



# Guidelines for the Procurement of Consultant Services under IsDB Project Financing

APRIL 2019



*These Guidelines for the Procurement of Consultant Services under Islamic Development Bank Project Financing were approved by the Board of Executive Directors (BED) of the Islamic Development Bank and published in 2018. This document may be used and reproduced for non-commercial purposes. Any commercial use, including without limitation reselling, charging to access, redistribution, or for derivative work such as unofficial translations based on these documents, is not allowed.*

*For additional information on this document, please contact:*

*Project Procurement (PPR)  
Country Programs Complex (CPC)  
The Islamic Development Bank  
8111 King Khalid St.  
Al Nuzlah Al Yamania Dist.  
Unit No. 1, Jeddah 22332-2444  
Kingdom of Saudi Arabia  
[ppr@isdb.org](mailto:ppr@isdb.org)  
[www.isdb.org](http://www.isdb.org)*

## Common abbreviations and defined terms

Common abbreviations and defined terms that are used in these Guidelines. Defined terms are written using capital letters.

Abbreviation/term	Definition/terminology
<b>Annex</b>	An Annex to these Guidelines
<b>Beneficiary</b>	The recipient of IsDB Project Financing. This term includes any entity involved in the implementation of an IsDB-financed project on behalf of the Beneficiary.
<b>Bid</b>	An offer, by a Bidder, in response to a Request for Bids, to provide the required Goods and/or Works and/or related services
<b>Bidding Documents</b>	Any formal document issued by a Beneficiary in relation to procurement. The Beneficiary's Bidding Documents are based on IsDB's SBDs. Bidding Documents include any of the following documents issued by the Beneficiary: GPN, SPN, Prequalification document, LOI, RFB and RFP, and any addendum.
<b>Business Day</b>	For the purpose of these Guidelines, a 'day' means a calendar day, unless otherwise specified as a Business Day. A Business Day is considered every official working day of the week of the Beneficiary. It excludes the Beneficiary's official public holidays.
<b>Committee</b>	The Committee appointed by the Beneficiary that is responsible for opening Proposals
<b>Consultant</b>	A Consultant Firm or Individual Consultant that provides Consultant Services. A Consultant is independent of both the Beneficiary and IsDB.
<b>Consultant Services</b>	Those intellectual services, normally of a professional, expert or advisory nature, delivered by a Consultant Firm or an Individual Consultant. Consultant Services are governed by these Guidelines.
<b>Contract Award Notice</b>	The public notice published by the Beneficiary that confirms the award of the contract
<b>Contractor</b>	A Firm that is contracted to provide Goods, Works or related services. A Contractor is different from a Supplier of Consultant Services.
<b>CQS</b>	Consultant Qualifications Selection: a method for the selection of Consultants based on their qualifications
<b>Data Sheet</b>	Part of the RFP that is prepared by the Beneficiary, the Data Sheet provides information that is specific to the procurement.
<b>Engineering Contractor</b>	A special type of Firm which provides services from the conception and design stage through all stages of implementation, covering know-how and licences, construction, procurement, supply and erection leading to the start-up of the project. Engineering

COMMON ABBREVIATIONS AND DEFINED TERMS

	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. The services of an Engineering Contractor are usually procured by International Competitive Bidding under IsDB's <i>Guidelines for the Procurement of Goods, Works and Related Services under IsDB Project Financing</i> .
<b>Evaluation Report</b>	The IsDB's standard report used by the Beneficiary to record the evaluation of Bids/Proposals
<b>FBS</b>	Fixed-Budget Selection: a method for the selection of Consultants based on the Beneficiary's fixed budget
<b>Financing Agreement</b>	The legal agreement between the Beneficiary and IsDB which describes the IsDB financing for a project. It includes the PP and all documents incorporated by reference. If IsDB enters into a project agreement with an entity implementing the project, the project agreement is included as part of the Financing Agreement.
<b>Firm</b>	A Firm is a business organization (such as a corporation, Joint Venture, limited liability company or partnership) that provides Goods, undertakes Works or supplies Consultant Services or related services.
<b>Fit-for-Purpose</b>	Applied to procurement processes, contracts or arrangements and the intended development outcomes, it means the most appropriate procurement approach to meet the project development objectives and outcomes, taking into account the value, complexity, nature and context of the procurement, and the types and levels of risk. Fit-for-Purpose includes proportionality. This means undertaking a sufficient level of procurement planning, selecting an appropriate procurement approach and contract/arrangement which is proportional to the size, complexity and value of the development project. This means not overcomplicating simple procurements, and putting sufficient safeguards in place for complex procurements.
<b>Fraud and Corruption</b>	The sanctionable practices of corruption, fraud, collusion, coercion or obstruction defined in IsDB's <i>Guidelines on Combating Fraud and Corruption</i> and in <i>IsDB Group Anti-Corruption Guidelines on Preventing and Combating Fraud and Corruption in IsDB Group-Financed Projects</i> .
<b>General Conditions of Contract</b>	IsDB's standard contract provisions that apply to the assignment
<b>Goods</b>	A category of procurement that includes, for example, consumables, equipment, machinery, vehicles, commodities, raw materials or industrial plant. The term may also include related

## COMMON ABBREVIATIONS AND DEFINED TERMS

	services, such as transportation, insurance, installation, commissioning, training or initial maintenance.
<b>GPN</b>	General Procurement Notice
<b>Guidelines</b>	IsDB's policies and procedures that govern a Beneficiary's procurement of Goods, Works, Consultant Services and related services under IsDB Project Financing.
<b>Individual Consultant</b>	A Consultant who is in business to provide Consultant Services but who is independent. Individual Consultants are self-employed, freelance and are not employed by a Firm. When Consultant Services do not require a team of experts from a Consultant Firm (supported by professional backup from the Firm's office), Beneficiaries may select an Individual Consultant.
<b>IsDB</b>	Islamic Development Bank
<b>IsDB Project Financing</b>	Financing, by IsDB to a Beneficiary, of specific eligible expenditures in relation to a development project. It is arranged through various Shariah-compliant financial products.
<b>ITC</b>	Instructions to Consultants, included as part of the RFP document
<b>JV</b>	Joint Venture
<b>LCS</b>	Least-Cost Selection: a method for the selection of Consultants based on the least cost
<b>LOI</b>	Letter of Invitation
<b>MC</b>	Member Country
<b>NGO</b>	Non-Governmental Organization
<b>No-Objection</b>	Confirmation by IsDB that it does not object to a stage in the procurement process and that the Beneficiary may proceed to the next stage
<b>Notification of Intention to Award</b>	The notice transmitted by the Beneficiary to participating Bidders/Proposers informing them of the Beneficiary's intention to award the contract to the successful Bidder/Proposer
<b>Paragraph</b>	A numbered paragraph within these Guidelines. It excludes paragraphs in the Annexes.
<b>PCN</b>	Project Concept Note
<b>Post Review</b>	The process of IsDB reviewing the Beneficiary's Bidding Documents following the award of the contract
<b>Prior Review</b>	The process of IsDB reviewing the Beneficiary's Bidding Documents before the award of the contract
<b>Procurement Agent</b>	An independent business organization (such as a company, individual or partnership) that manages procurement on behalf of a Beneficiary
<b>Procurement Plan (PP)</b>	The Beneficiary's PP for IsDB projects, as referred to in Paragraph 1.43 and incorporated by reference in the Financing Agreement

## COMMON ABBREVIATIONS AND DEFINED TERMS

<b>Procurement Strategy (PS)</b>	The Beneficiary’s project-level strategy document that describes how the procurement will deliver the development objectives. The PS supports Beneficiaries to develop procurement procedures that are Fit-for-Purpose and reflect VfM through the application of IsDB’s core procurement principles.
<b>Proposal</b>	An offer submitted by a Proposer in response to an RFP to provide the required Consultant Services
<b>Proposer</b>	A Firm that submits a Proposal for the supply of the required Consultant Services
<b>QBS</b>	Quality-Based Selection: a method for the selection of Consultants that is based on their quality
<b>QCBS</b>	Quality- and Cost-Based Selection: a method for the selection of Consultants that is based on their quality and cost
<b>REOI</b>	Request for Expression of Interest
<b>Retroactive Financing</b>	The backdated reimbursement of eligible expenditure from IsDB to a Beneficiary, made from the Project Finance. Any Beneficiary making payment of an eligible expenditure does so entirely at its own risk and without commitment on the part of IsDB.
<b>RFB</b>	Request for Bids as a selection method
<b>RFP</b>	Request for Proposals as a selection method
<b>Single-Source Selection (SSS)</b>	A procurement method that allows the awarding of a contract without competition; also known as ‘direct contracting’ or ‘sole-source contracting’
<b>Special Conditions of Contract</b>	Additional conditions of contract that supplement the General Conditions of Contract and indicate the requirements specific to the Goods, Works, Consultant Services or related services
<b>SPN</b>	Specific Procurement Notice
<b>Standard Bidding Documents (SBDs)</b>	Standardized procurement documents issued by IsDB to be used by Beneficiaries for projects financed by IsDB. These include IsDB’s standard documents for GPN, SPN, Prequalification, LOI, RFB and RFP, for example.
<b>Standstill Period</b>	The period following the transmission of Notification of Intention to Award the contract
<b>Supplier</b>	A Consultant Firm or Individual Consultant that is contracted to supply Consultant Services. A Supplier is different from a Contractor that provides Goods or Works.
<b>TOR</b>	Terms of Reference
<b>UN Agency</b>	This broadly refers to United Nations departments, specialized agencies and their regional offices, funds and programmes.
<b>UNDB Online</b>	UN Development Business Online: <a href="http://www.devbusiness.com">www.devbusiness.com</a>
<b>Value-for-Money (VfM)</b>	Obtaining the optimum benefits with the effective, efficient, fair and economic use of resources. This requires an evaluation of relevant

## COMMON ABBREVIATIONS AND DEFINED TERMS

	costs and benefits, along with an assessment of risks and non-price attributes and/or life-cycle costs, as appropriate. The lowest price alone may not necessarily represent VfM.
<b>Works</b>	A category of procurement that refers to construction, repair, rehabilitation, demolition, restoration, maintenance of civil work structures, and related services such as transportation, insurance, installation, commissioning and training





## Contents

<b>CHAPTER 1 – GENERAL PROVISIONS.....</b>	<b>1</b>
Purpose of the Guidelines.....	1
Core procurement principles .....	1
Relationship between IsDB, the Beneficiary, Proposers and Suppliers .....	2
Responsibilities of the Beneficiary .....	2
Responsibilities of IsDB .....	2
Scope of Consultant Services .....	2
Types of Consultants .....	3
Development and use of domestic Consultants.....	3
General principles of selecting Consultants.....	3
Applicability of the Guidelines .....	4
Eligibility .....	5
Conflict of interest.....	6
Unfair competitive advantage .....	7
Association of Consultants (Joint Ventures and sub-consulting) .....	7
Co-financing and partnership.....	8
Advance Contracting and Retroactive Financing.....	9
Non-compliance .....	9
Language and interpretation .....	9
Training and transfer of technology .....	10
Fraud and Corruption .....	10
Evaluation of Consultants’ performance .....	12
Confidentiality of procedures .....	12
Procurement Plan and Procurement Strategy .....	12
Electronic procurement .....	13
Procurement-related complaints .....	13
Beneficiary systems.....	13
<b>CHAPTER 2 – SELECTION OF CONSULTANT FIRMS.....</b>	<b>15</b>
General provisions .....	15
Review by IsDB and IsDB assistance.....	15
The Terms of Reference.....	16
Cost estimate (budget) .....	17
Advertising the Consultant assignment.....	17
Shortlisting Consultant Firms.....	18
IsDB selection methods .....	20
Presentation of the Request for Proposals .....	21
Validity of Proposals.....	22

Letter of Invitation .....	22
Instructions to Consultants in the Request for Proposals.....	22
Provisions to be contained in the contract form attached to the Request for Proposals 23	
Procedure for the submission and opening of Proposals .....	24
Procedure for the rejection of Proposals and insufficient competition .....	24
<b>CHAPTER 3 – SELECTION METHODS FOR CONSULTANT FIRMS .....</b>	<b>27</b>
Quality- and Cost-Based Selection .....	27
Proposal evaluation – general procedure.....	27
Confidentiality of the selection procedure .....	28
Evaluation of technical Proposals .....	28
Evaluation of the financial Proposals .....	30
Evaluating the combination of quality and cost.....	30
Negotiations and decision to award the contract .....	31
Notification of Intention to Award.....	32
Standstill Period .....	32
Debriefing .....	32
Procurement-related complaint during the Standstill Period.....	33
Award of contract .....	34
Contract Award Notice .....	34
Other Consultant Services selection methods .....	34
Quality-Based Selection.....	34
Least-Cost Selection .....	35
Fixed-Budget Selection .....	36
Consultant Qualifications Selection .....	36
Single-Source Selection .....	36
Selection of special types of Consultants .....	37
Use of financial institutions .....	37
Use of Procurement Agents.....	38
Use of Inspection Agents .....	38
Use of UN Agencies .....	38
Use of Non-Governmental Organizations.....	39
Use of Consultants under IsDB financing to the private sector.....	39
<b>CHAPTER 4 – SELECTION OF INDIVIDUAL CONSULTANTS .....</b>	<b>41</b>
Use of Individual Consultants .....	41
Types of Consultant Services .....	41
Evaluation.....	41
Single-Source Selection in exceptional cases .....	42
<b>Annex A – Types of contracts and essential provisions .....</b>	<b>43</b>

**Annex B – Post and Prior Review by IsDB ..... 49**  
**Annex C – Information for Consultants ..... 55**  
**Annex D – Guidance to Consultants ..... 59**  
**Annex E – Procurement-related complaints ..... 63**  
**Annex F – Retroactive Financing ..... 69**



# GUIDELINES FOR THE PROCUREMENT OF CONSULTANT SERVICES UNDER ISLAMIC DEVELOPMENT BANK PROJECT FINANCING

## CHAPTER 1 – GENERAL PROVISIONS

### Purpose of the Guidelines

- 1.1 These Guidelines define the policies and procedures of the Islamic Development Bank (IsDB) for the procurement of Consultant Services, by Beneficiaries, for IsDB-financed projects, whether by way of loan, leasing, instalment sale, profit-sharing, Istisna'a or any other mode of financing used by IsDB.
- 1.2 The Guidelines assist:
  - a) beneficiaries of IsDB-financed projects to obtain maximum Value-for-Money (VfM) by achieving the optimal benefits with the resources utilized; and
  - b) Proposers to prepare Proposals and execute contracts that meet the requirements of IsDB and the Beneficiary for high-quality Consultant Services.
- 1.3 If, in a project financed by IsDB, certain Consultant Services are financed by the Beneficiary or by other sources, IsDB reserves the right to ensure that these Consultant Services are of satisfactory quality.

### Core procurement principles

- 1.4 The following core procurement principles underpin the policies and procedures described in these Guidelines. These principles support Beneficiaries to deliver sustainable development<sup>1</sup> with integrity. Beneficiaries are encouraged to develop procurement approaches that are Fit-for-Purpose and reflect VfM through the application of IsDB's core procurement principles, which are:
  - a) **economy:** the pricing of Goods, Works, Consultant Services and/or related services expends the minimum amount of resources to obtain the agreed level of output;
  - b) **efficiency:** the appropriate management (primarily in relation to time and cost) of a given amount of resources to obtain the agreed level of output;
  - c) **fairness:** a process that is transparent and impartial; and
  - d) **effectiveness:** the achievement of specific outcomes, taking into account the Beneficiary's development objectives for the particular IsDB-financed project.

