and providing the evaluation results with the recommended ranking[10].

c) After IDB has given its "no-objection" to the Beneficiary's Technical Evaluation Report, the Beneficiary shall advise the consultants who did not meet the minimum qualifying technical score, that their financial proposals will be returned unopened after completion of the selection procedure.

[10] The Financing Agreement may provide that for contracts below a certain threshold indicated in the Financing Agreement, the Beneficiary may proceed with the selection of consultants without the prior review of IDB, up to the stage of contract negotiations. The Beneficiary sends the technical evaluation report to IDB only for information, promptly after its preparation and before opening the financial proposals. After the financial and technical evaluation, IDB will receive the combined technical and financial evaluation report to determine if the selection procedure is in conformity with IDB's Guidelines and to give its "no-objection" to contract negotiations.

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d) The Beneficiary shall advise the remaining consultants of the date and venue of the Public Opening of the financial proposals and invite them to attend or send representatives (usually a period of 10-14 days is allowed for consultants to attend.)

e) The Proposal Opening Committee proceeds to the opening of the financial proposals, announces the technical quality scores and prices of the proposals, and records the data in the Opening Minutes, which shall be sent to IDB for information. The Committee appoints an evaluation subcommittee to carry out the price analysis and prepare an overall ranking list on the basis of the preagreed weights of price vis-a -vis quality given in the RfP.

f) The evaluation subcommittee shall prepare a Combined Technical and Financial Evaluation Report with the recommendation of the selected consultant, who received the highest combined score, to be invited for contract negotiations.

g) The Beneficiary shall send the Combined Technical and Financial Evaluation Report and recommended selection of the consultant to IDB for "noobjection".

h) IDB shall review the Report and recommended selection and, if found in good order, give its "no-objection" to the Beneficiary to invite the selected consultant for contract negotiations.

i) IDB shall review the draft negotiated contract, initialed page by page by both contracting parties and, if found in good order, advise the Beneficiary of its no-objection to signing the contract. However, it there are no material changes in the draft contract, the Beneficiary may inform IDB and proceed to contract signing without prior approval of IDB.

j) If IDB determines that the evaluation and proposed selection are inconsistent with the provisions of the RfP, it shall promptly inform the Beneficiary and state the reasons for its determination. The Beneficiary shall then make the necessary modifications to ensure that the evaluation and proposed selection are in conformity with the RfP.

Confidentiality of the Selection Procedure

3.4 The Beneficiary shall ensure that throughout the evaluation procedure, information on evaluation results and recommendations shall not be disclosed to anyone but those officially concerned until the successful firm is notified of the contract award. Breach of confidentiality may substantially complicate the selection procedure and cause extensive and costly delays due to likely complaints of participating consultants, to the detriment of the Beneficiary, the consultants and IDB.

Evaluation of the Technical Proposals.

3.5 The qualitative analysis is essentially based on the following factors:

a) the consultant's professional qualifications, experience and relevant experience for the assignment, including the geographical area similar to that of the project;

b) the thoroughness of the consultant's methodology and approach, including its comments on the TOR;

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c) the qualifications and expertise of the key staff proposed for the assignment and whether the majority of such staff are drawn from the permanent staff of the consultant;

d) the preferential consideration given to the inclusion of domestic consultants in the consulting assignment.

3.6 Each criteria shall be graded on a scale of 0 to 100 points, according to a predetermined grading scale agreed with IDB and detailed in the Data Sheet of the RfP. The points shall be weighted to become scores. The relative allocation to each evaluation criteria is a function of the importance of the particular factor of the assignment and may be adjusted for specific circumstances, but as a rule the following range shall be used:

		Example	
Grading Scale of Technical Quality	**Range**	**1**	**2**
Consultants qualifications and experience relevant to the assignment	5 – 10 points	05	05
Methodology, Approach (understanding of the TOR), Work Plan	20 – 50 points	50	30
Qualifications of key personnel	30 – 60 points	30	45
Transfer of Technology (training)	0 – 10 points	05	10
Use of Domestic Consultants	0 – 10 points	10	10
Total (not to exceed)	**100 points**	**100**	**100**

3.7 The allocation of points to the above factors will differ for an assignment involving detailed engineering and design (example 1), where greater weight is given to the consultant's proven experience and past performance, and relatively lesser weight to key staff, because such assignments are usually carried out at a consultant's home office with a collective input. Conversely, for construction supervision and implementation services (example 2), the quality of key staff is much more important, since it has a direct bearing on supervision and management of the works, quality of performance and quality control.

3.8 The Beneficiary's Data Sheet shall normally divide the above main criteria into subcriteria, each of which is given subpoints, also weighted on a scale of 100 (e.g. for "methodology and work plan", subcriteria may be "innovation" and "relevance of detail".) However, the number of subcriteria should be kept to the essential minimum (generally not more than three) to avoid that the evaluation becomes too mechanical and a "numbers game". Subcriteria are also customary for the proposed key staff (e.g. general qualifications and experience, adequacy for the assignment, knowledge of the region, language proficiency). Beneficiaries shall review their curricula vitae, which should be individually signed, for accuracy and completeness, by the key staff and the authorized representative of the firm. If satisfactory performance depends mainly on the composition of the team, the Beneficiary may wish to conduct interviews.

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Evaluation of the Financial Proposals

3.9 The Beneficiary reviews and adjusts the financial proposals for arithmetical errors. For the purpose of comparing proposals, the costs shall be converted to a single currency selected by the Beneficiary (national currency or a fully convertible foreign currency). The Beneficiary shall make the conversion by using the selling (exchange) rates for those currencies quoted by an official source (such as the Central Bank) or by a commercial bank or by an internationally circulated newspaper, as indicated in the Data Sheet of the RfP.

3.10 When evaluating financial proposals, it is extremely important that the comparison is based on realistic cost estimates of staff time and other critical inputs included in the technical proposal, to ensure that the financial proposal adequately reflects the technical commitments of the consultant. If training and transfer of technology are included in the TOR, sufficient budget should be provided in the cost.

