Multi-Donor
Agricultural Fast Track Fund

Guidelines and Toolkit
Recruitment of Consulting Firms as Service Providers by Grant Recipients

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Section 1: Introduction

1. The Guidelines and Toolkit Document for Recruitment of Consulting Firms as Service Providers by Grant Recipients, has been prepared by the AFT to assist its Clients, in both the private and public sectors, in completing their Applications and in carrying out advance procurement activities to expedite project execution.

2. It is formulated under the new “Procurement Policy for Bank Group Funded Operations” which, was approved by the Bank’s Boards of Executive Directors on 14 October 2015.

3. The first part of the document is essentially a guidance note to AFT Grant Applicants and Grant Recipients, containing best practice methods and procedures for:
   • Preparation of the Terms of Reference (TOR) for consulting assignments;
   • Selection of consultants and service providers by private sector entities;
   • Direct recruitment / consulting or single source selection (SSS) of service providers or consulting firms; and
   • Competitive selection through shortlisting by public sector entities.

4. On the other hand, the second part is a Procurement Toolkit containing appropriate formats for this work, namely:
   • Procurement Toolkit Appendix 1 – Format for Terms of Reference
   • Procurement Toolkit Appendix 2 - Model Requests for Expressions of Interest (REOIs);
   • Procurement Toolkit Appendix 3 - Model Requests for Proposals (RFP):
   • Procurement Toolkit Appendix 4 – Model Contract for Consulting Services of Value less than US$ 75,000 for Firms.

5. Users of this document must be aware that it is a dynamic document, that will need to be continuously reviewed and updated to take into account the constantly evolving lending operations and practices, of the African Development Bank.
Section 2: Recruitment of Consulting Firms by Private and Public Sector Grant Recipients

6. **General:** These initial sections of the guidelines focus attention on the preliminary procurement activities that an Applicant to the Agriculture Trust Fund (AFT) must go through while preparing to submit its project proposal, whether it is a Private or Public Sector Entity. The overall procurement procedures and processes are captured in the Flowchart in Annex A.

7. **Assignment Terms of Reference and Cost Estimate:** The Grant Recipient is responsible for preparing the Terms of Reference (TOR) for any assignment to be financed under the Agriculture Fast Track Fund. Putting together the TOR for the assignment, is one of the initial procurement activities to be executed when a potential Applicant decides that he/she has a viable project that merits external financing. The TOR must be prepared by a person or persons with adequate knowledge of the assignment.

8. From the time the idea of the main downstream project to be implemented, is thought of, the initial feasibility and other studies required to establish its technical, economic, financial and environmental viability must be seriously considered, because without these the project will not be entertained by any financier. The TOR for these initial studies must define clearly the objectives, goals, and scope of the assignment and must mention any existing background information from which the study may begin. The TOR must also list any services and surveys necessary to be carried out and the expected outputs such as data, maps, and reports. In order to provide a level playing field to both parties, the Grant Recipient’s and the service provider or consultant’s respective responsibilities need to also be clearly defined in the TOR.

9. On the other hand, the TOR must not be too detailed and must not be inflexible. This is to enable competing consultants or service providers to propose their own methods and procedures as well as staffing. Firms must be able to comment on the TOR in their proposals.

10. The broad content of a TOR for a typical feasibility study are outlined in Box 1. Procurement Toolkit Appendix 1 also provides a more details outline of the TOR. Sample TORs for specific type of studies financed by the AFT are also available on the AFT website.

11. TORs are normally prepared by the Grant Recipient and are included in the Application Questionnaire.

12. It is important for the Grant Recipient to prepare a well-thought-through cost estimate based on which realistic budgetary resources may be earmarked for the assignment. The cost estimate is based on the Grant Recipient’s assessment of the resources that would be needed to carry out the assignment, in terms of experts' time, logistical support, and physical inputs, and resources as described in the TOR for the assignment. Thus the cost estimate is based on the TOR and it provides the basis on which the size of the Grant is decided.

**Box 1: Elements of Assignment TORs**

The AFT expects the Terms of Reference (TORs) of assignments such as feasibility studies to cover the following:

- Background or origin of the Assignment
- Goals and objectives
- Scope of services
- Duties and responsibilities of both parties;
- Reporting requirements - Outputs or deliverables usually report and timeframe;
- Client inputs and counterpart personnel and
- Conditions for completion and contract closure.
Section 3: Selection of Consultants or Service Providers by Private Sector Grant Recipients

13. This section focuses on the selection of consulting firms as service providers by Grant Recipients in the private sector.