---

<sup>1</sup> Sustainable development has been defined as: "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (1987 Brundtland Commission Report: <http://www.un-documents.net/our-common-future.pdf>).

### Relationship between IsDB, the Beneficiary, Proposers and Suppliers

- 1.5 The Financing Agreement governs the legal obligations between the Beneficiary and IsDB regarding Consultant Services financed by IsDB. No party other than the parties to the Financing Agreement shall derive any rights therefrom or have any claim to the funds provided by IsDB. The Request for Proposals (RFP) issued by the Beneficiary, and the contract signed between the Beneficiary and the Supplier govern the rights and obligations of the Beneficiary, Proposers and Suppliers.

### Responsibilities of the Beneficiary

- 1.6 The ultimate responsibility for achieving maximum VfM for the Consultant Services procured and the successful completion of projects rests with the Beneficiary.

### Responsibilities of IsDB

- 1.7 IsDB is responsible for making the disbursement in accordance with the terms and conditions of the Financing Agreement and the contract, provided that payment is for delivery of Consultant Services as defined in the Financing Agreement and procured in accordance with these Guidelines and any other conditions defined in the Finance Agreement.

### Scope of Consultant Services

- 1.8 Consultant Services cover many tasks, ranging from engineering, architecture, economics and finance to project management and procurement, and/or a combination thereof. Consultant Services may be classified in the following categories:
- a) **Advisory or counselling 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 Bidding Documents for the Request for Bid (RFB) for Goods and/or Works. In addition, these services may include assistance in the prequalification of Contractors, analysis of Bids or Proposals 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, and provide certification of materials, quantities and invoices submitted by the Contractors and Suppliers. Such services may also include introducing modifications to the design or specifications, as necessary, upon prior agreement with the Beneficiary or the owner of the project, and with IsDB, as the case may be.
  - e) **Project management**: When 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 to perform specific tasks.

- 1.9 In addition, IsDB may also need specialist services to assist it in the preparation and appraisal of projects and the supervision and evaluation of ongoing projects or to provide advice on technical matters. IsDB would procure such specialist services using these Guidelines.

### **Types of Consultants**

- 1.10 The Consultant Services to which these Guidelines apply may be provided by the following:
- a) Independent Consultant Firms operating internationally or nationally, financial institutions and Procurement Agents;
  - b) Consultant Firms forming part of, or otherwise affiliated to, or associated with, or owned by, Contractors or manufacturers; or Consultant Firms combining the functions of Consultants with those of Contractors/manufacturers;
  - c) Individual Consultants (either freelancers or through Firms/organizations);
  - d) autonomous/semi-autonomous government organizations, UN Agencies or non-governmental organizations (NGOs) set up for the purpose; and
  - e) universities/research institutes.

### **Development and use of domestic Consultants**

- 1.11 To promote the transfer of technology to developing Member Countries (MCs), it is the policy of IsDB to encourage the participation of domestic Consultants in projects for which they are qualified and judged capable of performing the particular Consultant Services required, either alone or in association with foreign Consultants. When domestic and foreign Consultants form Joint Ventures (JV) or associate themselves to supplement expertise for particular Consultant Services or other services, IsDB requires that the role and responsibilities of each party shall be clearly defined. The leadership of the JV or the association and the ultimate responsibility for the Consultant Services or other services shall be stipulated in the documents concerned.

### **General principles of selecting Consultants**

- 1.12 Some common principles apply to the selection of Consultants under IsDB Project Financing:

- a) The Beneficiary is responsible for the selection and contracting of the Consultant and administering the contract, and shall ensure 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 they are of lesser importance than 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 price of the Consultant are considered in the selection method – Quality- and Cost-Based Selection (QCBS) – but the technical quality is accorded a proportionally higher weight. For projects where the technical quality of the Consultant is paramount, it may be appropriate to carry out the selection solely on the basis of technical quality using Quality-Based Selection (QBS).
- c) The selection of Consultants for any given project involves:
  - i. the shortlisting of qualified and eligible Consultants;
  - ii. the determination of the selection method and criteria;
  - iii. the issuance to the short-listed Consultants of an RFP comprising the Terms of Reference (TOR) and conditions of the assignment;
  - iv. the technical and financial evaluation, as the case may be, of the Proposals received; and
  - v. negotiation, award and signature of the contract.
- d) The Beneficiary shall seek IsDB No-Objection on the method of selection in accordance with the criteria outlined in these Guidelines and as reflected in the Procurement Plan (PP) for the relevant project, and which shall be specified in IsDB project documentation and the Financing Agreement for such project;
- e) IsDB's role is to undertake either Prior or Post Review in accordance with the terms of the PP, to ensure that the proposed Consultant is capable of delivering or has delivered the requirements of the TOR and that the contract has been awarded in accordance with the Guidelines; and
- f) The Consultant's role is to provide the best quality of service to ensure that the assignment has the desired impact on the final objectives.

### **Applicability of the Guidelines**

- 1.13 These Guidelines apply to intellectual services and do not apply to services which are mainly of a physical nature, such as exploratory drilling, surveys and aerial photography, and services which are provided by an Engineering Contractor. Such services are deemed to be non-consultant services and are governed by the *Guidelines for the Procurement of Goods, Works and Related Services under IsDB Project Financing*. In exceptional cases, such as post-conflict situations or natural disasters, specific procurement arrangements could be used to facilitate the rapid use of allocated funds.



## Eligibility

- 1.14 It is a fundamental policy of IsDB that the RFP shall unequivocally stipulate that the Consultant Services provided by the Consultant Firm/Individual Consultant, and its associates and sub-consultants, shall be in strict compliance with the *Boycott Regulations of the Organization of the Islamic Cooperation, the League of Arab States and the African Union* (Boycott Regulations). The Beneficiary shall advise prospective Proposers that Proposals will only be considered from Consultant Firms/Individual Consultants that are not subject to these Boycott Regulations. The Proposer shall provide a letter of oath to that effect.
- 1.15 Consultants from a country may be excluded if:
- a) as a matter of law or official regulation, the Beneficiary's country prohibits commercial relations with that country;
  - b) by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, the Beneficiary's country prohibits any payment to a particular country, person or entity; or
  - c) in accordance with the IsDB *Cross-Debarment Agreement*.
- 1.16 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 an eligibility requirement, the Beneficiary will have the right to cancel the contract at any time and also to penalize such Consultants and claim compensation for losses as a consequence thereof to the Beneficiary and IsDB. IsDB reserves the right not to honour any contract if the Consultant involved is found to be ineligible based on the eligibility requirements stated herein.
- 1.17 For the purpose of these Guidelines, an MC Firm is defined as follows:
- a) it is established or incorporated in an IsDB MC;
  - b) its principal place of business is located in an MC;
  - c) its chief officer is a national of an MC; and
  - d) more than half of its managerial and professional staff are nationals of an MC or MCs.
- 1.18 For the purpose of these Guidelines, a domestic Firm of an MC is defined as follows:
- a) it is established or incorporated in the MC where the assignment is to be carried out;
  - b) its principal place of business is located in the MC;
  - c) its chief officer is a national of the MC; and
  - d) more than half of its managerial and professional staff are nationals of the MC.
- 1.19 State-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.
- 1.20 State-owned universities and research centres in the Beneficiary's country, and university professors and research staff, may participate if they are critical to the Consultant assignment. Such participation will be decided on a case-by-case basis and subject to IsDB No-Objection.
- 1.21 Government officials and civil servants can only be hired under Consultant Service contracts, either as individuals or as members of a team of a Consultant Firm, if they are:
  - a) on leave of absence without pay; and
  - b) are not in any conflict of interest situation.
- 1.22 A Firm or an individual declared ineligible by IsDB, in accordance with sub-Paragraph (d) of Paragraph 1.38 of these Guidelines, or in accordance with the *IsDB Group Anti-Corruption Guidelines on Preventing and Combating Fraud and Corruption in IsDB Group-Financed Projects* and sanctions procedures, shall be ineligible to be awarded any IsDB-financed contract during the period of time determined by IsDB.

#### **Conflict of interest**

- 1.23 IsDB policy requires that Consultants provide professional, objective and impartial advice and at all times hold the Beneficiary's interests paramount, without any consideration for future work, and that in providing advice they avoid conflicts with other assignments and their own business 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.
- 1.24 Without limitation on the generality of the foregoing, Consultants shall not be hired under the circumstances set forth below:
  - a) **Conflict between Consultant activities and procurement of Goods, Works or related non-consultant services** (i.e. services other than Consultant Services covered by these Guidelines): A Firm that has been engaged by the Beneficiary to provide Goods, Works or related non-consultant 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 Consultant Services resulting from, or directly related to, those Goods, Works or related non-consultant services. Conversely, a Firm hired to provide Consultant Services for the preparation (before IsDB Project Financing 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 related non-consultant services (other than Consultant Services covered by these Guidelines) resulting from, or directly related to, the Consultant 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 Consultant 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 Beneficiary in the privatization of public assets shall neither purchase nor advise purchasers of such assets. Similarly, Consultants hired to prepare TOR for an assignment shall not be hired for the assignment in question.
- c) **Relationship with Beneficiary staff:** Consultants (including their experts and other personnel, and sub-consultants) that have a close business or family relationship with a member of the professional staff of the Beneficiary (or of the project implementing agency or of a recipient of a part of the IsDB Project Financing) who is directly or indirectly involved in any part of the following:
- i. the preparation of the TOR for the assignment;
  - ii. the selection process for the 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 IsDB throughout the selection process and the execution of the contract.

- d) **One Proposal:** A Consultant shall submit only one Proposal, either individually or as a JV member in another Proposal. If a Consultant, including a JV member, submits or participates in more than one Proposal, all such Proposals shall be disqualified. This does not, however, preclude a Consultant Firm participating as a sub-consultant, or an Individual Consultant participating as a team member, in more than one Proposal when circumstances justify, and if permitted by the RFP.

### **Unfair competitive advantage**

- 1.25 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 Consultant Services related to the assignment in question. To that end, the Beneficiary shall make available to all the shortlisted Consultants, together with the RFP, all information that would in that respect give a Consultant a competitive advantage.

### **Association of Consultants (Joint Ventures and sub-consulting)**

- 1.26 Consultants may conclude association agreements either for the long term or for a specific assignment. Such associations may take different forms and constitute:

- a) a JV, whereby all members are jointly and severally liable for the entire contract, and the lead Consultant is required to sign the contract with the Beneficiary using power of attorney on behalf of all JV members; or
  - b) a sub-consulting arrangement, whereby the lead Consultant assumes complete responsibility for and coordination of the Consultant Services requested and signs the contract with the Beneficiary, while the subcontracting Consultant only executes part of the services assigned to it under specific TOR, and signs a subcontract with the lead Consultant only.
- 1.27 Once the shortlist is finalized and the RFP issued, any form of JV, other association or sub-consultant among the shortlisted Consultants, as well as with non-shortlisted Consultants, should only be allowed with the No-Objection of IsDB, which shall be communicated in writing by the Beneficiary and in accordance with the provisions of the RFP.
- 1.28 In the case of shortlisting international Firms and MC Firms, association of MC with non-MC Firms may be accepted. Association of non-domestic Consultants with a domestic Firm is also encouraged. MC Firms and domestic Firms are defined as in Paragraphs 1.17 and 1.18.
- 1.29 In the case of shortlisting MC Firms, association with non-MC Firms may be accepted. For MC Firms, in the case of a JV, the MC Firm shall retain the leadership of the JV and shall provide more than 50 per cent of the key professional staff-month inputs through its own permanent staff. The other non-lead JV partners shall intervene mainly through their permanent staff.
- 1.30 In all cases of sub-consulting, the lead Firm is solely responsible for ensuring the execution to the required standard. It shall retain the leadership of the association and shall provide more than 50 per cent of the key professional staff-month inputs through its own permanent staff. The associated Firm shall intervene mainly through its permanent staff.

### **Co-financing and partnership**

- 1.31 IsDB may enter into partnerships promoting its objectives through, *inter alia*, co-finance projects with other organizations and institutions that have different procurement procedures, integrity policies and eligibility rules in regard to the procurement of Consultant Services. Procurement under such arrangements shall, to the extent reasonably possible, reflect applicable IsDB policy and encourage increased partnership and use of co-financing resources.<sup>2</sup>

---

<sup>2</sup> Co-financing may be either parallel or joint. If parallel, each co-financier individually finances separate categories of expenditures relating, among others, to procurement contracts under a given project, and each co-financier applies its own procurement procedures. If joint, co-financiers collectively finance, in agreed proportions, specific expenditure relating to procurement contracts. In such cases, normally the lead co-financier's procurement policies will apply. If IsDB is not the lead co-financier, a Board waiver from application of the respective procurement policies, particularly regarding eligibility, shall be obtained.

### Advance Contracting and Retroactive Financing

- 1.32 In certain circumstances, to accelerate project implementation or in emergencies, the Beneficiary may, with IsDB'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 IsDB's *Guidelines for the Procurement of Consultant Services under IsDB Project Financing*, and IsDB will apply its normal review procedure. The Beneficiary undertakes such Advance Contracting at its own risk, and any concurrence by IsDB with the selection procedure or Proposal for award does not commit IsDB to provide the Project Financing for the Consultant Services in question.
- 1.33 IsDB 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 six (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 twelve (12) months before the signature of the Financing Agreement. See Annex F for more details.

### Non-compliance

- 1.34 If IsDB determines that the Beneficiary has not complied with the procurement requirements set out in the Financing Agreement and/or these Guidelines, it may, in addition to exercising the legal remedies set out in the Financing Agreement, take other appropriate actions or remedies to address such non-compliance, including declaring misprocurement.<sup>3</sup>
- 1.35 In cases of misprocurement, in addition to any other available legal remedies, IsDB shall cancel the relevant portion of Project Financing relating to the misprocured contract, whether before or after contract award. In other cases of non-compliance, IsDB may agree not to cancel the portion of the proceeds of the Project Financing allocated to the misprocurement, but reallocate such proceeds to other components under the project.<sup>4</sup>

### Language and interpretation

- 1.36 RFPs with international shortlists shall be prepared in one (1) of IsDB's working languages (Arabic, English or French) and shall, unless prohibited by law, specify the languages that shall govern for Proposals with national shortlists only. In the case of national shortlisting,

---

<sup>3</sup> This includes cases involving violations of IsDB's Integrity Policy, for example, or material non-compliance such as failure by the Beneficiary to address procurement-related complaints in accordance with applicable procedures.

<sup>4</sup> This includes situations where IsDB has determined that the No-Objection (or notice of satisfactory resolution of a complaint, for example) was issued on the basis of incomplete, inaccurate or misleading information furnished by the Beneficiary or the terms or conditions of the relevant contract had been substantially modified without IsDB's No-Objection.

documents may be prepared in the national language, but IsDB shall be supplied with a certified translation of the same in one (1) of the aforementioned working languages.

### **Training and transfer of technology**

1.37 If the assignment includes an important component for training or transfer of knowledge to Beneficiary staff or national Consultants, the TOR shall indicate the objectives, nature, scope and goals of the training programme, 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.