3.11 The financial costs generally include fees, and reimbursable expenses such as travel, translation, office renting and supplies, report printing and secretarial services. Local taxes (indirect and direct) and customs duties on imported equipment and supplies, which should have been identified separately in the proposal as requested in the RfP, are not included in the cost evaluation because they are difficult to identify, may be different from consultant to consultant, and possibly distort the comparability of the proposals.

3.12 The lowest evaluated financial proposal is given a score of 100 and the scores of the other proposals are calculated by dividing the lowest proposal by the price of the respective other proposals. The methodology and formula for determining the financial scores shall be explained in the RfP.

Combined Quality and Cost Evaluation.

3.13 The Beneficiary shall calculate the total scores of the combined quality and cost evaluation as indicated in the RfP, using the relative weights given to quality and price for the assignment concerned and send the Combined Quality and Cost Evaluation Report to IDB for review and "no-objection". IDB shall review the Report to verify the adequacy of the evaluation procedure and especially the congruence of the consultant's financial commitment vis-à-vis the technical proposal. In case of doubt, IDB may request the Beneficiary to send the evaluation report together with the three best qualified proposals for review. After IDB's comments on the proposal which obtained the highest combined score, and its "no objection" to the recommended firm, the Beneficiary shall invite the firm for contract negotiations.

Negotiations and Contract Award

3.14 Negotiations are conducted to finalize the draft contract on the basis of the consultant's proposal. In some cases, for example in small contracts or contracts of a routine nature, it may not be necessary to conduct face-to-face negotiations, and the draft contract may be negotiated through exchanges by facsimile or electronic mail. If the Beneficiary confirms that no changes have been made in the draft contract, IDB may express its "no-objection" by a mere exchange of message and allow the Beneficiary to proceed with contract award and signature.

3.15 Negotiations of the technical quality portion of the proposal may include completion of the terms of reference, scope of services, methodology and work plan, adjustments in

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inputs and staff time where needed, and other elements of the Special Conditions of Contract. The Beneficiary's contribution of available documentation and studies, and counterpart staff time and their responsibilities, shall also be discussed. However, the TOR and terms of the contract on the basis of which the selection procedure was launched, shall not be substantially altered. The final TOR and the agreed methodology shall be incorporated in the "Description of Services", which shall be part of the contract.

3.16 The selected firm shall not be allowed to substitute proposed key staff at the time of negotiations or at contract award, unless this has become necessary due to delay in the selection procedure and a resulting extension of the proposal validity period. If it turns out at negotiations that key staff proposed are no longer available, the Beneficiary may disqualify the firm and, after consultation with IDB, invite the next highest ranking firm for negotiations. Qualifications of substituted key staff shall be the same or better than of the key staff originally proposed.

3.17 Negotiations of the financial aspects of the proposal concern the financial covenants of the Special Conditions of Contract, especially a clarification of the consultant's local tax liability (if any), agreements on the treatment and reimbursement of customs duties for equipment, materials and supplies, and agreements on the payments in foreign and local currency of fees and reimbursable costs. In addition, the contributions of the Beneficiary will be defined (such as office space, housing, and support staff)

3.18 Unit prices, on the basis of which the consultant's proposal received the lowest evaluated financial score and was selected, shall not be negotiated or changed, unless exceptional circumstances apply[11], which shall be subject to prior agreement with IDB.

3.19 If negotiations with the selected consultant are unsuccessful, IDB shall be informed accordingly and, with its consent, the Beneficiary shall invite the consultant ranked second for negotiations. Once these negotiations begin, the Beneficiary shall not reopen negotiations with the former consultant.

3.20 After successful completion of negotiations, the Beneficiary shall promptly notify other firms on the short list that they were unsuccessful and return the unopened financial proposals to the consultants who were not considered after technical evaluation. It shall then proceed with the award of the contract to the successful consultant and to contract signature.

Quality Based Selection (QBS)

3.21 The QBS method is based solely on technical quality, and used when (i) the high degree of technical quality of an assignment is of overriding importance for the successful outcome of the project and made the main focus of the competition, or (ii) the scope of the assignment is difficult to determine and requires innovation, or (iii) different technical approaches are possible making price comparison difficult. In all these cases, the price is of secondary importance and usually negotiated. Examples are the construction of a large dam or a building with special architectural requirements, consultants assistance for privatization of complex public assets (petrochemical industries), or management advice where the outcome is of critical importance for the success of public sector efficiency (major institutional reforms).

[11] For example, staff rates proposed are far above market rates and above the rates usually charged for similar contracts.

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3.22 The Beneficiary may choose two possible alternatives for this method, the first of which is the preferred option. Most of the steps and the RfP documents are largely the same as for QCBS, with minor differences.

a) The RfP requests the submission of a technical proposal only. References to the financial proposal are not made at this stage. The technical proposals are evaluated as under the QCBS method. The Beneficiary shall forward the technical evaluation report to IDB for review and "no-objection". Following IDB's "no-objection", the Beneficiary shall invite the firm which has submitted the technical proposal with the highest score to submit a financial proposal for negotiations. The financial proposal shall be opened in the firm's presence and its contents evaluated. The financial evaluation report is sent to IDB for review and "no-objection" to negotiations. Subsequently, the Beneficiary shall invite the consultant to negotiate the financial proposal and the draft contract and send the negotiated contract, initialed page by page by the contracting parties, to IDB for review and "no-objection". Following IDB's "no-objection", the Beneficiary shall sign the contract and initiate implementation.

b) The RfP requests the submission of both technical and financial proposals, but after completion of the technical evaluation, only the financial proposal of the consultant with the highest technical score is opened, in the firm's presence, and negotiated as above. The remaining financial proposals are kept under seal. If negotiations are successful and a contract is signed, the remaining financial proposals are returned unopened to the unsuccessful consultants.

3.23 Should negotiations fail, the Beneficiary shall invite, with IDB's prior concurrence, the firm with the second highest ranking technical proposal.

Least Cost Selection (LC)

3.24 The Least-Cost selection method is based on comparability of technical proposals and least cost. It is appropriate for smaller assignments or assignments of standard and routine nature with well-established practices, where TOR can be easily defined, such as standard financial audits and simple engineering. Under the Least- Cost selection method, technical and financial proposals are requested and evaluated as under QCBS, but the minimum qualifying technical mark is usually set higher (75- 80 points) to ensure quality. This method does not include weighting quality versus price. Following technical evaluation, the Beneficiary shall retain only the technically "best ranked consultants", which are those firms whose respective technical scores are not more then 10% below the highest technical score. The Beneficiary shall proceed to public opening and evaluation of the financial proposals of those firms only. Following financial evaluation, the consultant with the lowest evaluated financial proposal is invited for negotiations. If agreement is not reached, the consultant whose financial proposal is ranked second lowest shall, in turn, be invited to negotiate and so on, until a satisfactory agreement is reached with one of the best ranked consultants.

Fixed Budget Selection (FB)

3.25 Fixed Budget Selection is used only for simple assignments where TOR and staff input can be precisely defined, and where the cost cannot exceed a fixed budget amount. The RfP shall state the fixed amount in the Data Sheet. Consultants shall be requested to provide their best technical and financial proposals in separate envelopes, as under QCBS, with cost figures that shall not exceed the budgetary limit. For this purpose, the Beneficiary shall

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prepare the TOR carefully to ensure that the budget is sufficient to carry out the requested assignment. The Beneficiary shall proceed with the opening and evaluation of the technical proposals as under QCBS. At the public opening of the financial proposals, the proposals that exceed the budgetary limit shall mot be further evaluated. The Beneficiary shall select the consultant who has submitted the highest ranked technical proposal for contract negotiations and signature.

Consultants Qualifications Selection (CQ)

3.26 Selection of a consulting firm based on qualifications only is used for small or unique assignments, mostly with a short duration, where a comprehensive selection procedure is not justified and the firm's specialty meets the unique criteria for a particular assignment for which there are few specialist firms available. Under this method, the Beneficiary shall first prepare the TOR, obtain IDB no-objection to the contents and the principle of using the CQ selection method, if not specified in the Financing Agreement, and then request expressions of interest from the specialist firms identified. The request shall indicate the main elements of the assignment and ask for information on the consultants' qualifications, experience and proven competence in the area of the assignment. After review of the expressions of interest and information received, the Beneficiary shall prepare a short list for review and noobjection of IDB, with a recommendation to request the selected most qualified firm to submit a combined technical-financial proposal. A short-list could also be compiled from IDB's or the Beneficiary's consultant database.

3.27 For this method, the Beneficiary shall prepare detailed TOR for IDB's review and "no-objection". After receiving the combined technical-financial proposal, the Beneficiary shall evaluate the proposal and provide a combined technical and financial evaluation report to IDB. Upon IDB "no-objection", the Beneficiary shall negotiate a contract with the selected firm, and proceed to contract signing as under the QCBS procedure described above.

Single Source Selection (Direct Contracting)

3.28 In exceptional circumstances, the Beneficiary may, with prior agreement of IDB, request a single firm to prepare technical and financial proposals and, following IDB "no-objection", negotiate a contract. Since direct contracting does not have the benefits of competition and comparative analysis, the Beneficiary shall take all cautionary measures to ensure that the principles of economy, efficiency and transparency are respected.

3.29 The following circumstances may warrant single source selection:

a) emergency situations arising from natural disasters or a financial crisis or other sudden unpredictable events of national or regional consequence requiring immediate expert advice; requirements for expertise that arise from lack of or inadequate procurement planning shall not be justified as emergency situations;

b) advice of a proprietary nature where a sole firm has the only expertise;

c) lack of response following several efforts to obtain proposals under a competitive selection procedure;

d) small value contracts of a routine nature (e.g. "community-based projects");

e) continuity of similar services, where the original contract was awarded competitively following short listing, e.g for assignments of "downstream work", such as detailed engineering after the feasibility study, or supervision of

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implementation after detailed engineering. If the initial contract was not awarded competitively, a competitive selection procedure shall be followed whereby the incumbent consulting firm may be included in the short list, provided it completed its work satisfactorily and expresses interest.

Selection of Special Types of Consultants

3.30 The following special types of consultants may be needed for particular assignments. The use of these types of consultants is generally determined at the time of appraisal, or on a case by case basis, as needed during project implementation.

Use of Financial Institutions

3.31 Beneficiaries may use the services of Financial Institutions (Investment Banks, Commercial Banks, Financial Management Firms, or Privatization Consultants) for advice in the privatization of public assets or assistance in the privatization process itself. Selection shall be by QCBS method. Selection criteria may include experience in similar assignments, having a network of potential purchasers, or past results in assets sold. Selection for assignments for advice only shall be based on the normal comparison of quality and cost ("retainer fee" and reimbursable expenditures). If, in addition, the RfP includes assistance in privatization, selection shall be based on a "success fee" proposed by competing consultants on the basis of their individual estimate of the likely sale value of the assets, described in the RfP. Under this alternative, if the consultant passes the minimum qualifying technical mark, the success fee may be the only price element of competition, while the fee and the reimbursable cost are fixed amounts. Pre-proposal visits to the site (with minutes signed by participants) may be required to provide sufficient information to competing consultants in order to obtain responsive proposals and avoid ambiguities during the evaluation procedure.

Use of Procurement Agents

3.32 In cases, where the Beneficiary lacks the necessary procurement capacity, IDB may recommend that a procurement agent be contracted. Procurement agents are hired following the QCBS method. A procurement agent, who handles procurement on behalf of the Beneficiary, is normally paid a percentage of the contracts concluded and/or a fixed fee. An agent who provides only advice, is paid a fixed fee or on the basis of a "time-based" contract (staff-months). Since these services are fairly standard, the proportional weight given to the cost of the assignment may be raised up to 50 points, but in view of the importance of the quality of the service, it is recommended that the minimum technical qualifying mark should not be lower than 80 points.