### **Fraud and Corruption**

1.38 It is IsDB policy to require that Beneficiaries as well as Consultant Firms and Individual Consultants, and their agents (whether declared or not), subcontractors, sub-consultants, service providers or Suppliers, and any personnel thereof, observe the highest standard of ethics during the selection and execution of IsDB-financed contracts.<sup>5</sup> In pursuance of this policy, the requirements of the *IsDB Group Anti-Corruption Guidelines on Preventing and Combating Fraud and Corruption in IsDB Group-Financed Projects* and the *Cross-Debarment Agreement* shall be observed at all times:

- a) IsDB 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 practice' 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 practice' 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; and
  - v. 'obstructive practice' is deliberately destroying, falsifying, altering or concealing of evidence material to an investigation or making false statements to investigators to materially impede an IsDB investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from

---

<sup>5</sup> In this context, any action taken by a Contractor or Consultant or any of its personnel, or its agents, or its sub-consultants, subcontractors, service providers, Suppliers and/or their employees, to influence the selection process or contract execution for undue advantage is improper.

disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or acts intended to materially impede the exercise of IsDB inspection and audit rights provided for under Paragraph 1.38(e) below.

- b) IsDB 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, subcontractors, 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) IsDB will declare misprocurement and cancel the portion of the Project 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 IsDB Project 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 IsDB, to address such practices when they occur, including by failing to inform IsDB in a timely manner at the time it knew of the practices;
- d) IsDB will sanction a Firm or an individual, at any time, in accordance with prevailing IsDB sanctions procedures,<sup>6</sup> including by publicly declaring such Firm or individual ineligible, either indefinitely or for a stated period of time:
  - i. to be awarded an IsDB-financed contract; and
  - ii. to be a nominated subcontractor, Consultant, sub-consultant, Supplier or service provider of an otherwise eligible Firm being awarded an IsDB-financed contract; and
- e) IsDB will require that a clause be included in the RFP and in contracts financed by IsDB requiring Consultants, and their agents, personnel, sub-consultants, subcontractors, service providers or Suppliers, to permit IsDB 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 IsDB.

1.39 With the specific prior agreement of IsDB, a Beneficiary may introduce into the RFP a requirement that the Consultant include in its Proposal an undertaking to observe, in competing for and executing a contract, the country's laws against fraud and corruption (including bribery), as listed in the RFP.<sup>7</sup> IsDB will accept the introduction of such a

---

<sup>6</sup> A Firm or individual may be declared ineligible to be awarded an IsDB-financed contract upon: (a) completion of the IsDB sanctions proceedings as per its sanctions procedures, including, *inter alia*, cross-debarment as per IsDB's *Cross-Debarment Agreement*; and (b) as a result of temporary suspension or early temporary suspension in connection with ongoing sanctions proceedings.

<sup>7</sup> 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."

requirement at the request of the Beneficiary, provided the arrangements governing such an undertaking are satisfactory to IsDB.

#### **Evaluation of Consultants' performance**

- 1.40 The Beneficiary is responsible for supervising the Consultants' performance and ensuring that they carry out assignments in accordance with the contract. Without assuming the responsibilities of the Beneficiary or the Consultants, IsDB 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, IsDB may take part in discussions between the Beneficiary and Consultants, and, if necessary, may help the Beneficiary address issues related to the assignment.
- 1.41 IsDB evaluates and records, in a fair and confidential process, the performance of Consultants in providing Services financed by IsDB. IsDB shall take this performance evaluation into consideration for other IsDB-financed studies or projects. IsDB may consider blacklisting Firms in case of major deviation and/or unethical behaviour.

#### **Confidentiality of procedures**

- 1.42 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 Notification of Intention to Award is communicated as part of the activation of the Standstill Period.

#### **Procurement Plan and Procurement Strategy**

- 1.43 A finalized Procurement Plan (PP) and Procurement Strategy (PS) for the planned procurement shall be prepared during the early stages of project processing, or soon after framing the Project Concept Note (PCN). The PS and PP shall be further refined and detailed by the end of project appraisal and be linked to the Beneficiary's overall procurement approach. The PP shall initially cover the first eighteen (18) months of project implementation, but it shall be a 'rolling' plan, updated periodically at reasonable intervals. The finalized PP and a summary of the PS shall become part of the project appraisal document and shall be reviewed in detail by the Beneficiary at the project start-up workshop to facilitate smooth and timely project implementation.
- 1.44 The PP and PS shall, at a minimum, detail the Consultant Services packages, including the TOR, cost estimates, indicative disbursement, implementation schedules, Prior and Post Review approaches, related thresholds, nature and extent of IsDB monitoring and supervision, and other relevant factors. In particular cases, such as for new Beneficiaries or in situations where the Beneficiary's implementation capacity is limited, or where abbreviated Prior Reviews or Post Reviews are envisaged, IsDB may decide to assess the capacity of the Beneficiary to implement the PP and undertake capacity and/or risk assessments.



- 1.45 In emergency situations, if it is not possible for the Beneficiary and IsDB to complete the PS and PP for the procurement in a project, completion may be deferred to the implementation phase of the project.
- 1.46 The PP should be posted on the Beneficiary's project-related website and the IsDB website as soon as possible, but in all events after the Financing Agreement comes into effect, along with any material updates thereto, as and when circumstances require.

#### **Electronic procurement**

- 1.47 IsDB encourages Beneficiaries to continually modernize their procurement systems, including by incorporating electronic procurement elements that ensure economy, efficiency, fairness and effectiveness in the procurement process. Beneficiaries may use electronic procurement systems (e-procurement) for aspects of the procurement process, including issuing Bidding Documents and addenda, receiving applications/quotations/Bids/Proposals and carrying out other procurement actions, provided IsDB is satisfied with the adequacy of the e-procurement system, including its accessibility, security and integrity, confidentiality, and audit trail features.

#### **Procurement-related complaints**

- 1.48 Procurement-related complaints are governed by the provisions of Annex E. Such complaints may be brought, at the appropriate stage of the procurement process, to the attention of the Beneficiary by potential or actual applicants/Proposers. To promote an open and fair procurement process, the Beneficiary shall make every effort to address any such procurement-related complaint objectively and in a timely manner, with transparency and impartiality. IsDB undertakes to monitor the process of resolution of any procurement related-complaint about which it receives notice.

#### **Beneficiary systems**

- 1.49 IsDB may, at its sole discretion (subject to its policies and rules, and applicable fiduciary and operational requirements), request that a Beneficiary use its own procurement policies, procedures and systems to carry out procurement of Consultant Services where it believes such systems are compatible and comply with all appropriate IsDB Policy, Procedures and Guidelines that may exist at that time.



## CHAPTER 2 – SELECTION OF CONSULTANT FIRMS

### General provisions

- 2.1 The selection of a Consultant Firm<sup>8</sup> is primarily based on the assessment and judgement of the quality of the Consultant Services that the Consultant Firm offers to provide to fulfil the contract, and the Consultant Firm's price being commensurate with its input. To be able to formulate the criteria for the selection procedure, it should be borne in mind that:
- a) although the Consultant Firm's fees constitute only a small part of the total cost of the project, the quality of Consultant Services has an important bearing on the satisfactory implementation of the project and on the project costs in general;
  - b) the TOR should leave room for the Consultant Firm's capability to deliver creative and cost-effective solutions and designs; and
  - 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 Firm, and that a balance between quality and price is needed, taking into account the nature of the Consultant Services required and the type of project in question.
- 2.2 The selection and appointment of a Firm to provide Consultant Services comprises certain essential steps that are detailed in the relevant PP, agreed by the Beneficiary and IsDB, and summarized below:
- a) preparation of the TOR;
  - b) preparation of the cost estimate (budget);
  - c) notification and advertising of the envisaged Consultant assignment;
  - d) drawing up a shortlist of qualified Consultants;
  - e) agreement and finalization of evaluation criteria and the RFP (including a draft contract);
  - f) evaluation of technical Proposals;
  - g) evaluation of financial Proposals;
  - h) selection of the best evaluated Proposal, followed, as necessary, by negotiations with the selected Consultant Firm; and
  - i) awarding the contract to the selected Consultant Firm and signing it.
- 2.3 In the case of Prior Review, IsDB No-Objection is required at the stages set out in Paragraph 2.2, and in accordance with the terms and conditions set out in the PP.

### Review by IsDB and IsDB assistance

- 2.4 While it is the Beneficiary's responsibility to carry out all steps to procure Consultants, IsDB 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 and these

---

<sup>8</sup> The selection procedure for Individual Consultants is dealt with in Section 4.

Guidelines.<sup>9</sup> IsDB staff remain available to assist the Beneficiary at all stages of the selection procedure, to ensure that the required scope of the Consultant Services is fully covered and that the procedures are suitably applied.

- 2.5 This may especially include the provision of long- or shortlists of suitable Consultant Firms. In response to a written request from a Beneficiary, IsDB will furnish a longlist of Consultant Firms that it expects to be capable of undertaking the assignment. The provision of the list does not represent an endorsement by IsDB of the Consultant Firms. The Beneficiary may delete or add other names as it wishes; however, the final shortlist shall be submitted to IsDB for its No-Objection before issuing the RFP. IsDB conducts Prior Reviews of procurement activities that are of high value and/or high risk to determine whether the procurement is carried out in accordance with the requirements of the Financing Agreement.
- 2.6 IsDB also conducts Post Reviews of procurement activities undertaken by the Beneficiary to determine whether they comply with the requirements of the Financing Agreement. IsDB may use a third party to carry out Post Reviews. Any such third party shall carry out the reviews in accordance with the TOR provided to it by IsDB.
- 2.7 IsDB shall always perform a Prior Review of the PP, PS and TOR. All other references in these Guidelines to IsDB No-Objection relate to projects where IsDB Prior Review is required.
- 2.8 Whether procurement is subject to Prior or Post Review is determined on the basis of the project and contract-specific procurement risks. These risks are assessed by IsDB during project preparation and reassessed and updated during project implementation.
- 2.9 The requirement for a Prior or Post Review shall be specified in the PP. During project implementation, IsDB monitors and reassesses the risk and risk mitigation measures. If necessary and appropriate, as determined by IsDB, IsDB may require the Beneficiary to revise the Prior and/or Post Review requirements in the PP.

### **The Terms of Reference**

- 2.10 The TOR constitute the basic document defining the Consultant Services that the Consultant is required to perform; together with any modifications thereof at the negotiation stage, they become 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, the TOR need to be carefully prepared and spell out:<sup>10</sup>
  - a) the scope and objective of the project;
  - b) the relevant background, including available studies, of the project and institutions concerned;

---

<sup>9</sup> IsDB's review procedures are described in Annex B.

<sup>10</sup> Annex D details further guidance to Consultants interested in providing Consultant Services for IsDB-financed projects.

- c) the type of Consultant 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 technology transfer and training, if required;
- f) the method of payment for the Consultant Services;
- g) the responsibilities of the Beneficiary and 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
- k) all other important elements considered necessary to enable the Consultant to submit a comprehensive Proposal and estimate of the required resources.

2.11 For contracts of a simple or routine nature, the contents of the TOR can be fairly standard. For contracts of a complex nature requiring research and creativity to achieve 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, to leave room for the Consultant's creativity in determining the most appropriate approach and methodology.

#### **Cost estimate (budget)**

2.12 The Beneficiary shall estimate the cost of a proposed Consultant 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 fully covers the requirements of the TOR to ensure that the financial commitments of the Consultant fully reflect its technical Proposals, which – if inaccurate – could result in deficient Proposal evaluation and contract award, and unsatisfactory contract implementation. The costs shall be divided into two (2) separate categories:

- a) fees (the Consultant's proposed charges for the time involved in providing the Consultant Services); and
- b) reimbursable cost items (out-of-pocket expenses, such as 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 IsDB and are not part of the competitive evaluation.

#### **Advertising the Consultant assignment**

2.13 It is in the interest of the Beneficiary to commission the best possible Consultants for a given assignment. Available resource data on Consultant Firms needed for the assignment may not be sufficiently complete to identify suitable Consultants for the shortlist;

therefore, the Beneficiary shall advertise as widely as possible the main elements of the assignment, requesting expressions of interest from interested Consultant Firms.

- 2.14 When it concerns Consultant contracts that are limited to MCs, the GPN shall be published on IsDB's external website. In addition to the Beneficiary's government's respective web portal, where available, the GPN may also be sent to Embassies, Consulates and local representatives of IsDB MCs.
- 2.15 Once IsDB No-Objection for the PP and PS has been given and before the beginning of any procurement activity under a project, the Beneficiary shall issue a GPN as follows:
- a) for international Consultant shortlists, the GPN must be advertised on the IsDB website and on either the UNDB Online or DgMarket website;
  - b) for MC Consultant shortlists, the GPN must be advertised on the IsDB website and the Beneficiary's website (or the project portal of the MC); and
  - c) for domestic Consultant shortlists, the GPN must be advertised on the Beneficiary's website and, where available, in other appropriate publicly accessible media with wide distribution in the Beneficiary's country.
- 2.16 The GPN shall provide information concerning the Beneficiary, the amount and purpose of the project, the subject and scope of the impending Consultant assignments, the name, telephone or fax number and address of the Beneficiary or the Beneficiary's Agency or Procurement Agent responsible for the procurement, and the website and email address, if available.
- a) For international Consultant shortlists and MC Consultant shortlists, the Request for Expression of Interest (REOI) shall be advertised on the IsDB website, on either UNDB Online or DgMarket and in at least one (1) newspaper with national circulation in the Beneficiary's country.
  - b) For domestic Consultant shortlists, the REOI shall be advertised on the Beneficiary's website and, where available, in other appropriate publicly accessible media with wide distribution in the Beneficiary's country.
- 2.17 Consultant Firms shall 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 fourteen (14) days shall be allowed to receive responses before preparing the shortlist. However, an expression of interest to participate in the provision of Consultant Services shall not oblige the Beneficiary to include the applicant in the shortlist.

### **Shortlisting Consultant Firms**

- 2.18 The Beneficiary is responsible for the preparation of the shortlist and submits the shortlist for No-Objection to IsDB, unless otherwise agreed in the PP. There are three types of shortlists – namely:

- a) international shortlists, which may include Consultant Firms from any country, including MCs;
  - b) MC shortlists, which include only Consultants from MCs; and
  - c) domestic shortlists, which include only Consultants from the Beneficiary country.<sup>11</sup>
- 2.19 IsDB requires that any shortlist, whether international, MC or domestic, consist of five (5) to six (6) Consultants, reflecting in the case of international and MC shortlists a reasonable geographical distribution and including not more than two (2) Firms from any one (1) MC. The criteria for a Consultant Firm to be selected for the shortlist shall comprise the following factors:
- a) the Consultant conforms with IsDB eligibility rules (Paragraphs 1.14–1.22);
  - b) the Consultant has a good reputation as a professional body and for maintaining a satisfactory relationship with the client, 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 delivery period of Consultant Services; and
  - e) the Consultant shall be free from conflicts of interest that give rise to a competitive advantage.
- 2.20 In preparing the shortlist, and taking into account the above criteria, the Beneficiary shall give first consideration to the Consultant Firms which have submitted expressions of interest that possess the relevant qualifications. In addition, the Beneficiary may use its own database and experience of Consultant Firms or require IsDB assistance.
- 2.21 Once IsDB has given its No-Objection to the shortlist, applications from other Firms shall not be considered, and the Beneficiary shall not add or delete names on the shortlist without IsDB’s prior No-Objection. However, the Beneficiary may identify one (1) or two (2) additional Firms to add to the shortlist, with IsDB’s prior No-Objection, if several shortlisted Consultant Firms decline to respond or to participate, thus limiting the level of competition to one (1) or two (2) Consultant Firms. In such a case, the RFP should be issued to the newly shortlisted Consultant Firms within ten (10) days from the initial distribution of the Letter of Invitation (LOI) already sent to the shortlisted Firms. The final date for Proposal submission may have to be extended for all shortlisted Consultants by an equal number of days to ensure that the newly shortlisted Consultants are not disadvantaged.

---

<sup>11</sup> If a shortlist is ‘mixed’ – i.e. consists of both Consultant Firms and other ‘not-for-profit’ entities or organizations such as NGOs – then only QBS may be used. See Paragraph 3.51 of these Guidelines on the selection of NGOs.

- 2.22 For assignments estimated to cost less than the threshold stipulated in the PP, the shortlist may consist entirely of domestic Consultants, provided that at least five (5) qualified domestic Consultant Firms are available. Domestic Consultant Firms shall comply with IsDB eligibility requirements stipulated in Paragraphs 1.14–1.22. In exceptional circumstances, depending on IsDB’s No-Objection, the domestic shortlist may comprise fewer than five (5) Consultants.
- 2.23 When continuity is essential for assignments of downstream work (such as detailed engineering after the feasibility study, or supervision of implementation after detailed engineering), IsDB will not object to the same Consultants being commissioned, except for assignments for the preparation of the TOR, and on the condition that the Consultants carried out the preceding phase satisfactorily.
- 2.24 If, on this basis, there is a reasonable likelihood that further assignments shall be required, the Beneficiary shall indicate the scope and requirements for these follow-up assignments clearly in the RFP. Shortlisted 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.

#### IsDB selection methods

- 2.25 The selection of Consultants involves some subjectivity and depends on the evaluation of several elements in their Proposals. Different methods can be used for the selection of Consultants, as detailed in Paragraphs 3.1–3.43.
- 2.26 IsDB selection methods for Consultant Firms apply to different types and complexity of assignments, and, therefore, to different types of Consultant Firms. The selection methods are usually determined in agreement with IsDB at the time of project appraisal or at any other suitable time in the project cycle. The need for and timing of the Consultant Services are based on the scheduled investments in the PP, and subsequently during project implementation. Consultant 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) **Quality- and Cost-Based Selection (QCBS):** Selection based on the combination of technical quality and cost considerations. 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 should price consideration be allowed to compromise quality. Generally, the proportional weights are set at eighty (80) points for quality and twenty (20) points for price, but could be seventy (70) and thirty (30) points, respectively, for assignments of a standard or routine nature, or conversely ninety (90) and ten (10) points,



respectively, for assignments where technical quality is of greater importance. The required methodology shall be explained in the RFP;

- b) **Quality-Based Selection (QBS):** Selection based solely on the technical quality of Proposals, where the degree of technical quality is of paramount importance and decisive for the success of the project;
- c) **Least-Cost Selection (LCS):** Selection based on the technical quality of comparable smaller and routine assignments,<sup>12</sup> where the qualified lowest financial Proposal is selected;
- d) **Fixed-Budget Selection (FBS):** Selection based on a fixed budget for simple assignments for which the budget is fixed and cannot be increased;
- e) **Consultant Qualifications Selection (CQS):** Selection based on Consultant Qualifications, 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; and
- f) **Single-Source Selection (SSS):** Selection based on a single source (also known as sole-source or direct contracting) is only allowed in exceptional circumstances and generally for small assignments only.

2.27 IsDB requirements for Prior Review and No-Objection of these selection methods are detailed in Annex B.

### Presentation of the Request for Proposals

2.28 For all selection methods (with the exception of CQS and SSS, which only require detailed TOR) IsDB requires the preparation of an RFP. The Beneficiary shall submit the complete set of documents constituting the RFP to IsDB for No-Objection before it is issued, unless otherwise agreed in the Financing Agreement, and IsDB may request the Beneficiary to make the necessary modifications to ensure that the documents conform with IsDB procedures and these Guidelines. The RFP shall comprise a complete set of documents, including:

- a) the LOI;
- 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. Modifications to the ITC of the RFP shall only be introduced through the Data Sheet;
- c) the TOR; and
- d) the standard model contract.

---

<sup>12</sup> 'Small' may be defined as not exceeding the equivalent of ID 75,000.

### Validity of Proposals

2.29 Consultants shall be required to submit Proposals valid for a period specified in the RFP. This validity period should be sufficient to enable the Beneficiary to complete the comparison and evaluation of Proposals and obtain the necessary approvals from IsDB and any other co-financiers so that the award of contract can be notified within that period. The validity period should normally be between a minimum of ninety (90) days and a maximum of one hundred and twenty (120) calendar days from Proposal submission through evaluation, contract award and signature.

### Letter of Invitation

2.30 The LOI should include the following:

- a) the subject of the assignment;
- b) a statement that the Beneficiary has obtained Project Financing from IsDB for a specific project, under which the assignment is to be carried out;<sup>13</sup>
- c) a statement that the LOI is a formal invitation to submit Proposals to undertake the assignment;
- d) the TOR for the assignment;
- e) a statement that a Consultant Firm shall be selected on a competitive basis;
- f) the selection method;
- g) the details of the Beneficiary;
- h) the names of the shortlisted Consultants;
- i) the list of the documents attached (ITC, TOR, Standard Forms for the technical and financial Proposals, and the draft model contract) on the basis of which the Proposals shall be formulated;
- j) the deadline for Proposal submission; and
- k) a statement that the invited Consultants are requested to respond immediately to the Beneficiary, declaring that they are interested in submitting a Proposal for the assignment or that they decline.

### Instructions to Consultants in the Request for Proposals

2.31 The contents of the ITC<sup>14</sup> and the associated Data Sheet of the RFP shall:

---

13 The reference to IsDB financing should be made along the following lines: “(Name of the Beneficiary) has received (or in appropriate cases has applied for) Project Financing from the IsDB equivalent to US\$ (insert amount) towards the cost of (name of project), and intends to apply part of the proceeds of this Project Financing to the contract(s) for which this Invitation is issued. Disbursement of funds by IsDB will be subject in all respects to the terms and conditions of the Financing Agreement and the *Guidelines for the Procurement and Use of Consultants under IsDB Project Financing*. Except as IsDB 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.”

14 Details of the ITC are given in Annex C.

- a) define the procedure, place and period for Proposal submission (between thirty (30) and ninety (90) calendar days for Proposal return, depending on complexity);
  - b) indicate the Proposal validity period (normally ninety (90) to one hundred and twenty (120) calendar days). It is important to define a realistic validity period to avoid a Consultant Firm being forced to substitute, at the negotiations stage, key proposed staff that have already been evaluated;
  - c) provide the details needed for responsive Proposals, including the evaluation criteria and respective weights of technical and financial Proposals;
  - d) state the minimum technical quality passing score;
  - e) provide information on the eligibility and association of Consultant Firms;
  - f) indicate the language requirements;
  - g) detail scheduled visits to the project site;
  - h) give the date and time of a pre-Proposal meeting (in the case of a complex assignment requiring clarifications on site); and
  - i) explain the procedures for the Proposal opening and evaluation, contract negotiations and contract award.
- 2.32 In all selection methods, the Consultant is required to submit a technical and financial Proposal.
- 2.33 The RFP shall not provide the estimated budget cost (except in the case of the FBS method), and shall only include 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 conversion of price Proposals, provided that this date shall not be earlier than four (4) weeks prior to the deadline for Proposal submission, nor later than the original date of expiration of the Proposal validity period.
- 2.34 The RFP shall clearly state that Consultants may express the price for their Consultant Services in the currency of an IsDB MC. The Beneficiary may require Consultants to state the proportion of the price representing local costs in the currency of the Beneficiary's country.

#### **Provisions to be contained in the contract form attached to the Request for Proposals**

- 2.35 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 standard model forms of contract are explained in Annex A. In the rare circumstances that the standard contract is not suitable, Beneficiaries may use other forms of contract subject to the prior No-Objection of IsDB.
- 2.36 If the contract duration is expected to exceed eighteen (18) months, a price adjustment formula shall be included in the contract to adjust the Consultant's fees 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.

- 2.37 The contract shall contain clear payment provisions, which shall be agreed 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 paid on a lump-sum basis. For supervision services, time-based contracts are most suitable. Advances of more than ten (10) per cent, but not to exceed twenty (20) per cent, of the contract sum shall be covered by a bank guarantee.

#### **Procedure for the submission and opening of Proposals**

- 2.38 Beneficiaries shall allow sufficient time for Consultants to submit their Proposals. Depending on the complexity of the assignment, the period for submission shall be between thirty (30) and ninety (90) calendar days. Up to a specified date before the Proposal submission date, Consultants may request clarifications, in writing (facsimile or email), on any of the RFP documents. The Beneficiary shall respond to such requests by a similar method, copying its response to all the shortlisted Consultants that have confirmed their interest in submitting Proposals, without identifying the origin of the request for clarification. If needed, the Beneficiary may, with IsDB No-Objection, extend the deadline for Proposal submission.

#### **Procedure for the rejection of Proposals and insufficient competition**

- 2.39 A situation may occur where all Proposals are not responsive and need to be rejected. In such a situation, the Beneficiary shall advise IsDB of the reasons for such rejection and, after having received No-Objection from IsDB, inform the competing Consultants accordingly. In all cases of Proposal rejection, the prior No-Objection of IsDB is required. Rejection of all Proposals may be necessary for the following reasons:
- a) None of the Proposals meet the objectives of the TOR. In such cases, the Beneficiary shall improve the clarity of the TOR and, subject to No-Objection from IsDB, issue a new RFP to the same Consultant Firms or to a new shortlist;
  - b) All Proposals are below the minimum qualifying score for technical quality. This may require the preparation of a new shortlist of Consultant Firms 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 Consultant Firms; or
  - c) All financial Proposals substantially exceed the original estimate. This may require increasing the budget because costs were estimated too low, or scaling down the TOR of the Consultant Services requested.
- 2.40 A situation may occur where the Beneficiary and IsDB consider that there is collusion in the Proposals submitted by two (2) or more shortlisted Consultant Firms. The Beneficiary may, with IsDB's prior No-Objection, decide to reject these Proposals. If this results in a

lack of competition for the assignment, the Beneficiary may reject all Proposals and issue a new RFP to newly shortlisted Consultant Firms.

- 2.41 If only one shortlisted Consultant 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 an exceptional basis, that a competitive procedure has taken place, and the Firm may be selected for contract negotiation and subsequent award of contract provided that IsDB is satisfied that all necessary procedures have been adequately carried out (e.g. evaluation processes have been properly carried out). Following IsDB No-Objection, the Beneficiary may invite the Consultant for contract negotiations.
- 2.42 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 IsDB, reformulate the RFP, including the estimated staff time, or draw up a new shortlist, or both, and recommence the procedure. If, after a second call, there is still no response, IsDB may agree to direct contracting of a qualified Consultant Firm, based on the original RFP and submission of satisfactory technical and financial Proposals.



## CHAPTER 3 – SELECTION METHODS FOR CONSULTANT FIRMS

### Quality- and Cost-Based Selection

- 3.1 Under this method, the technical and financial Proposals shall be submitted, before the deadline for submission, in two (2) 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 evaluation of the financial Proposal. For this purpose, immediately after the deadline of submission of Proposals, the Beneficiary shall arrange for 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 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 the IsDB standard Consultant 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 shall include a minimum qualifying score approved by IsDB No-Objection. The Consultants which fall below this qualifying score are eliminated from the Bid process;
  - b) To ensure transparency and reduce the element of subjectivity, all members of the technical evaluation subcommittee shall initial their individual evaluation sheets, which shall be added to the Report. The Beneficiary shall forward to IsDB for No-Objection the Consultant Proposal Evaluation Report, describing the strengths and weaknesses of each Proposal, and providing the evaluation results with the recommended ranking;<sup>15</sup>
  - c) After IsDB has given its No-Objection to the Beneficiary's Consultant Proposal Evaluation Report, the Beneficiary shall advise the Consultants that did not achieve the minimum qualifying technical score that their financial Proposals will be returned unopened after completion of the selection procedure;
  - d) The Beneficiary shall advise the remaining Consultants of the respective technical scores of all responsive Proposers and the date and venue of the public opening of

---

<sup>15</sup> 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 IsDB.

- the financial Proposals, and invite them to attend or send representatives (usually a period of ten to fourteen (10–14) days is allowed for Consultants to attend);
- e) The Committee proceeds to open the financial Proposals, announce the technical quality scores and prices of the Proposals, and record the data in the minutes of the Proposal opening, which shall be sent to IsDB 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 pre-agreed weights of price and quality given in the RFP;
  - f) The evaluation subcommittee shall prepare the final proposed Consultant Evaluation Report, combining the technical and financial evaluations with the recommendation of the selected Consultant, which received the highest combined score, to be invited for contract negotiations;
  - g) The Beneficiary shall send the proposed Consultant Evaluation Report and recommended selection of the Consultant to IsDB for No-Objection;
  - h) IsDB shall review the Consultant Proposal Evaluation Report and the recommended Consultant selection and, if found to be in accordance with the Guidelines, give its No-Objection to the Beneficiary to invite the selected Consultant for contract negotiations;
  - i) IsDB shall review the draft negotiated contract, which will have been initialled on each page by both contracting parties and will be in accordance with the Guidelines, and advise the Beneficiary of its No-Objection to signing the contract. However, if there are no material changes in the draft contract, the Beneficiary may inform IsDB and proceed to contract signing without IsDB's prior No-Objection; and
  - j) If IsDB 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 conform 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 Notification of Intension to Award as per Paragraph 3.21. Breach of confidentiality may substantially complicate the selection procedure and cause extensive and costly delays due to likely complaints from participating Consultants, to the detriment of the Beneficiary, the Consultants and IsDB.

### **Evaluation of technical Proposals**

- 3.5 The qualitative analysis of technical Proposals is 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;
- 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; and
- d) the preferential consideration given to the inclusion of domestic Consultants in the Consultant assignment.

3.6 Each criterion shall be graded on a scale of 0 to 100 points, according to a predetermined grading scale agreed with IsDB and detailed in the Data Sheet of the RFP. The points shall be weighted to become scores. The relative allocation to each evaluation criterion 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:

<b>Grading scale of technical quality</b>	<b>Range</b>
Consultant's qualifications and experience relevant to the assignment	5–10 points
Methodology, approach (understanding of the TOR), work plan	20–50 points
Qualifications of key personnel	30–60 points
Technology transfer (training)	0–10 points
Use of domestic Consultants	0–10 points
<b>Total (not to exceed)</b>	<b>100 points</b>

- 3.7 The allocation of points to the above factors will differ for an assignment involving detailed engineering and design, 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, 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 sub-criteria, each of which is given sub-points, also weighed on a scale of one hundred (100) (e.g. for methodology and work plan, sub-criteria may be innovation and relevance of detail). However, the number of sub-criteria should be kept to the essential minimum (generally not more than three (3)) to prevent the evaluation from becoming too mechanical and a numbers game. Sub-criteria shall be used for evaluating the proposed key staff (e.g. general qualifications and experience, adequacy for the assignment, knowledge of the region, language proficiency). Beneficiaries shall review the curricula vitae, which should be individually signed, for accuracy and completeness, by the key staff and the authorized representative of the Consultant Firm. If satisfactory performance

depends mainly on the composition of the team, the Beneficiary may wish to conduct interviews.

### **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 technology transfer are included in the TOR, sufficient budget should be provided in the cost.
- 3.11 The financial costs generally include Consultant fees and reimbursable expenses such as travel, translation, office rent 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, shall not be included in the cost evaluation because they could be difficult to identify, different from Consultant to Consultant, and could possibly distort the comparability of the Proposals.
- 3.12 The lowest evaluated financial Proposal is given a score of one hundred (100), and the scores of the other Proposals are calculated by dividing the lowest Proposal by the price of the other Proposals. The methodology and formula for determining the financial scores shall be explained in the RFP.