Use of Inspection Agents

3.33 Inspection Agents serve to inspect and certify goods prior to shipment ("preshipment inspection") in the country of origin or on arrival in the Beneficiary's country to verify quality, quantity, and conformity with specifications and price. Beneficiaries may use this type of consulting services for important procurement of goods. Selection criteria and payment arrangements are the same as for procurement agents.

Use of UN-Agencies

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3.34 UN Agencies may be hired for specific assignments in the area of their expertise (health, education, food aid, etc.). UN Agencies have specific payment arrangements for the use of their services. Following IDB "no-objection", Beneficiaries may hire UN Agencies on a single source basis if the conditions of paragraph 3.28 apply.

Use of Non-Governmental Organizations (NGOs)

3.35 In projects requiring the knowledge and participation of national societies, Beneficiaries may use non-governmental non-profit organizations (NGOs) if they are qualified and provide proven quality services in their field of competence (especially social services). NGOs may be included in the short list if they express interest. In cases where local knowledge is paramount, the short list may comprise only NGOs. Beneficiaries shall normally use the QCBS selection method, using as criteria the specific requirements needed for the assignment. Single source selection may be appropriate, following IDB "no-objection", if the conditions of paragraph 3.28 apply.

Use of Consultants under IDB-financing to the Private Sector

3.36 Private enterprises or autonomous commercial enterprises which are beneficiaries of IDB financing either directly or through a financial intermediary may follow established private sector commercial practices to hire consultants. However, such practices shall be acceptable to IDB. IDB recommends that especially for larger assignments one of the competitive methods described above be followed. Consultants selection shall be in accordance with IDB's eligibility requirements.

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4. SELECTION OF INDIVIDUAL CONSULTANTS

4.1 When intellectual services do not require a team of experts from a consulting firm supported by professional back-up from the home-office, Beneficiaries may want to select individual consultants with the experience and qualifications necessary for a particular assignment.

4.2 The types of services provided by individual consultants include:

a) preparation of TOR;

b) updating or revision of feasibility studies;

c) preliminary engineering designs of smaller projects;

d) technical assistance in economic and sectoral planning, institutional reorganization and management;

e) assistance in the evaluation of bids for goods and works and consultant proposals;

f) technical assistance in project management, supervision or completion reports;

g) training;

h) other intellectual services required by the Beneficiary.

4.3 The need for individual consultants is identified and costed at the time of appraisal or, when arising in special circumstances, during project implementation. Beneficiaries shall normally advertise the assignment in order to receive expressions of interest. Alternatively, they may constitute a short list from their available data base and approach the individuals directly by sending them the TOR. Selection shall be carried out through comparison of the qualifications of at least three candidates. Criteria shall be academic background, experience, and, if relevant for the assignment, knowledge of the local conditions and language. If quality of the assignment is paramount, selection shall be done on the basis of quality only. If the assignment is of a comparable nature, the fee is negotiable.

4.4 Technical scores, which may vary according to the type of assignment, shall be based on a total of 100 points over the following subcriteria, as given in the example below:

Evaluation Criteria	**Points**
General qualifications of the proposed team	30
Adequacy for the assignment	50
Experience in the region and sector 15	15
Language	5

4.5 For a competitive selection of individual consultants, the Beneficiary shall use IDB's standard Letter of Invitation (LOI) and contract for individual consultants. If the consultants are selected on a competitive basis using quality only, the Beneficiary shall contact the consultant with the highest technical score and if available negotiate the fee and other terms and conditions. If selection takes place on the basis of quality and cost comparison, the Beneficiary shall offer the contract to the consultant with the highest combined score.

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4.6 Beneficiaries may contract individual consultants directly in exceptional cases, such as:

a) tasks that are a continuation of previous work of the consultant, for which the consultant was selected on a competitive basis;

b) assignments lasting less than six months;

c) emergency situations resulting from natural disasters or a financial crisis or similar events;

d) when there are only few or no other consultants with the requested expertise.

4.7 In such case, the Beneficiary shall send the consultant the LOI with the TOR and conditions of contract, negotiate the fee if necessary, and sign the contract.

4.8 The Beneficiary shall request IDB's "no-objection" to the TOR before sending out the proposal. For the selection procedure, the Beneficiary shall only submit the consultant's qualifications and terms of contract for "no-objection" before contract negotiation and signature.

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ANNEX 1:
TYPES OF CONTRACTS
AND IMPORTANT PROVISIONS

Types of Contracts

1. IDB uses several types of Model or Standard Contracts for consultants services:

- Lump Sum Contracts for complex assignments
- Lump Sum Contracts for simple assignments
- Time-Based Contracts for complex assignments
- Time-Based Contracts for simple assignments
- Lump Sum and Time-Based Contracts for Individual Consultants

2. Beneficiaries shall use these standard contracts for IDB financed consulting services. In the rare circumstances that the Model Contract is not applicable to a specific consulting assignment, a different contract form may only be used with IDB's prior agreement.

3. The main contract provisions are described in the General Conditions of Contract, which are standard and shall not be changed. Provisions that are specific to the assignment and any modifications to the General Conditions of Contract are detailed in the Special Conditions of Contract. The Model Contract shall always be part of the RfP.

4. All Contracts for Consulting Services, whether standard or otherwise, shall contain provisions for the following important elements or requirements.

- A Preamble explaining the Beneficiary's need for the services and confirming the readiness and ability of the consultant to render such services.
- Boycott requirements.
- A list of the documents constituting the Contract.
- Definitions and Interpretations of the basic terms used in the Contract.
- The date for commencement and the time for completion of the services.
- Postponement and Termination of the Contract, upon notice by the Beneficiary or in case of force majeure, and the ensuing rights and liabilities of each party.
- Entry into force of the Contract.
- Modification of the Contract.
- The rights, obligations and liabilities of the parties, including circumstances of indemnification by one party to the other.
- Changes in the status or organisation of the consultant during the course of the Contract.
- Clarification of taxation requirements applicable to the consultant in the country where the project is located.
- Identification of the insurances that must be taken out by the consultant.
- Ownership of the Documents.