### **Evaluating the combination of quality and cost**

- 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 proposed Consultant Evaluation Report to IsDB for review and No-Objection. IsDB shall review the Report to verify the adequacy of the evaluation procedure and especially the congruence of the Consultant's financial commitment and the technical Proposal. In case of doubt, IsDB may request the Beneficiary to send the Report together with the three (3) best qualified Proposals for review. After IsDB comments on the Proposal which obtained the highest combined score and gives its No-Objection to the recommended Consultant Firm, the Beneficiary shall invite the Consultant Firm for contract negotiations.

### Negotiations and decision to award the contract

- 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 final contract may be negotiated through exchanges by facsimile or email. If the Beneficiary confirms that no changes have been made from the draft contract, IsDB may express its No-Objection by 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 TOR, scope of Consultant Services, methodology and work plan, adjustments in 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 into the description of Consultant Services, which shall be part of the contract.
- 3.16 The selected Consultant Firm shall not typically be allowed to substitute proposed key staff at the time of negotiations or at contract award, unless this has become necessary due to a delay in the selection procedure resulting in an extension of the Proposal validity period and/or death, incapacity or resignation. If it emerges during negotiations that key staff proposed are no longer available, the Beneficiary may disqualify the Firm and, after consultation with IsDB, invite the next highest ranking Firm for negotiations. The qualifications of substituted key staff shall be the same as or better than those 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,<sup>16</sup> which shall be subject to IsDB prior No-Objection.
- 3.19 If negotiations with the selected Consultant are unsuccessful, IsDB shall be informed accordingly, and, with its No-Objection, the Beneficiary shall invite the Consultant ranked second for negotiations. Once these negotiations begin, the Beneficiary shall not reopen negotiations with the former Consultant.

---

<sup>16</sup> For example, if staff rates proposed are far above market rates and above the rates usually charged for similar contracts.

- 3.20 After successful completion of negotiations, the Beneficiary shall promptly invoke the Notification of Intention to Award procedure in accordance with Paragraph 3.21. In addition, the Beneficiary shall return the unopened financial Proposals to Consultants that are not considered after the technical evaluation.

#### **Notification of Intention to Award**

- 3.21 Following the decision to award the contract, the Beneficiary shall promptly and simultaneously notify, by the quickest means available (e.g. email or facsimile), each responsive Proposer of its intention to award the contract to the successful Proposer. This is called the Notification of Intention to Award. It is to be done within the Proposal validity period and activates the Standstill Period. The Notification of Intention to Award shall contain:
- a) the name of the successful Consultant Firm, its address and the contract price;
  - b) the names of all Proposers that submitted responsive Proposals and their Proposal price and evaluated price;
  - c) a brief statement to each of the unsuccessful Proposers of the reasons why its Proposal was unsuccessful. In no circumstances shall any confidential information provided by another Proposer in its Proposal be disclosed to any of the other Proposers;
  - d) the date the Notice of Intention to Award was transmitted;
  - e) the date the Standstill Period is due to end; and
  - f) instructions on how to request a debriefing and/or submit a procurement-related complaint in relation to the decision to award the contract.

#### **Standstill Period**

- 3.22 For each contract financed by IsDB, the Beneficiary shall include, in the applicable Bidding Documents, a Standstill Period of a minimum of ten (10) Business Days (which may be extended as described below) between the date of transmission of the Notification of Intention to Award the contract and the contract signature.
- 3.23 Notwithstanding Paragraph 1.47, there shall be no requirement for a Standstill Period in the following situations:
- a) an emergency situation recognised by IsDB;
  - b) a call-off process under a framework agreement;
  - c) where SSS is used as the selection method; or
  - d) only one (1) Proposal was submitted in an open competitive process.

#### **Debriefing**

- 3.24 If, after receipt of the Notification of Intention to Award the contract, an unsuccessful Proposer is not satisfied with the written explanation given for the grounds on which its Proposal was not selected, it may seek a debrief from the Beneficiary. The request for

debriefing must be made within three (3) Business Days of receipt of the Notification of Intention to Award.

- 3.25 If the Beneficiary receives a request for debriefing within the deadline, it is required to provide a debriefing within five (5) Business Days, unless it decides, for justifiable reasons, to provide the debriefing outside this time frame. In that case, the Standstill Period shall automatically be extended until five (5) Business Days after the debriefing is provided. If more than one debriefing is so delayed, the Standstill Period shall not end earlier than five (5) Business Days after the last debriefing takes place. The Beneficiary shall promptly inform, by the quickest means available, all Proposers of the extended Standstill Period. For contracts subject to Prior Review, the Beneficiary shall simultaneously send the information on the extended Standstill Period to IsDB.
- 3.26 If the Beneficiary receives a request for debriefing later than the deadline of three (3) Business Days, it should provide the debriefing as soon as practicable, and normally no later than fifteen (15) Business Days from the date of publication of the Contract Award Notice. Requests for debriefing received after the deadline of three (3) Business Days shall not lead to an extension of the Standstill Period.
- 3.27 Debriefings of unsuccessful Proposers may be done verbally (e.g. by telephone, teleconference) or face to face (at a meeting). The Beneficiary will arrange for a debriefing at the appropriate level and with relevant staff. The purpose of the debriefing is only to discuss the evaluation of the Proposer's Proposal, and not those of competitors. The Beneficiary shall not impose undue formal requirements that would restrict the Proposer's ability to receive a timely and meaningful debriefing. The Proposer shall bear its own costs of attending a debriefing meeting.
- 3.28 As a minimum, the debriefing shall repeat the information contained in the Notification of Intention to Award, and respond to any related questions from the unsuccessful Proposer. The debriefing shall not include:
- a) point-by-point comparisons with another Proposer's Proposal; or
  - b) information that is confidential or commercially sensitive to other Proposers.
- 3.29 A written summary of each debriefing shall be included in the official procurement records, and copied to IsDB for contracts subject to Prior Review.

#### **Procurement-related complaint during the Standstill Period**

- 3.30 If the Beneficiary receives a procurement-related complaint from any participating Proposer within the Standstill Period, it is required immediately to acknowledge receipt of the complaint, and promptly take appropriate action, including preparation of a written response. Simultaneously, the Beneficiary shall inform IsDB and provide IsDB with all relevant information and documentation, including its proposed course of action (together with the reasons for it) and a draft response to the complaint, for IsDB No-Objection.

- 3.31 In the case of Prior Review, if as a result of the review of a complaint, the Beneficiary proposes to change its contract award recommendation, it shall furnish IsDB with a revised Consultant Evaluation Report. The Beneficiary shall not award the contract without receiving IsDB No-Objection. If the Beneficiary does not receive IsDB No-Objection during the Standstill Period, the Standstill Period is automatically extended until IsDB No-Objection is received.

#### **Award of contract**

- 3.32 The award of contract is subject to IsDB No-Objection following the Standstill Period and shall be made, within the period of the validity of Proposals, to the Proposer that meets the appropriate standards of technical capability and financial resources and whose Proposal has been determined to offer maximum VfM. The successful Proposer shall not be required, as a condition of the award, to undertake responsibilities or work not stipulated in the TOR or to modify its Proposal as originally submitted.
- 3.33 The Beneficiary shall furnish to IsDB a copy of the signed contract, together with the first request for disbursement and the performance guarantee.

#### **Contract Award Notice**

- 3.34 After the award of contract, the Beneficiary shall publish a Contract Award Notice on the UNDB Online or DgMarket websites, in addition to IsDB's external website. In the case of national shortlists, the Contract Award Notice should be published using the same media as used for the REOI, in accordance with Paragraph 2.16(b), in addition to IsDB's external website. The Contract Award Notice shall contain:
- a) the name and reference number of the contract being awarded;
  - b) the name of the successful Proposer;
  - c) the subject matter of the contract; and
  - d) the value and duration of the contract;
- 3.35 In the case of Prior Review, a contract which is awarded without IsDB No-Objection shall not be eligible for IsDB Project Financing.

#### **Other Consultant Services selection methods**

##### **Quality-Based Selection**

- 3.36 The QBS method is based solely on technical quality. In 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 the 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). The QBS method should be used when:

- a) the high degree of technical quality of an assignment is of overriding importance for the successful outcome of the contract and project, and made the main focus of the competition;
  - b) the scope of the assignment is difficult to determine and requires innovation; or
  - c) different technical approaches are possible, making price comparison difficult.
- 3.37 The Beneficiary may choose two (2) 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. The two (2) methods are:
- 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 Consultant Proposal Evaluation Report to IsDB for review and No-Objection. Following IsDB No-Objection, the Beneficiary shall invite the Firm which has submitted the technical Proposal with the highest score to submit a financial Proposal for negotiation. The financial Proposal shall be opened in the Firm's presence and its contents evaluated. The financial evaluation report is sent to IsDB 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, initialled on each page by the contracting parties, to IsDB for review and No-Objection. Following IsDB No-Objection, the Beneficiary shall sign the contract and initiate implementation; and
  - 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 Consultant Firm's presence, and negotiated as above. The other financial Proposals remain sealed. If negotiations are successful and a contract is signed, the other financial Proposals are returned unopened to the unsuccessful Consultants.
- 3.38 Should negotiations with the chosen Consultant fail, the Beneficiary shall invite, with IsDB prior No-Objection, the Firm with the second highest-ranking technical Proposal for negotiations.

### **Least-Cost Selection**

- 3.39 The LCS method is based on comparability of technical Proposals and least cost. It is appropriate for smaller assignments or assignments of a standard and routine nature with well-established practices, where the TOR can be easily defined, such as standard financial audits or simple engineering. Under the LCS method, technical and financial Proposals are requested and evaluated as under QCBS, but the minimum qualifying technical score is usually set higher (75–80 points) to ensure quality. This method does not include a weighting evaluation using quality versus price. Following technical evaluation, the Beneficiary shall retain only the technically best-ranked Consultants. 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**

- 3.40 FBS is used only for simple assignments where the TOR and staff input can be precisely defined, and where the cost cannot exceed a fixed 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 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 not be evaluated further. The Beneficiary shall select the Consultant that has submitted the highest-ranked technical Proposal for contract negotiations and signature.

### **Consultant Qualifications Selection**

- 3.41 Selection of a Consultant 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 IsDB No-Objection to its contents and the principle of using the CQS 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 shortlist for review and IsDB No-Objection, with a recommendation to request the Firm considered best qualified to submit a combined technical and financial Proposal.
- 3.42 For this method, the Beneficiary shall prepare detailed TOR for IsDB review and No-Objection. After receiving the combined technical and financial Proposal, the Beneficiary shall evaluate the Proposal and provide a Consultant Proposal Evaluation Report to IsDB. Upon IsDB 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**

- 3.43 In exceptional circumstances, the Beneficiary may, with prior IsDB No-Objection, request a single Consultant Firm to prepare technical and financial Proposals and, following IsDB No-Objection, negotiate a contract. Since SSS does not have the benefits of competition



and comparative analysis, the Beneficiary shall take all cautionary measures to ensure that the core procurement principles of economy, efficiency, fairness and effectiveness are respected.

3.44 The following circumstances may warrant SSS:

- 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 a lack of or inadequate procurement planning shall not be justified as emergency situations;
- b) Advice of a proprietary nature where a sole Consultant 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); and
- e) Continuity of similar Consultant Services, where the original contract was awarded competitively following shortlisting – for example, for assignments of downstream work, such as detailed engineering after the feasibility study, or supervision of implementation after detailed engineering. If the initial contract was not awarded competitively, a competitive selection procedure shall be followed whereby the incumbent Consultant Firm may be included in the shortlist, provided:
  - i. it completed its work satisfactorily and expresses interest; and
  - ii. the Beneficiary makes full disclosure to all shortlisted Consultants in the subsequent competitive selection procedure of information that may or could potentially give the incumbent Consultant Firm a competitive advantage in terms of the provisions of Paragraph 1.25 of these Guidelines.

### **Selection of special types of Consultants**

3.45 The following special types of Consultants may be needed for particular assignments. The use of special types of Consultants is generally determined at the time of appraisal, or on a case-by-case basis, as needed during project implementation. Special types of Consultants include:

- a) financial institutions;
- b) Procurement Agents;
- c) Inspection Agents;
- d) UN Agencies;
- e) NGOs; and
- f) private enterprises or autonomous commercial enterprises which are Beneficiaries of IsDB Project Financing.

### **Use of financial institutions**

3.46 Beneficiaries may use the Consultant 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. 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 achieves the minimum qualifying technical score, 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 to obtain responsive Proposals and avoid ambiguities during the evaluation procedure.

### **Use of Procurement Agents**

- 3.47 In cases where the Beneficiary lacks the necessary procurement capacity, IsDB may recommend that a Procurement Agent be contracted to handle procurement on behalf of the Beneficiary. Procurement Agents are normally hired following QCBS, but in particular circumstances, if adequately justified in the PP, LCS may be used, since the Consultant Services provided by such Procurement Agents are relatively standard. When QCBS is used, the proportional weight given to the cost of the assignment may be up to fifty (50) points, but in view of the importance of the quality of the Consultant Services, it is recommended that the minimum technical qualifying score should not be lower than eighty (80) points. A Procurement Agent is normally paid a percentage of the contract value concluded and/or a fixed fee. A Procurement Agent that provides only advice is paid a fixed fee or on the basis of a time-based contract (staff-months). The appointment of a Procurement Agent shall be subject to IsDB Prior Review.

### **Use of Inspection Agents**

- 3.48 Inspection Agents serve to inspect and certify Goods prior to shipment (pre-shipment 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 Consultant Service for important procurement of Goods. Selection criteria and payment arrangements shall be the same as for Procurement Agents.

### **Use of UN Agencies**

- 3.49 UN or other similar specialized agencies may be hired as Consultants by Beneficiaries when they are qualified to provide specialized assistance and advice in their area of expertise. However, such agencies shall not receive any preferential treatment in a competitive selection process, except that Beneficiaries may accept the privileges and immunities granted to UN or other agencies and their staff under existing international conventions. The Beneficiary may agree with UN or other agencies on special payment

arrangements required according to the agency's charter, provided these are acceptable to IsDB.

- 3.50 To neutralize the privileges of UN or other specialized agencies, as well as other advantages such as tax exemption, the QBS method shall be used. UN or other specialized agencies may be engaged through SSS if the conditions of Paragraph 3.43 apply.

#### **Use of Non-Governmental Organizations**

- 3.51 In projects requiring the knowledge and participation of national societies, Beneficiaries may use NGOs if they are qualified and provide Consultant Services of proven quality in their field of competence (especially social services). NGOs may be included in the shortlist along with Consultant Firms (or for-profit organizations) if they express interest. In such cases, Beneficiaries shall use the QBS or, if adequately justified, the CQS method. In cases where local knowledge is paramount, the shortlist may comprise only NGOs. In those cases, Beneficiaries shall normally use QCBS or LCS (or another cost-based selection method), as appropriate, using as criteria the specific requirements needed for the assignment. SSS may be appropriate, following IsDB No-Objection, if the conditions of Paragraph 3.43 apply.

#### **Use of Consultants under IsDB financing to the private sector**

- 3.52 Private enterprises or autonomous commercial enterprises which are Beneficiaries of IsDB financing either directly or through a financial intermediary may follow established private-sector commercial practices to contract Consultants. However, such practices must be acceptable to IsDB. For larger assignments, IsDB normally requires one of the competitive methods described above to be followed. Consultant selection must be in accordance with IsDB eligibility requirements.