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- The consultant's personnel and any client's counterparts.
- Assignment of the services or any part thereof to subconsultants.
- Remuneration of the consultant and the method of payment.
- The procedure for settlement of disputes.
- The language of the Contract and the applicable law.
- Boycott requirements.
- The addresses of the Client and the Consultant for the purpose of formal notices.

Remuneration for the Consulting Services

5. Remuneration for Consulting Services varies according to the type of service to be rendered and the degree of flexibility or, otherwise, control, sought to be exercised. Remuneration may assume any one or a combination of the following forms:

Lump Sum (Fixed Price) Contract

6. Under Lump Sum Consultancy Services, a lump sum representing all the remuneration due to the consultant is arrived at on the basis of the estimated input of the consultant's personnel, along with the cost of related items. Remuneration of the consultant under such contracts takes place through periodic payments related to the progress of the services as set out in the agreed payment schedule. Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined, and are therefore easy to administer. IDB prefers remuneration for Feasibility Studies and for Design and Detailed Engineering Services to be on a lump sum basis. An adequate breakdown of components shall be furnished in the contract.

Time-Based (Staff Time Rates plus Reimbursable Costs) Contract

7. This type of contract is used when the scope and length of services are difficult to define, either because the services are linked to activities of other parties in the project or the inputs by the consultants to reach the objectives are out of necessity spread over time. In addition to reimbursable items, remuneration of the consultant under this type of contract is based on the accepted time-based rates for the consultant's staff as detailed by discipline and category in the relevant schedule of the contract. Such contracts are most suited for supervision services, lengthy studies, technical assistance or training. The time-based rates are in fact the staff month rates including all salaries, social benefits, costs, overheads and profits. This type of contract shall include a maximum amount of total payments to be made to the consultants. This ceiling amount should include an allowance for contingencies to cover unforeseen work and expenses and a provision for price adjustment where appropriate.

Payment Provisions

8. Payment to the consultant for the services shall be governed by clear provisions in the contract, giving details of payments, the currencies in which the payments shall be made, the relevant exchange rates, and the proportions payable in local and foreign currencies.

9. Under Lump Sum Contracts, payments are made against an agreed time schedule or specified progress schedule linked to outputs (deliverables), representing the stages of completion of the various tasks or phases of the services (such as reports, drawings, bills of

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quantities, bidding documents, and software programs). Under Time-Based Contracts, remuneration takes place through monthly payments or other agreed frequency.

10. IDB allows payment of a mobilization advance to the consultant under all types of contracts against the issue of an irrevocable, unconditional guarantee by a commercial bank acceptable to the Beneficiary and IDB, for an amount equal to the mobilization advance. When the consultant's remuneration is cofinanced by another member of the Development Financing Institutions, members of the Coordination Group, comprising the Abu Dhabi Fund for Development, the OPEC Fund for International Development, the Saudi Fund for Development, the Arab Fund for Economic and Social Development, the Kuwait Fund for Arab Economic Development, and the Arab Bank for Economic Development in Africa, the guarantee shall be payable in accordance with the Coordination Group's requirements.

11. The mobilization advance should reasonably cover the costs of mobilization to the consultant. The ratio of the mobilization advance to total remuneration varies according to the nature of the assignment in question, but it usually ranges between 10-20 percent and should under no circumstances exceed 20 percent. The mechanism for the recovery of the advance shall be clearly spelt out in the contract.

Price Adjustment

12. No increase in the cost or rates of the services on account of inflation is allowed by IDB during 12 months commencing from the date of submission of a proposal. However, if the services continue beyond 12 months, price adjustments on account of inflation may be made by the application of a parametric formula based on relevant published indices as stipulated in the contract.

Boycott Requirements

13. It is the fundamental policy of IDB that the RfP shall unequivocally provide that the services of the consultant, its associates and subconsultants shall be provided in strict compliance with the Boycott Regulations of the Organization of Islamic Cooperation (OIC) and of the League of Arab States.

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ANNEX 2:
REVIEW BY IDB OF THE SELECTION OF CONSULTANTS

Selection Procedure

1. IDB shall review the selection procedure for the hiring of consultants proposed by the Beneficiary for the Project to ensure compliance with these Guidelines and the proposed implementation plan and disbursement schedule contained in the Financing Agreement. The Beneficiary shall promptly inform IDB of any delay, or other changes in the scheduling of the hiring procedure, which could significantly affect the timely and successful implementation of the project, and agree with IDB on corrective measures.

Prior Review

2. With respect to all contracts above the amount indicated in the Financing Agreement[12], the Beneficiary shall:

- Before inviting proposals, furnish to IDB for its review and "no objection" the proposed cost estimate and RfP (including the short list). The Beneficiary shall make such modifications to the short list and the documents as IDB shall reasonably request. Any further modification shall require IDB's "no objection" before the RfP is issued to the short-listed consultants.
- For the evaluation of consultant proposals, the Beneficiary shall use IDB's standard Consultant Proposal Evaluation Report.
- In the Quality and Cost Selection, Least Cost and Fixed Budget Method, the Beneficiary shall first open the technical proposals, prepare and sign minutes of the opening procedure indicating the names and functions of the persons present, and the names of the candidates who submitted proposals, and promptly send IDB a copy of the signed minutes by facsimile or electronic mail. The Beneficiary shall not make public the names of the evaluation subcommittee so as to protect them from possible external pressure. The Beneficiary shall cause the financial proposals to remain sealed at a safe location under the sole control of a designated senior public official.
- After the technical proposals have been evaluated, the Beneficiary shall furnish to IDB, in sufficient time for its review, a technical evaluation report (prepared, if IDB shall so request, by experts acceptable to IDB) and a copy of the proposals, if requested by IDB in case of serious doubts. If IDB determines that the technical evaluation is inconsistent with the provisions of the RfP, it shall promptly inform the Beneficiary and state the reasons for its determination; otherwise IDB shall issue a "no objection" to the technical evaluation report. The Beneficiary shall also

[12] The Financing Agreement may provide that for contracts below a certain threshold indicated in the Financing Agreement, the Beneficiary may proceed with the selection of consultants without the prior review of IDB, up to the stage of contract negotiations. The Beneficiary sends the technical evaluation report to IDB only for information, promptly after its preparation and before opening the financial proposals. After the financial and technical evaluation, IDB will receive the combined technical and financial evaluation report to determine if the selection procedure is in conformity with IDB's Guidelines and to give its "no-objection" to contract negotiations.