## CHAPTER 4 – SELECTION OF INDIVIDUAL CONSULTANTS

### Use of Individual Consultants

- 4.1 When Consultant Services do not require a team of experts from a Consultant Firm (supported by professional backup from the home office), Beneficiaries may want to select Individual Consultants with the experience and qualifications necessary for a particular assignment.

### Types of Consultant Services

- 4.2 The types of Consultant Services provided by Individual Consultants include:
- a) preparation of the TOR;
  - b) updating or revision of feasibility studies;
  - c) preliminary engineering designs for 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; and
  - h) other intellectual services required by the Beneficiary.
- 4.3 The need for Individual Consultants is identified and budgeted at the time of appraisal or, in special circumstances, during project implementation. Beneficiaries shall normally advertise the assignment to receive expressions of interest. Alternatively, they may draw up a shortlist from their available database and approach the Individual Consultants by sending them the TOR. Selection shall be carried out by comparing the qualifications of at least three (3) candidates in terms of academic background, experience and, if relevant for the assignment, knowledge of the local conditions and language.

### Evaluation

- 4.4 Any Individual Consultant shall be evaluated based on a total of one hundred (100) points over the following sub-criteria, as given in the example below:

<b>Evaluation criteria</b>	<b>Points</b>
General qualifications of the proposed Individual Consultant	30
Adequacy of the Consultant's expertise and experience for the assignment	50
Experience in the region and sector	15
Language	5

- 4.5 For a competitive selection of Individual Consultants, the Beneficiary shall use IsDB's standard LOI and contract for Individual Consultants. The Beneficiary shall offer the contract to the Individual Consultant with the highest score. Individual Consultants may,

depending on circumstances, be contracted directly (as an independent freelancer) or through an organization with which the individual is associated or affiliated, such as a Consultant Firm, an academic institution, a government or an international agency.

#### **Single-Source Selection in exceptional cases**

- 4.6 Beneficiaries may contract Individual Consultants directly using SSS in exceptional cases, such as:
- a) tasks that are a continuation of previous work by the Consultant, for which the Consultant was selected on a competitive basis;
  - b) assignments lasting less than six (6) months;
  - c) emergency situations resulting from natural disasters, a financial crisis or similar events; or
  - d) when there are few or no other Consultants with the required expertise.
- 4.7 In such cases, 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 IsDB 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 contract signature.

## Annex A – Types of contracts and essential provisions

### 1. Types of contracts

- 1.1 IsDB uses several types of model or standard contracts for Consultant Services:
  - a) lump-sum contracts for complex assignments;
  - b) lump-sum contracts for simple assignments;
  - c) time-based contracts for complex assignments;
  - d) time-based contracts for simple assignments; and
  - e) lump-sum and time-based contracts for Individual Consultants.
- 1.2 Beneficiaries shall normally use these model or standard contracts for IsDB-financed Consultant Services. On the rare occasions that they are not suitable for a specific Consultant assignment, a different contract form may be used with prior IsDB No-Objection.
- 1.3 In particular circumstances, if adequately justified to maximize VfM, the Beneficiary may use special types of contracts, such as retainer and/or contingency-fee contracts, indefinite-delivery (including framework) contracts and performance-based contracts, provided IsDB prior No-Objection has been obtained. In such cases, the relevant PP shall detail the conditions under which such contracting methods shall be applied. The Beneficiary shall provide IsDB with a draft of any such proposed contract or agreement and obtain IsDB No-Objection for its use, as well as, if applicable, for the specialized selection process which relates to it.
- 1.4 For model or standard contracts for Consultant Services, 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.
- 1.5 All contracts for Consultant Services, whether standard or otherwise, shall contain the following provisions:
  - a) a preamble explaining the Beneficiary's need for the Consultant Services and confirming the readiness and ability of the Consultant to render such Consultant Services;
  - b) provisions relating to eligibility requirements;
  - c) a list of the documents constituting the contract;
  - d) definitions and interpretations of the basic terms used in the contract;
  - e) the start date and deadline for completion of the Consultant Services;
  - f) 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;
  - g) entry into force of the contract;
  - h) provisions for modification of the contract;

- i) the rights, obligations and liabilities of the parties, including circumstances of indemnification by one party to the other;
- j) provisions governing the changes in the status or organization of the Consultant during the course of the contract;
- k) clarification of taxation requirements applicable to the Consultant in the country where the project is located;
- l) identification of the insurances that must be taken out by the Consultant;
- m) provisions relating to ownership of documents produced under the contract;
- n) the Consultant's personnel and any Beneficiary counterparts;
- o) assignment of the Consultant Services or any part thereof to sub-consultants;
- p) payment to the Consultant of fees and reimbursable expenses and the method of payment;
- q) the procedure for settlement of disputes;
- r) the language of the contract and the applicable law; and
- s) the addresses of the Beneficiary and the Consultant for the purpose of formal notices.

## **2. Payment methods for Consultant Services**

- 2.1 Payment for Consultant Services varies according to the type of Consultant Service to be rendered and the degree of flexibility or control sought to be exercised. Payment is normally in any one, or any combination, of the following forms.

### **Lump-sum (fixed-price) contract**

- 2.2 This type of contract is based on a lump sum which represents the total amount due for the delivery of the Consultant Services. It is arrived at on the basis of an estimate of all the Consultant's personnel time and reimbursable costs. The contract contains a breakdown of these key components.
- 2.3 Lump-sum contracts are used mainly for assignments in which the content and the duration of the Consultant Services and the required output are clearly defined and, therefore, easy to describe and quantify. IsDB prefers this approach for feasibility studies and for design and detailed engineering services.
- 2.4 Payment is based on periodic lump sums which relate to specified delivery of the Consultant Services, as set out in the payment schedule.

### **Time-based contract (staff time rates plus reimbursable costs)**

- 2.5 This type of contract is used when the scope and length of the Consultant Services are difficult to define, either because the Consultant Services are linked to activities of other parties in the project or because the inputs provided by the Consultants to reach the objectives are, out of necessity, spread over time. In addition to reimbursable items, the Consultant's fees under this type of contract are based on the accepted time-based rates



for the Consultant’s staff, defined 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.

- 2.6 The time-based rates are the staff’s monthly rates, which include staff salaries, social benefits, costs, overheads and profits. This type of contract shall include a maximum amount of total payments to be made to the Consultant. This ceiling amount should include an allowance for contingencies to cover unforeseen work and expenses and a provision for price adjustment where appropriate.

**Retainer and/or contingency-fee contract**

- 2.7 Retainer and contingency-fee contracts are commonly used by financial Consultants (banks or financial Firms). The remuneration of the Consultant includes a retainer and a success fee, the latter normally being payable contingent on agreed events or clearly identifiable milestones.

**Indefinite-delivery contract**

- 2.8 This contract is used when IsDB needs to have ‘on call’ specialized services to provide advice on a particular activity, the extent and timing of which cannot be defined in advance. It is commonly used to retain ‘advisers’ for complex projects (for example, dam panel), expert adjudicators for dispute resolution panels, institutional reforms, procurement advice, technical troubleshooting etc., normally for a period of a year or more. IsDB and the Firm agree on the unit rates to be paid for the experts, and payments are made on the basis of the time actually used.

**Performance-based contract**

- 2.9 A performance-based contract is used to enhance the delivery of outputs of Consultant Services, thereby improving VfM. Payments to the Consultant are triggered on achievement of selected milestones signifying that certain project deliverables (e.g. an outcome or output defined in the project design and monitoring frameworks) have been completed or achieved. Contract milestones need to be clearly specified, sufficient in number to enable effective monitoring, and verifiable. Selection of milestones and the indicators for verifying achievement of milestones are agreed with the Consultant at the time of contract negotiations. The ease with which milestones can be verified depends on the nature of the project. Verification can be relatively straightforward in a construction project, but quite difficult for institution-strengthening projects. In the case of the latter, a compromise, combining time- and performance-based contracts, will be applied. In this case, a percentage of contract payments to the Consultant is based on completed inputs, and a percentage based on the achievement, often in the latter part of a contract, of one or more ‘strategic’ milestones.

### 3. Payment provisions

- 3.1 Payment to the Consultant 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.

#### **Lump sum**

- 3.2 Under lump-sum contracts, payments are made against the agreed time schedule or specified progress schedule linked to outputs (deliverables), representing the stages of completion of the various tasks or phases of the Consultant Services (such as reports, drawings, bills of quantities, Bidding Documents and software programs).

#### **Time-based**

- 3.3 Under time-based contracts, payment of the Consultant's fees and reimbursable expenses takes place through monthly payments, or payments made at another agreed frequency.

#### **Mobilization advance**

- 3.4 IsDB allows payment of a mobilization advance to the Consultant under all types of contracts. An advance is made against the issue of an irrevocable, unconditional guarantee by a commercial bank, acceptable to the Beneficiary and IsDB, for an amount equal to the mobilization advance.
- 3.5 When the Consultant's fees and/or reimbursable expenses are co-financed by another Development Financing Institution,<sup>17</sup> the guarantee shall be payable in accordance with the institution's requirements.
- 3.6 The mobilization advance should reasonably cover the costs of mobilization to the Consultant. The ratio of the mobilization advance to total contract price varies according to the nature of the assignment in question. It usually ranges between ten (10) per cent and twenty (20) per cent and should under no circumstances exceed twenty (20) per cent. The mechanism for the recovery of the advance shall be clearly described in the contract.

### 4. Price adjustment

- 4.1 No increase in the cost or rates of the Consultant Services on account of inflation shall normally allowed by IsDB for a period of eighteen (18) months commencing from the date of submission of the Proposal. However, if the Consultant Services continue beyond eighteen (18) 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

---

<sup>17</sup> Members of the Coordination Group comprise: the Arab Coordination Group, 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 contract. Contracts of shorter duration may include a provision for price adjustment when local and/or foreign inflation is expected to be high and/or unpredictable.

**5. Eligibility requirements**

- 5.1 It is the fundamental policy of IsDB that the RFP shall unequivocally provide that the Consultant Services provided by the Consultant, its associates and sub-consultants shall be provided in strict compliance with the eligibility requirements in Paragraphs 1.14–1.22.



## Annex B – Post and Prior Review by IsDB

### 1. Introduction

- 1.1 This Annex outlines IsDB’s procurement oversight function in discharging its fiduciary responsibilities. IsDB exercises procurement oversight through a risk-based approach comprising Prior and Post Reviews of the Beneficiary’s procurement activities and such independent reviews as IsDB considers necessary.
- 1.2 Whether procurement is subject to Prior or Post Review is determined on the basis of the project and contract-specific procurement risks. These risks are assessed by IsDB during project preparation and reassessed and updated during project implementation. A project/contract status may change from Post to Prior Review in certain circumstances described below.

### 2. Consultant selection procedure

- 2.1 IsDB shall review the selection procedure for Consultants proposed by the Beneficiary for the project, to ensure compliance with:
- a) these Guidelines;
  - b) the proposed PP as agreed between the Beneficiary and IsDB; and
  - c) the implementation plan and disbursement schedule contained in the Financing Agreement.
- 2.2 The Beneficiary shall promptly inform IsDB of any delay or other changes in the scheduling of the selection procedure which could significantly affect the timely and successful implementation of the project, and agree with IsDB on corrective measures.

### 3. Prior Review

- 3.1 With respect to all contracts above the amount indicated in the PP (and referred to in the Financing Agreement):<sup>18</sup>
- a) Before inviting Proposals, the Beneficiary shall furnish IsDB, for its review and No-Objection, the proposed cost estimate, shortlist of Consultants and RFP. The Beneficiary shall make such modifications to the shortlist and the documents as IsDB shall reasonably request. Any further modification shall require IsDB No-Objection before the RFP is issued to the shortlisted Consultants.
  - b) For the evaluation of Consultant Proposals, the Beneficiary shall use IsDB’s standard Consultant Proposal Evaluation Report.

---

<sup>18</sup> The PP may provide that for contracts below a certain threshold, the Beneficiary may proceed with the selection of Consultants without Prior Review by IsDB, except when complaints are received in the context of the Standstill Period. In such cases, the contract is converted from Post to Prior Review (see also Annex E), and such contracts below the specified threshold may be subject to Post Review by IsDB.

- c) If using QCS, LCS or FBS, the Beneficiary shall first open the technical Proposals and prepare and sign minutes of the opening procedure. The Beneficiary shall keep the financial Proposals sealed in a safe location.
- d) After the technical Proposals have been evaluated, the Beneficiary shall furnish IsDB with the details of the technical evaluation (comprising a component of the Consultant Evaluation Report). If IsDB 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, IsDB will issue a No-Objection to the recommendations of the technical evaluation report. The Beneficiary shall also request IsDB No-Objection if the technical evaluation report recommends rejection of all Proposals.
- e) When price is a factor in the selection of a Consultant, the Beneficiary shall proceed with the public opening of the financial Proposal after receiving IsDB No-Objection to the technical evaluation. The Beneficiary will then proceed with the financial evaluation in accordance with the provisions of the RFP.
- f) If the Beneficiary requires an extension of Proposal validity (in accordance with the RFP) to complete the evaluation procedure, obtain necessary approvals and clearances or make the contract award, it shall notify IsDB. When the first extension exceeds four (4) weeks, IsDB prior No-Objection is needed, as it is for all subsequent extensions, irrespective of their duration.
- g) The Beneficiary shall furnish to IsDB, for its review and No-Objection, the combined Consultant Proposal Evaluation Report along with its recommendation of the successful Firm that received the highest total score in the combined evaluation.
- h) Upon IsDB 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 email without IsDB's prior approval.
- i) 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 Proposals were invited, the Beneficiary shall submit the negotiated draft contract for review and comments by IsDB, highlight the changes and provide an explanation of why these changes are appropriate and necessary.<sup>19</sup>
- j) If IsDB 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 that the Beneficiary modify the contract in consultation with the selected Firm. Otherwise, IsDB shall provide its No-Objection to the negotiated contract and authorize the Beneficiary to transmit the Notification of Intention to award the contract and initiate the Standstill Period

---

<sup>19</sup> For example, if the negotiated contract resulted in substitution of key staff or material changes in the TOR and the originally proposed contract.

(see Annex E). On expiry of the Standstill Period, and, if applicable, all resulting actions are successfully completed, the Beneficiary shall proceed with the award and signature of the contract.

- k) Following contract signature, the Beneficiary shall furnish IsDB with a certified copy of the final contract together with the first application for disbursement under the contract.
- l) The Beneficiary shall publish the Contract Award Notice in accordance with the provisions of Paragraph 3.34.
- m) The description and amount of the contract, together with the name of the Firm, shall be subject to public disclosure by IsDB once the Beneficiary confirms the contract award.

#### **4. Contract modifications, amendments or extensions**

- 4.1 In cases of Prior Review, before granting a substantial extension to the stipulated time frame for a contract, agreeing to any substantial modification of the scope of the Consultant 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 fifteen (15) per cent, the Beneficiary shall inform IsDB of the proposed extension, modification, substitution, waiver or change and the reasons therefore, for review and IsDB No-objection. If IsDB determines that the proposed change 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 IsDB.