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request IDB's "no objection" if the technical evaluation report recommends rejection of all proposals.

- When price is a factor in the selection of a consultant, the Beneficiary shall proceed with the public opening of the financial envelopes only after receiving IDB's no-objection to the technical evaluation. The Beneficiary may then proceed with the financial evaluation in accordance with the provisions of the RfP. The Beneficiary shall not make public the names of the financial evaluation subcommittee so as to protect them from possible external pressure.
- If the Beneficiary requires an extension of proposal validity to complete the evaluation procedure, obtain necessary approvals and clearances, and make the award, it shall notify IDB (in accordance with the provisions of the RfP). When the first request for extension exceeds four weeks, IDB's prior concurrence is needed, as well as for all subsequent requests for extension, irrespective of the period.
- The Beneficiary shall furnish to IDB, for its review and no-objection, the combined technical and financial evaluation report along with its recommendation of the winning firm that received the highest total score in the combined evaluation. All final evaluation reports shall be accompanied by the technical and financial proposals of the three highest ranking consultants.
- Upon IDB's "no-objection", the Beneficiary shall invite the selected firm for negotiations, with its intention to award the contract to the firm if negotiations are successful. If there are no or only minor changes in the draft contract issued with the RfP, the Beneficiary and the selected consultant may finalize the contract by facsimile or electronic mail without prior approval by IDB. The Beneficiary shall furnish to IDB a copy of the signed contract, together with the first request for disbursement.
- If, after negotiations are completed and the draft contract has been finalized, the terms and conditions of the contract substantially differ from those on which the proposals were invited[13], the Beneficiary shall submit the negotiated draft contract for review and comments by IDB, highlight the changes and provide an explanation of why these changes are appropriate and necessary,.
- If IDB determines that the negotiated contract is inconsistent with the provisions of the RfP, it shall promptly inform the Beneficiary and state the reasons for its determination, and may request the Beneficiary to modify the contract. Otherwise, IDB shall provide its final "no objection" to the negotiated contract and authorize the Beneficiary to proceed with its signature.
- Following contract signature, the Beneficiary shall furnish to IDB a conformed copy of the final contract together with the first application for disbursement under the contract.
- The Beneficiary shall publish the contract award in an appropriate newspaper or Gazette giving the name of the bidder and the amount of the contract.

[13] For example, if the negotiated contract resulted in substitution of key staff or material changes in the TOR and the originally proposed contract.

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- The description and amount of the contract, together with the name of the firm, shall be subject to public disclosure by IDB upon the Beneficiary's confirmation of contract award.

Modifications of Contract, Amendments or Extensions

3. Before granting a substantial extension of the stipulated time for performance of a contract, agreeing to any substantial modification of the scope of the services, substituting key staff, waiving the conditions of a contract, or making any changes in the contract that would in aggregate increase the original amount of the contract by more than 15 percent, the Beneficiary shall inform IDB of the proposed extension, modification, substitution, waiver, or change, and the reasons therefore. If IDB determines that the proposal would be inconsistent with the provisions of the Financing Agreement, it shall promptly inform the Beneficiary and state the reasons for its determination. A copy of all amendments to the contract shall be furnished to IDB.

Post Review

4. For all contracts not governed by paragraph 2, below a threshold specified in the Financing Agreement, the Beneficiary shall furnish to IDB for information, promptly after its preparation, the technical evaluation report before opening the financial proposals, and following opening and evaluation of the financial proposals, the combined technical and financial evaluation report and recommendation for contract negotiations, for IDB's comments and "no-objection". IDB will review such documents to verify the compliance of the evaluation and selection procedure and to determine if the Beneficiary can proceed with contract negotiations.

5. IDB shall, if it determines that the award of a contract or the contract itself is not consistent with the Financing Agreement, promptly inform the Beneficiary that paragraph 1.28 of the Guidelines shall apply and state the reasons for such determination.

6. In addition, in respect of all signed contracts financed by IDB, the Beneficiary shall retain one confirmed copy of each contract during project implementation, and up to two years after the closing date of the Financing Agreement, and all documentation with respect to the implementation of each contract, for examination by IDB or by independent auditors. IDB will review if the contract implementation is in conformity with IDB's procedures and the provisions of the Financing Agreement. The Beneficiary shall furnish such documentation to IDB upon request.

Translations

7. If national firms were permitted to submit a proposal in the national language, a certified translation of the proposal, evaluation report, and the draft contract in either English, French, or Arabic shall be furnished to IDB to facilitate the review. Such certified translation shall also be furnished to IDB for any subsequent modifications of such contracts.

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ANNEX 3:
INFORMATION FOR CONSULTANTS
REGARDING THE RfP AND DRAFT CONTRACT

General Information

1. These Guidelines specify that the Beneficiary shall use the standard RfP issued by IDB, which covers the majority of assignments and includes the standard "Instructions to Consultants" (ITC). If under exceptional circumstances, the Beneficiary needs to amend the standard ITC, it shall do so through the technical Data Sheet attached to the ITC and not by amending the main text.

2. The ITC and Data Sheet shall include adequate information on the following aspects of the assignment:

- a request to acknowledge receipt of the RfP, and to inform the Beneficiary whether or not it will be submitting a proposal;
- a description of the assignment;
- a statement that if a short-listed firm (or the firm with which it will be associated) combines the functions of consultants with those of contractor or if it is associated with a manufacturer or is a manufacturer with a department or design office offering services as a consultant, its proposal shall include relevant information on such relationship along with a statement to the effect that it shall limit its role to that of a consultant, and neither the firm nor its associates / affiliates shall participate in the project in any other capacity;
- the deadline for submission of proposals. The proposals (technical and financial, as indicated in the RfP) shall be placed in two separate sealed envelopes both of which must be placed in a third outer envelope suitably marked. The original and two copies of the proposal shall reach the address given in the RfP not later than the date and hour specified. Any proposal received after the submission deadline shall be returned unopened;
- the short list of consultants being invited to submit proposals, whether associations between short-listed consultants are acceptable, and any conditions for subcontracting part of the assignment;
- the procedure to handle clarifications about the information given in the RfP;
- reference to any laws of the Beneficiary's country that may be particularly relevant to the proposed consultants' contract;
- standard formats for the technical and financial proposals;
- the names and contact information of officials to whom clarifications shall be addressed and with whom the consultants' representative shall meet, if necessary;
- a statement that the firm and any of its affiliates shall be disqualified from providing downstream goods, works, or services under the project if, in
- IDB's judgment, such activities constitute a conflict of interest with the services provided under the assignment;

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- the method in which the proposals shall be submitted, including the requirement that the technical and financial proposals be sealed and submitted separately in a manner that shall ensure that the technical evaluation is not influenced by price;
- details of the selection method to be followed, including o a description of the evaluation procedure; o a listing of the technical evaluation criteria and weights given to each criterion;
    - the details of the financial evaluation;
    - the relative weights for quality and cost in the case of QCBS;
    - the minimum pass score for quality; and
    - 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;
- information on negotiations, and financial and other information that shall be required of the selected firm during negotiation of the contract;
- the period for which the consultants' proposals shall be held valid (normally 60-120 days) and during which the consultants shall undertake to maintain, without change, the proposed key staff, and shall not increase 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 whether or not the consultants' contract and personnel shall be tax-free or not; if not:
- what the likely tax burden will be or where this information can be obtained, and a 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 Beneficiary;
- phasing of the assignment, if appropriate; and likelihood of follow-up assignments;

3. It is desirable that a representative of the short-listed firm visit the Executing Agency and/or the project site before a proposal is made in order to obtain first hand information on local conditions and to assess the exact extent of the services to be provided. The Executing Agency should be notified in advance of the visit.

4. While the Executing Agency will welcome any further questions which a short-listed firm may have concerning the proposed services, any delay by the Executing Agency in

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providing the required information will not be considered as a reason for extending the submission date of the proposals.

5. If based on the Quality and Cost-Based Selection, Least-Cost Selection or Fixed Budget Selection method, the proposal must be divided into a technical and a financial proposal.

Specific Information on the Technical Proposal

6. The technical proposal must cover the following matters:

a) background, organization and experience of the short-listed firm:

b) a list of similar assignments undertaken by the firm, at least during the last 5 years, must be provided. Similar information regarding the associated firm or firms must also be submitted;

c) proposed technical approach and work program including:

- comments on the Terms of Reference;
- the general approach proposed for carrying out the work plan, including the organization and time-schedule of the proposed services;
- a bar chart indicating clearly the estimated duration (separately, in the home office and in the field) and the probable timing of the assignment of each professional to be used as well as estimates of the number of manmonths to be allocated by each professional;
- detailed description of the specific tasks to be assigned to each member of the proposed team;
- in case of an association, details of the agreement defining the role of each firm and the mutual relationship.

d) Name, age, nationality, background, education, employment record and detailed professional experience of each professional to be assigned for providing the services.

e) Arrangement for office space, vehicles, office and field; equipment etc. required for carrying out the services

7. The evaluation of the proposals will be based among others on the following indicative criteria:

- general experience of the firm and particular experience in the sector and region concerned;
- responsiveness to the TOR and thoroughness of the approach and work plan;
- expertise of key personnel; and
- extent of involvement of domestic firms.

Specific Information on the Financial Proposal

8. Whether consisting of a lump sum or or time-based assignment (staff-month rates plus reimbursable costs), the financial proposal should give details on the following:

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- currency(ies) in which the costs of services shall be expressed, compared, and paid;
- a breakdown of all time-based rates, including basic salaries, benefits, allowances, local taxes, overheads etc. The proposal must also give an estimate of the cost of any reimbursable items such as per diem, office space, equipment, travel and transportation;
- a breakdown of the individual items of expenditure as between foreign and local currency cost.

9. Final selection will take into account the cost of the financial proposal.

10. No copies of the proposals shall be submitted to IDB.

11. The proposal must be made in English, but proposals made in French or Arabic are also acceptable. They should remain valid for a period of 60 to 120 days from the date indicated in the RfP.

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ANNEX 4:
GUIDANCE TO CONSULTANTS

Purpose

1. This Annex provides guidance to consultants interested in providing intellectual services financed by IDB.

Responsibility for Selection of Consultants

2. As emphasized in paragraphs 1.1 – 1.2 of these Guidelines, the Guidelines for the Use of Consultants describe only the policy of IDB. The Beneficiary is responsible for the selection and employment of consultants. It invites, receives, and evaluates proposals and awards the contract. The standard Request for Proposals and the terms and conditions of the standard contract between the Beneficiary and the Consultant define the rights and obligations of each contracting party.

IDB's Role

3. As stated in these Guidelines (Annex 2), IDB requires that it be given the opportunity to approve or comment at every stage of the selection and award procedure to ensure that the process is carried out in accordance with agreed procedures, as required in the Financing Agreement. Except for contracts below monetary thresholds specified in the Financing Agreement, IDB reviews the documents before they are issued, as described in Annex 2.

4. If at any time in the selection procedure (even after the award of contract) IDB concludes that the agreed procedures were not followed during any given stage, IDB may declare misprocurement, as described in paragraph 1.28. However, if a Beneficiary has awarded a contract after obtaining IDB's "no objection," IDB will declare misprocurement only if the "no objection" was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Beneficiary. Furthermore, if IDB determines that corrupt or fraudulent practices were engaged in by representatives of the Beneficiary or of the Consultant, IDB may impose the applicable sanctions set forth in paragraph 1.31 (d) of the Guidelines.