#### **5. Post Review**

- 5.1 For all contracts not governed by Paragraph 3 of this Annex, below a threshold specified in the PP (and Financing Agreement), the Beneficiary shall retain all documentation with respect to each contract during project implementation and up to two (2) years after the closing date of the Financing Agreement. This documentation shall be available for examination by IsDB or its independent auditors. The documentation shall include, but not be limited to:
- a) the signed original of the contract and all subsequent amendments and addenda;
  - b) the analysis of the respective Proposals, and recommendations for award; and
  - c) for contracts awarded on the basis of SSS, records shall include:
    - i. the justification for the use of this selection method;
    - ii. the qualifications and experience of the Consultant/s; and
    - iii. the signed original of the contract.
- 5.2 The Beneficiary shall furnish IsDB, promptly after its signing and prior to the first withdrawal of funds from the Financing Account in respect of such contract, with one (1) certified copy of the contract, together with the analysis of the respective Proposals, and recommendation for award. The Beneficiary shall also furnish IsDB with any other

documentation on request. IsDB reserves the right to carry out a Post Review of such documents, at any time before or after the first disbursement.

## **6. Change from Post Review to Prior Review**

- 6.1 A contract whose cost estimate was below IsDB's Prior Review threshold indicated in the PP shall fall under Prior Review if the price of the lowest evaluated Proposal exceeds this threshold. All related Bidding Documents already processed, including the Consultant Evaluation Report and recommendation for award, shall be submitted to IsDB for its Prior Review and No-Objection before the award of the contract.
- 6.2 When the price of the selected Proposal falls below the Prior Review threshold, the Prior Review process shall continue.
- 6.3 Under certain circumstances, IsDB may need to follow a Prior Review process for a contract below the Prior Review threshold, such as in the case of:
- a) a complaint it has determined to be of a serious nature; or
  - b) when the procurement method needs to be changed due to higher or lower cost estimates than previously assessed – for example, from non-competitive to international competitive bidding (and inversely) – and as such the PP shall be modified by the Beneficiary and submitted to IsDB for review and No-Objection.

## **7. Translations**

- 7.1 In the case of Prior Review contracts, and if national Firms were permitted to submit a Proposal in a national language different from English, Arabic and French, a certified translation of the Proposal, Consultant Evaluation Report and the draft contract in either English, French or Arabic shall be provided to IsDB to facilitate the review. Certified translations shall also be provided to IsDB for any subsequent modifications of such contracts.
- 7.2 For Post Review contracts, and to facilitate IsDB review, the Beneficiary shall also provide IsDB with a certified translation of the winning Proposal, Consultant Evaluation Report and signed contract, as well as any other documents that IsDB reasonably requests.

## **8. Mis-procurement**

- 8.1 IsDB may declare misprocurement for any of the reasons provided in Paragraph 1.38. In doing so, IsDB shall promptly inform the Beneficiary of such determination. The reasons for declaring misprocurement include if IsDB determines that the Consultant Services were not procured in accordance with:
- a) the agreed procedures and methods reflected in the Financing Agreement and/or Guidelines;
  - b) the agreed procedures and methods reflected in the PP to which IsDB gave its No-Objection; or
  - c) the contract is not consistent with the agreed procedures and methods reflected in the Financing Agreement, Guidelines and/or the PP.



**Beneficiary records**

- 9.1 For Prior and Post Review contracts, the Beneficiary shall retain all documentation with respect to each contract during Consultant selection, awarding the contract and project implementation for a period of two (2) years after the closing date of the Financing Agreement. This documentation shall include, but is not be limited to:
- a) all original applications and/or Proposal;
  - b) the Consultant Evaluation Report, the recommendation for contract award and all documents related to or in support of these procedures;
  - c) the signed original of each contract and all subsequent amendments or addenda;  
and
  - d) all documents and correspondence related to the implementation of the contract, including payment invoices or certificates.
- 9.2 For contracts awarded on the basis of SSS, the records retained by the Beneficiary shall include the justification for using this method, the technical and financial capacity of the Consultant selected, and the signed original contract. The Beneficiary shall furnish IsDB with such documentation if requested to do so by IsDB or by its Consultants/auditors.



## Annex C – Information for Consultants

### 1. General information

- 1.1 These Guidelines specify that the Beneficiary shall use the standard RFP issued by IsDB for procurements under IsDB Project Financing. This covers the majority of assignments and includes the standard 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.
- 1.2 The ITC and Data Sheet shall include adequate information on the following aspects of the assignment:
- a) a request to acknowledge receipt of the RFP, and to inform the Beneficiary whether or not the Consultant will be submitting a Proposal;
  - b) a description of the assignment;
  - c) a statement that if a shortlisted Firm (or the Firm with which it will be associated) combines the functions of Consultants with those of Contractors, 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 this 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;
  - d) the deadline for submission of Proposals. The Proposals (technical and financial, as indicated in the RFP) shall be placed in two (2) separate sealed envelopes, both of which must be placed in a third outer envelope suitably marked. The original and two (2) copies of the Proposal shall arrive at the address given in the RFP not later than the date and hour specified as the deadline for Proposals. Any Proposal received after the submission deadline shall be returned unopened;
  - e) the shortlist of Consultants being invited to submit Proposals. The RFP should state whether associations between shortlisted Consultants are acceptable, and any conditions for subcontracting part of the assignment;
  - f) the procedure for handling clarifications about the information given in the RFP;
  - g) reference to any laws of the Beneficiary's country that may be particularly relevant to the proposed Consultants' contract;
  - h) standard formats for the Proposer to use when submitting technical and financial Proposals;
  - i) the names and contact details of officials to whom clarifications shall be addressed and with whom the Consultants' representative shall meet, if necessary;
  - j) a statement that the Firm and any of its affiliates shall be disqualified from providing downstream Goods, Works or related services under the project if, in IsDB's judgement, such activities constitute a conflict of interest resulting in a competitive advantage for the Consultant Services provided under the assignment;

- k) the procedure for submission of Proposals, 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;
- l) details of the selection method to be followed, including:
  - i. a description of the evaluation procedure;
  - ii. a listing of the technical evaluation criteria and weights given to each criterion;
  - iii. the details of the financial evaluation;
  - iv. the relative weights for quality and cost in the case of QCBS;
  - v. the minimum pass score for quality; and
  - vi. details of the public opening of financial Proposals;
- m) an estimate of the level of key staff inputs (in staff-months) required of the Consultants, and an indication of the minimum experience and academic qualifications expected of key staff, and the total budget for the assignment, if a given figure cannot be exceeded;
- n) details and status of any external financing;
- o) information on negotiations, and financial and other information that shall be required of the selected Firm during negotiation of the contract;
- p) the period for which the Consultants' Proposals shall be held valid (the Proposal validity period, which is normally ninety (90) to one hundred and twenty (120) calendar days) and during which the Consultant shall undertake to maintain, without change, the proposed key staff, and shall not increase the rates and total price proposed;
- q) in case of extension of the Proposal validity period, the right of the Consultant not to maintain its Proposal;
- r) the anticipated date on which the selected Consultant shall be expected to commence the assignment;
- s) a statement indicating whether or not the amounts paid to the Consultant's personnel, including subcontractors, shall be tax-free or not;
- t) if the amounts paid to the Consultant's personnel, including subcontractors, are not tax-free, 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, clearly identified amount to cover such taxes;
- u) if not included in the TOR or in the contract, details of the services, facilities, equipment and staff to be provided by the Beneficiary; and
- v) phasing of the assignment, if appropriate, and the likelihood of follow-up assignments.

1.3 If relevant, it is desirable that a representative of the shortlisted Firm visit the Beneficiary and/or the project site before a Proposal is made, to obtain first-hand information on

local conditions and to assess the exact extent of the Consultant Services to be provided. The Beneficiary should be notified in advance of the visit.

- 1.4 While the Beneficiary will welcome any further questions which a shortlisted Firm may have concerning the proposed Consultant Services, any delay by the Beneficiary in providing the required information will not be considered a reason for extending the submission date for Proposals.
- 1.5 If selection is based on QCBS, LCS or FBS, the Proposal must be divided into technical and financial Proposals.

## **2. Specific information on the technical Proposal**

- 2.1 The technical Proposal must cover the following matters:
  - a) background, organization and experience of the Firm submitting the Proposal;
  - b) a list of similar assignments undertaken by the proposing Firm, at least during the last five (5) years. Similar information regarding any associated Firm or Firms must also be submitted;
  - c) proposed technical approach and work programme, including:
    - i. comments on the TOR;
    - ii. the general approach proposed for carrying out the work plan, including the organization and time schedule of the proposed Consultant Services;
    - iii. 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 staff-months to be allocated by each professional;
    - iv. a detailed description of the specific tasks to be assigned to each member of the proposed team; and
    - v. in the case of an association of Firms, details of the agreement defining the role of each Firm and the relationship;
  - d) the name, age, nationality, background, education, employment record and detailed professional experience of each professional to be assigned to provide the Services; and
  - e) arrangements for office space, vehicles, office and field equipment etc. required to carry out the Consultant Services.
- 2.2 The evaluation of the Proposals will normally be based, among others, on the following criteria:
  - a) the general experience of the Firm and its particular experience in the sector and region concerned;
  - b) responsiveness to the TOR and thoroughness of the approach and work plan;
  - c) expertise of key personnel; and
  - d) the extent of involvement of any domestic Firm(s).

### 3. Specific information on the financial Proposal

- 3.1 Whether consisting of a lump-sum or time-based assignment (staff-month rates plus reimbursable costs), the financial Proposal should give details on the following:
- a) the currency(ies) in which the costs of Consultant Services shall be expressed, compared and paid;
  - b) 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; and
  - c) a breakdown of the individual items of reimbursable expenditure into foreign and local currency costs.
- 3.2 Final selection will take into account the total cost as described in the financial Proposal.
- 3.3 Proposals under international competition must be submitted in one (1) of IsDB's working languages (Arabic, English or French). Proposals under domestic competition may be prepared in the national language, even if different from Arabic, English or French, but IsDB must, in such cases, be supplied with a certified translation in one (1) of its working languages. Proposals should remain valid for a period of ninety (90) to one hundred and twenty (120) calendar days from the date indicated in the RFP.

## Annex D – Guidance to Consultants

### 1. Purpose

- 1.1 This Annex provides guidance to Consultants interested in providing Consultant Services for contracts funded by IsDB Project Financing.

### 2. Responsibility for selection of Consultants

- 2.1 As emphasized in Paragraphs 1.1–1.4, these Guidelines describe IsDB’s procurement policy and procedures. The Beneficiary is legally responsible for all procurement activities that it undertakes. This includes the selection and contracting of Consultants. The Beneficiary invites, receives and evaluates Proposals and awards the contract. The Bidding Documents (e.g. RFP) issued by the Beneficiary, and the contracts signed between the Beneficiary and Consultants, define the rights and obligations of the Beneficiary, Proposers and Consultants.

### 3. IsDB’s role

- 3.1 IsDB publishes RFPs for various types of selection methods. It is mandatory for the Beneficiary to use these documents, with minimum changes to address country and/or project-specific issues. The RFPs are finalized and issued by the Beneficiary.
- 3.2 As described in Annex B, IsDB exercises oversight of the Beneficiary’s procurement activities through a risk-based approach comprising Prior and Post Reviews. IsDB requires that it will be given the opportunity to approve or comment at every stage of the selection and contract award procedure to ensure that the process is carried out in accordance with agreed procedures, as required in these Guidelines, the PP and the Financing Agreement. Except for contracts below monetary thresholds subject to Post Review specified in the PP (and Financing Agreement), IsDB Prior Reviews the RFPs before they are issued. However, whether Prior or Post Review is applicable, in the cases of complaints filed by a Consultant, including during the Standstill Period, the Beneficiary and IsDB must follow the procedures set out in Paragraphs 6, 7 and 9 and Annex E.
- 3.3 If, at any time in the selection procedure (even after the award of contract), IsDB concludes that the agreed procedures were not followed at any given stage, it may declare misprocurement, as described in Paragraphs 1.34–1.35. However, if a Beneficiary has awarded a contract after obtaining IsDB No-Objection, IsDB will only normally declare misprocurement if the No-Objection was issued on the basis of incomplete, inaccurate or misleading information furnished by the Beneficiary. If IsDB determines that representatives of the Beneficiary or the Consultant engaged in corrupt or fraudulent practices, it may impose the applicable sanctions set forth in Paragraph 1.38(d).

### 4. Consultant’s role

- 4.1 When a Consultant receives an RFP and decides that it can meet the requirements of the TOR, as well as the commercial and contractual conditions, it should make the arrangements necessary to prepare a Proposal (for example, visiting the country of the assignment, seeking associations, collecting documentation, setting up the Proposal preparation team).
- 4.2 The specific RFP issued by the Beneficiary governs the selection process and defines the rights and obligations of the Beneficiary and all Proposers. If the Consultant finds 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, it should seek clarification from the Beneficiary, in writing, within the period specified in the RFP for seeking clarifications.
- 4.2 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 and dated by the Consultant and the individuals. Non-compliance with important requirements may 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, including changing the key staff or the quoted fee. Minor modifications may be made at the negotiation stage in accordance with the provisions of the RFP.

## **5. Confidentiality**

- 5.1 The process of Proposal evaluation shall be confidential until the Notification of Intention to Award is transmitted to all participating Proposers. This is essential to enable the integrity of the evaluation and contract award process. If, during evaluation, a Proposer wishes to bring additional information to the notice of the Beneficiary, IsDB or both, it should do so in writing.

## **6. Action by IsDB**

- 6.1 The Beneficiary is responsible for the selection and award procedure, and Proposers should address any issue or concern to the Beneficiary. In the case of procurement-related complaints, Proposers should make themselves familiar with the relevant procedures described in Annex E.
- 6.2 If a Proposer sends a communication to IsDB, it shall be referred to the Beneficiary with IsDB's comments and advice for action or response, if appropriate. Besides acknowledging receipt of communications, IsDB shall not enter into any discussion or correspondence with any Proposer during the selection and review procedure.

## **7. Debriefing**



- 7.1 If, after receipt of the Notification of Intention to Award the contract, a Proposer is not satisfied with the written explanation given for the grounds on which its Proposal was not selected, it may seek a debrief from the Beneficiary. The request for debriefing must be made within three (3) Business Days of receipt of the Notification of Intention to Award. The Beneficiary will normally provide a debriefing within five (5) Business Days, unless the Beneficiary decides, for justifiable reasons, to provide the debriefing outside this time frame. In that case, the Standstill Period shall automatically be extended until five (5) Business Days after such debriefing is provided.
- 7.2 If the Beneficiary receives a request for debriefing later than the deadline of three (3) Business Days, it should provide the debriefing as soon as practicable, and normally no later than fifteen (15) Business Days from the date of publication of the Contract Award Notice. Requests for debriefing received after the deadline of three (3) Business Days shall not lead to an extension of the Standstill Period.
- 7.3 Debriefings of unsuccessful Proposers may be done in writing or verbally. The purpose of any such meeting is only to discuss the evaluation of the Proposer's Proposal, and not those of competitors.
- 7.4 As a minimum, the debriefing shall repeat the information contained in the Notification of Intention to Award, and respond to any related questions from the unsuccessful Proposer. The debriefing shall not include:
- a) point-by-point comparisons with another Proposer's Proposal; or
  - b) information that is confidential or commercially sensitive to other Proposers.

## **8. Complaint challenging the decision to award**

- 8.1 Procurement-related complaints challenging the Beneficiary's decision to award the contract must be submitted to the Beneficiary following transmission of the Notification of Intention to Award the contract and before expiry of the Standstill Period.
- 8.2 If the Beneficiary receives a complaint from an unsuccessful Proposer within the Standstill Period, the Beneficiary shall not proceed with the contract award until the complaint has been addressed, as described in Annex E.
- 8.3 For contracts subject to Prior Review, the Beneficiary shall not proceed with contract award without receiving IsDB confirmation of satisfactory resolution of the complaint.