5. IDB publishes standard RfPs and contracts for different types of consulting services. The Beneficiary shall use these documents with minimum changes acceptable to IDB to address country- and project-specific issues. The Beneficiary finalizes and issues these documents as part of the RfP.

Consultants' Role

6. When consultants receive the RfP, and they decide that they can meet the requirements of the TOR, as well as the commercial and contractual conditions, they should make the arrangements necessary to prepare a responsive proposal (for example, visiting the country of the assignment, seeking associations, collecting documentation, setting up the preparation team). If the consultants find in the RfP documents - especially in the selection procedure and evaluation criteria - any ambiguity, omission or internal contradiction, or any feature that is unclear or that appears discriminatory or restrictive, they should seek clarification from the Beneficiary, in writing, within the period specified in the RFP for seeking clarifications.

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7. In this connection, it should be emphasized that the specific RfP issued by the Beneficiary governs each selection, as stated in paragraph 1.3 of these Guidelines. If consultants feel that any of the provisions in the RfP are unclear or inconsistent with the Guidelines, they should raise this issue with the Beneficiary.

8. Consultants should ensure that they submit a fully responsive proposal including all the supporting documents requested in the RfP. It is essential to ensure accuracy in the curricula vitae of key staff submitted with the proposals. The curricula vitae shall be signed by the consultants and the individuals and dated. Noncompliance with important requirements will result in rejection of the proposal. Once the technical and financial proposals are received and opened, consultants shall not be required nor permitted to change the substance and the key staff or to change the quoted fee. Minor modifications may be made at the stage of negotiations in accordance with the provisions of the RfP.

Confidentiality

9. The procedure of proposal evaluation shall be confidential until the contract award is notified to the successful firm. Confidentiality enables the Beneficiary and IDB's reviewers to avoid either the reality or perception of improper interference. If, during the evaluation procedure, consultants wish to bring additional information to the notice of the Beneficiary, IDB, or both, they should do so in writing.

Action by IDB

10. The Beneficiary is responsible for the selection and award procedure and consultants should address themselves to the Beneficiary for any queries, issues and possible grieves. However, consultants may send IDB copies of their communications with the Beneficiary. It is recommended that they only write to IDB directly when the Beneficiary does not respond promptly. When the communication concerns a complaint against the Beneficiary, such complaint should first be introduced in writing to the Beneficiary. If IDB receives a copy of the complaint, it will forward the related correspondence to the Beneficiary requesting that it take the necessary action and keep IDB informed.

11. References received by IDB from short-listed consultants prior to the closing date for submission of the proposal shall be, if appropriate, referred to the Beneficiary with IDB's comments and advice, for action or response.

12. Communications that IDB receives from consultants after the opening of the technical proposals shall be sent to the Beneficiary for due consideration and appropriate action. Besides acknowledging receipt of communications, IDB shall not enter into any discussion or correspondence with any consultant during the selection and review procedure, until award of the contract is notified. IDB shall examine the communication when it has first been sent to the Beneficiary. In consultation with the Beneficiary, IDB will examine if it needs additional information, and shall request it from the Beneficiary only. If additional information or clarification is required from the Consultant, IDB shall ask the Beneficiary to comment on or incorporate it, as appropriate, in the evaluation report. IDB's review of the evaluation and award procedure will not be completed until the Beneficiary has fully examined and considered the communication and replied to it.

Debriefing

13. If after notification of award, a Consultant wishes to ascertain the grounds on which its proposal was not selected, it should address its request to the Beneficiary. If a discussion is

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arranged, only the Consultant's proposal can be discussed and not the proposals of competitors.

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ANNEX 5:
DATA ON CONSULTING FIRMS AND INDIVIDUAL CONSULTANTS

Definition

IDB'S has set up a registration system which provides a roster giving information on firms and other organizations from the IDB's member countries qualified to provide consulting services for IDB financed projects.

The roster contains information on the experience and capacity of the firms and the organizations: address, personnel by specialization, C.V. of key personnel, experience and fields of competence, examples of projects undertaken, etc.

IDB requires firms, organizations to register in the DACON so that the IDB can consider them for short listing for IDB financed projects.

The terms "firms or organization" covers all sources of consultants, such as consulting firms, individual consultants, government agencies, public sector organizations, national and international institutions and non-government organizations (NGOs).

Eligibility Criteria

1. Consulting firms

   All firms applying to register in the DACON must:

   - be, for at least 2 years, member countries firms as defined by IDB Guidelines for the Use of Consultants (Section 1.12);
   - be legal entities that have capacity to enter into binding and enforceable contracts with the IDB;
   - Have completed at least three major projects as the lead firm;
   - have at least five permanent full time professional staff.

2. Individual Consultants

   To register in IDB Database for Consultants, Individual Consultant must:

   - be a national of an IDB member country;
   - have had consulting experience for at least 3 years;
   - for former regular staff of IDB, have left service at least a year earlier.

Procedure

Consulting firms and Individual Consultants may submit registration requests directly to IDB by mail or online. The IDB reviews registration requests within five working days against eligibility criteria. The IDB notifies applicant consultants by email, fax or any other means if it accepts their requests and gives the applicant consultants user names and passwords, so

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they can access the system to complete their registration. The IDB notifies applicants that it has approved their registrations and assign each applicant a registration number.

The IDB asks applicants to complete the registration process within 3 months after IDB approves their registration requests dormant and deletes them.

The IDB's approval of a consultant's application to record information about itself in the roster does not imply that the IDB accepts the consultant for any specific consulting assignment or that the registered consultant will ever be employed by IDB.

The IDB requests that consultants registered in IDB Consultant Database, should update the information recorded there at least once every year. The IDB may delete any registration that has not been updated within the previous 2 years.

According to IDB's Rules, consultants working on projects financed by the IDB, are requested to observe highest standard of ethics during the selection process and the execution of contracts. If the IDB determines, at any time that a consultant has misrepresented itself or provided false information, the IDB may declare that consultant ineligible to be awarded an IDB financed contract, either for a stated period of time or indefinitely.

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