## Annex E – Procurement-related complaints

### 1. Purpose

1.1 This Annex details the process for making a procurement-related complaint and the Beneficiary's obligations in administering and handling such a complaint. It expands on the requirements of Paragraphs 1.48, 3.30 and 3.31 of these Guidelines. This Annex shall apply to procurement-related complaints, unless the PP provides for another method of handling such complaints, in which case the provisions set out in the PP shall apply.

### 2. Procurement-related complaint

2.1 A procurement-related complaint is a complaint:

- a) made in relation to a Beneficiary's procurement under an IsDB-financed project;
- b) by an 'interested party';
- c) relating to a pre-contract procurement issue;<sup>20</sup> and
- d) challenging any of the following:
  - i. the Beneficiary's RFP;<sup>21</sup>
  - ii. the Beneficiary's decision to exclude the complainant from a procurement process prior to award of contract;<sup>22</sup> and/or
  - iii. the Beneficiary's decision to award the contract.<sup>23</sup>

2.2 This Annex deals only with procurement-related complaints from applicants and Proposers in relation to the procurement of Consultant Services.

2.3 This Annex excludes post-contract issues. Once the contract is signed, the rights and obligations of the Beneficiary and Consultant are governed by the contract. Such contract disputes are to be resolved within the contractual framework and appropriate governing law. However, the Beneficiary shall promptly inform IsDB of any contract dispute arising that could trigger the use of a dispute resolution mechanism established under the contract, suspension or termination of the contract or court action. In addition, the Beneficiary is required to communicate to IsDB the actions it proposes to satisfactorily resolve the dispute in a timely manner. This is regardless of whether the procurement is subject to IsDB Prior or Post Review.

2.4 Complaints are not communications relating to clarifications regarding the RFP or the procurement process. Such clarifications shall be dealt with through the clarifications process detailed in the RFP.

---

20 An issue that arises during the procurement process prior to the signing of the contract.

21 Any of the Bidding Documents issued by the Beneficiary, including the RFP.

22 The Beneficiary's decision to exclude a Proposer from a procurement process at a point in the process prior to the transmission of the Notification of Intention to award the contract.

23 The Beneficiary's decision to award the contract as per the Notice of Intention to Award the contract transmitted to participating Proposers.

### 3. Interested party

3.1 A complainant must be an ‘interested party’ – a potential or actual applicant (seeking to be shortlisted) or a Proposer. These are described as follows:

- a) **Potential applicants/Proposers:** Consultants that are interested in participating in a shortlisting process or an RFP but have not yet submitted an application or Proposal. Potential applicants/Proposers can seek to challenge the LOI to submit an expression of interest, or RFP procurement processes.
- b) **Actual applicants/Proposers:** Consultants that are participating in a procurement process by submitting an application or Proposal.

### 4. Beneficiary’s roles and responsibilities

4.1 To promote an open and fair procurement process, the Beneficiary shall make every effort to address procurement-related complaints objectively and in a timely manner, with transparency and impartiality, and in accordance with Paragraphs 1.48, 3.30 and 3.31 of these Guidelines, and this Annex.

4.2 Specifically, the Beneficiary’s roles and responsibilities include:

- a) providing timely and sufficient information to applicants/Proposers, so that they can understand the basis for the Beneficiary’s decision and make an informed decision on whether to lodge a complaint challenging that decision;
- b) promptly acknowledging complaints received;
- c) resolving complaints promptly and fairly;
- d) preserving the confidentiality and proprietary information of other applicants/Proposers, marked as such in their applications/Proposals, including commercial and financial information and trade secrets; and
- e) maintaining complete records of all debriefings, complaints and their resolution.

#### **For procurements subject to Prior Review**

4.3 For procurements subject to Prior Review, the Beneficiary shall:

- a) promptly inform IsDB of receipt of the complaint;
- b) provide, for IsDB’s review, all relevant information and documentation, including a draft response to the complainant, once this is available; and
- c) consult with IsDB promptly and forthrightly throughout the complaint review and resolution process.

4.4 For procurements subject to Prior Review, where the Beneficiary’s review of the complaint results in a modification of the RFP, the Beneficiary changing its decision to exclude the complainant from a process or the Beneficiary changing its contract award recommendation, the Beneficiary shall, upon receiving written confirmation from IsDB of the satisfactory resolution of the complaint;

- a) issue an amendment to the RFP, and, if necessary, extend the Application/Proposal submission deadline; or
  - b) promptly transmit to IsDB a revised Consultant Evaluation Report.
- 4.5 The Beneficiary shall not proceed with the next stage/phase of the procurement process, including awarding a contract, without first receiving IsDB No-Objection for the satisfactory resolution of the complaint. Notwithstanding this requirement, for procurement-related complaints challenging the RFP or exclusion prior to award, the Beneficiary should consult with IsDB about which, if any, further steps in the procurement process may appropriately be undertaken while the complaint is being considered.

## 5. Submission of procurement-related complaints

- 5.1 Interested parties should submit procurement-related complaints to the Beneficiary in a timely manner and at the appropriate stage in the procurement process. A timely manner is specified as follows. For complaints challenging the:
- a) **Beneficiary's RFP:** the complaint should be submitted to the Beneficiary at least ten (10) Business Days prior to the deadline for submission of applications/Proposals, or, where the Beneficiary has amended the Bidding Documents, within five (5) Business Days after the issuing of the amendment, whichever is later;
  - b) **Beneficiary's decision to exclude the complainant prior to the award of contract:** the complaint should be submitted to the Beneficiary within ten (10) Business Days following the Beneficiary's transmission to the interested party of notice of such exclusion; or
  - c) **Beneficiary's decision to award the contract:** the complaint shall be submitted to the Beneficiary after receipt of the Notification of Intention to Award and prior to the expiry of the Standstill Period.
- 5.2 Procurement-related complaints shall be submitted in writing and include the following content:
- a) the name, contact details and address of the complainant;
  - b) the complainant's interest in the procurement (as defined under Paragraphs 2.1 and 3.1 of this Annex);
  - c) the specific project, the procurement reference number and the current stage of the procurement process;
  - d) any previous communication between the complainant and the Beneficiary on the matters addressed in the complaint;
  - e) the nature of the complaint, and the perceived adverse impact on the complainant;
  - f) the alleged inconsistency with, or violation of, the applicable procurement Guidelines or procedures; and
  - g) any other information the complainant considers relevant to the complaint.

- 5.3 The Beneficiary shall acknowledge receipt of a complaint, in writing, within three (3) Business Days. The Beneficiary shall promptly inform IsDB of receipt of the complaint, regardless of whether the complaint is related to a procurement activity subject to Prior or Post Review.
- 5.4 Anonymous complaints will be considered and handled on their own merit. A complaint including allegations of Fraud and/or Corruption may be subject to separate and additional procedures.

## 6. Responding to a complaint

- 6.1 When handling a procurement-related complaint, the Beneficiary should ensure a timely and meaningful review of the complaint, including all relevant documentation, facts and circumstances related to it. The Beneficiary shall provide sufficient information in its response to the complainant, while maintaining the confidentiality of information provided by applicants/Proposers that they have marked in their applications or Proposals as confidential.<sup>24</sup>
- 6.2 A response to a procurement-related complaint shall be issued in writing and should, as a minimum, include the following elements:
- a) **a statement of issues** raised by the complainant that need to be addressed;
  - b) **facts and evidence** that, in the Beneficiary's view, are relevant to the resolution of the complaint;
  - c) **the decision and reference to the basis for the decision** – for example, specific parts of RFPs or Paragraphs or Annexes in IsDB Guidelines that support the decision. The response should explain the basis of the decision as precisely as possible;
  - d) **analysis** that explains why the basis for the decision applied to the facts/issues raised by the complainant necessitates this particular decision; and
  - e) **a conclusion**, stating clearly the resolution of the complaint and describing the next steps to be taken, if any.
- 6.3 The Beneficiary should respond to a procurement-related complaint in a timely manner. A timely manner is specified as follows. For complaints challenging the:
- a) **Beneficiary's Bidding Documents:** the response to the complainant should be no later than seven (7) Business Days from the date of receipt of the complaint;
  - b) **Beneficiary's decision to exclude the complainant prior to the award of contract:** the response to the complainant should be no later than seven (7) Business Days from the date of receipt of the complaint; and

---

<sup>24</sup> This may include proprietary information, trade secrets and commercial or financially sensitive information.

- c) **Beneficiary’s decision to award the contract:** the response to the complainant should be no later than fifteen (15) Business Days from the date of receipt of the complaint.

## **7. Action when a complaint is upheld**

- 7.1 The action that the Beneficiary may take in upholding a procurement-related complaint depends on the nature of the complaint and the stage of the procurement process at which the complaint is submitted. The following circumstances provide examples of the type of action that may be taken.

### **Complaint in relation to the Beneficiary’s RFP**

- a) If the Beneficiary upholds such a complaint, the Beneficiary may:
  - i. modify the RFP by issuing an amendment; and
  - ii. extend the application/Proposal submission deadline, if appropriate.

### **Complaint in relation to the Beneficiary’s decision to exclude the complainant prior to the award of contract**

- a) If the Beneficiary upholds such a complaint, the Beneficiary may:
  - i. change the results of a decision made during an earlier stage of the procurement process;
  - ii. issue a revised evaluation of the results to all participating applicants/Proposers; and
  - iii. advise all participating applicants/Proposers of any changes to the next steps in the process.

### **Complaint in relation to the Beneficiary’s decision to award the contract**

- a) If the Beneficiary upholds such a complaint, the Beneficiary may:
  - i. change its contract award recommendation;
  - ii. issue a revised Consultant Evaluation Report to IsDB for No-Objection (in this instance the Beneficiary shall not award the contract without receiving IsDB’s prior No-Objection to the report); and
  - iii. notify participating Proposers of the revised intention to award and proceed with the revised contract award.

## **8. Roles and responsibilities of applicants/Proposers**

- 8.1 The roles and responsibilities of applicants/Proposers with respect to procurement-related complaints include:

- a) complying with the requirements of this Annex and in particular:
  - i. meeting all the requirements of a procurement-related complaint described in Paragraph 2.1 of this Annex;
  - ii. submitting a complaint in a timely manner as described in Paragraph 5.1 of this Annex; and

- iii. submitting a complaint containing all the required content described in Paragraph 5.2 of this Annex;
- b) being familiar with the provisions of the RFP, as well as these Guidelines, so as to understand the rules governing the procurement process;
- c) making a timely request for debriefing, if one is desired;
- d) submitting the complaint to the entity/official designated for that purpose in the RFP; and
- e) ensuring that the complaint submitted explains as specifically as possible the issues or concerns and the alleged violation of the applicable procurement rules.

## **9. Roles and Responsibilities of IsDB**

9.1 IsDB's roles and responsibilities with respect to procurement-related complaints covered by this Annex include:

- a) ensuring that any complaint addressed to IsDB is forwarded promptly to the Beneficiary for review and resolution;
- b) in the case of procurements subject to Prior Review, considering in a timely manner any action proposed by the Beneficiary, including, but not limited to, with respect to the conduct and content of a debriefing, the denial of a complaint or the taking of action to correct the impropriety identified in the complaint; and
- c) except for acknowledging receipt of a complaint, not communicating with any applicant/Proposer during the evaluation and review process until the publication of the public Contract Award Notice.



## Annex F – Retroactive Financing

### 1. Introduction

- 1.1 IsDB recognizes that its project cycle can take considerable time before funds are distributed to the Beneficiary. Delays to disbursement particularly affect projects which have a significant likelihood of approval by IsDB but cannot start implementation because of the lack of certainty over funding during the appraisal process. Retroactive Financing may be provided to overcome such difficulties in accordance with the *IsDB Guidelines for Retroactive Financing and Opening of Imprest Account for Quick Disbursement in Projects in IsDB MCs* (Guidelines for Retroactive Financing).
- 1.2 This Annex provides a summary of the Guidelines for Retroactive Financing and how the procedure applies to the procurement of Consultant Services under IsDB Project Financing.

### 2. Purpose of Retroactive Financing

- 2.1 The purpose of Retroactive Financing is to facilitate the efficient and prompt execution of projects financed by IsDB. However, it can only be used in exceptional circumstances, with appropriate justification and IsDB approval.
- 2.2 Justification for Retroactive Financing may include:
  - a) early project start-up;
  - b) to avoid gaps between sequential projects – for example, in repeater projects;
  - c) to maintain momentum achieved during project preparation; and
  - d) to prevent delays.
- 2.3 Retroactive Financing permits a Beneficiary, entirely at its own volition and without commitment from IsDB, to proceed with the procurement of Consultant Services before signing the Finance Agreement.

### 3. Uses of Retroactive Funding

- 3.1 Retroactive Financing is normally restricted to certain activities and types of expenditure. These include:
  - a) reinvestment work such as feasibility studies, engineering and architectural work;
  - b) preliminary physical work, such as access roads;
  - c) seasonal work, such as crop planting or construction, which unless undertaken at a particular time of year could delay the start of the project by a year or more;
  - d) activities that require a long lead time and where significant economies are possible;
  - e) office equipment such as photocopiers, faxes and personal computers;
  - f) electricity and gas required to supply power to the project; and
  - g) any other items deemed essential at the pre-operating stage of a project.

#### 4. Limitations of Retroactive Funding

- 4.1 Retroactive Financing shall normally be restricted to expenditure incurred and paid for by the Beneficiary between the date of appraisal and the date of effectiveness of the project. However, in cases where the project objectives, design, implementation arrangements and conditionalities are worked out at the pre-appraisal stage, Retroactive Financing may be provided for expenditure incurred and paid by the Beneficiary between the appraisal stage and the date of effectiveness of the project.
- 4.2 Under no circumstances shall Retroactive Financing exceed ten (10) per cent of the total project cost.
- 4.3 In emergency circumstances, to deal quickly and effectively with a situation such as a natural disaster and its aftermath, IsDB's response will reflect the nature of each emergency, and IsDB shall consider the Beneficiary's justification for Retroactive Financing on a case-by-case basis. For these operations, IsDB may agree Retroactive Financing of up to twenty (20) per cent of the total amount for expenditure incurred within four (4) months prior to the expected date of signing the Financing Agreement but after the occurrence of the emergency.

#### 5. Control measures

- 5.1 The following control measures shall apply to Retroactive Financing:
- a) procurement and use of Consultants shall be processed and cleared via No-objections as if the Financing Agreement has been signed already;
  - b) procurement actions taken in the expectation of Retroactive Financing shall be at the Beneficiary's risk and do not commit IsDB to agree to finance the project;
  - c) disbursement shall be made to meet the expenditure on approved items and shall be supported by adequate documentation in accordance with the provision of the agreement;
  - d) documentation requirements shall be the same as those for disbursement of expenditures incurred after signing the Financing Agreement; and
  - e) the pre-appraisal or appraisal reports shall state:
    - i. the amount of Retroactive Financing;
    - ii. the percentage of the project cost being retroactively financed;
    - iii. the period that is being retroactivity financed;
    - iv. the nature of the Consultancy Services being retroactively financed; and
    - v. the justification for Retroactive Financing.
- 5.2 There is some flexibility in the application of IsDB's Guidelines for Retroactive Financing, particularly in emergency recovery operations; however, such exceptions shall require approval from IsDB's President.





For any additional information, such as Standard Bidding Documents, guidance, training materials and briefing, please see [www.isdb.org/procurement](http://www.isdb.org/procurement)