14. The Bank fully recognizes in its Procurement Policy that for the private sector, selection of service providers or consultants is based on commercial practices. In that regard, the private sector most usually selects consultants or service providers following direct recruitment or single source selection (SSS). This is acceptable provided that the AFT’s due diligence comes out to the AFT’s satisfaction.

15. Where, in this case, the mode of procurement is not through open competition, the AFT undertakes due diligence by examining and assessing the justification of the prices received by the Grant Recipient to ensure that they reflect; (i) quality in the item to be procured; (ii) fair market prices; and (iii) that the contractual terms proposed by the Grant Recipient for the consultant or service provider are fair and balanced (Box 2). Even where, (i) the proposed prices are above market rates; or (ii) the contractual conditions are not equitable; due consideration will further be given to the specific quality requirements of the project, and the AFT may request the Grant Recipient to adopt a different mode of procurement offering more competitive and equitable conditions, only where it is still not fully satisfied after its review.

16. Where the Applicant is a private sector entity, the AFT undertakes its due diligence from the appraisal of the Application through the advance consulting period, and is expected to be concluded before the Grant is approved by the TRC, OC or the Bank’s Board of Executive Director. This means that the service provider is expected to be ready to commence the assignment at the time the Grant agreement is signed.

Box 2: Private Sector Due Diligence by the AFT

The due diligence executed by the AFT CU in private sector operations usually includes verification, to its satisfaction, that consulting services as well as any goods and works procured;

- Are of high quality;
- Are appropriate to the project;
- Are procured at fair market prices; and
- That contract conditions adequately protect the project.

The specific focus of the due diligence review is:

- Review of the Project Costs, Prices and Assumptions;
- Recipient’s Procurement Organisation;
- Recipient’s Procurement Planning;
- Recipient’s Procurement Practices;
- Contract Conditions;
- Monitoring of Progress in Project Execution; and
- Performance and Completion.
Section 4: Direct Recruitment / Contracting or Single Source Selection by Private and Public Sector Grant Recipients

17. **Introduction:** Given that most private sector Grant Recipients follow direct recruitment / consulting or single source selection (SSS) in their commercial practices, this section outlines the best practice requirements for SSS, for both the private and public sectors.

18. **Definition:** Direct Recruitment or Single Source Selection of consulting services is the selection of a firm by a Grant Recipient without competition from other firms, whether in the private or public sector. From the point of view of best procurement practice, SSS does not provide the benefits of competition in comparison with quality and cost. It lacks transparency in selection and could encourage unacceptable practices. On the other hand, Grant Applicants in the private sector and sometimes in the public sector also, see justification for its use. Accordingly, SSS is only used in exceptional cases, when there is demonstrable justification for it.

19. **Justification for Direct Recruitment:** The following comprise acceptable justification within the context of best procurement practice, for SSS, and these must be viewed by the Grant Recipient in the context of achievement of Value for Money (VfM) under the project and the overall project interests:

- For tasks that represent a natural continuation of previous work carried out by the consulting firm. For example, where a service provider has completed a feasibility study and because of its demonstrated viability, there is need for executing detailed studies leading into project implementation including detailed costing and preparation of bills of quantities. In such cases it is best procurement practice to incorporate the continuation into the initial assignment (Box 3);
- In emergency cases, such as in response to disasters and for consulting services required during the period of time immediately following the emergency; or
- For AFT-funded assignments of value less than US$ 75,000 (UA 50,000), where the administrative cost of conducting competition outweighs the possible savings.

**Box 3: The Case of Direct Consulting for Continuity of Assignments**

*When continuity for downstream work is essential, the initial RFP should outline this prospect, and, if practical, the factors used for the selection of the consulting firm should take the likelihood of continuation into account. Continuity in the technical approach, experience acquired, and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition subject to satisfactory performance in the initial assignment. For such downstream assignments, the Grant Recipient should ask the initially selected consultant to prepare technical and financial proposals on the basis of the TOR furnished by the Recipient, which shall then be negotiated.*

20. **The Direct Recruitment Process:** The TOR is normally approved by the AFT as part of the Grant approval process. When using SSS, The Grant Recipient must provide as part of its advance procurement actions the following:

- A sufficiently detailed justification including the rationale for SSS instead of a competitive selection process. Such justification acceptable under best practice principles are listed in paragraph 3 above; and
- The basis for recommending a particular firm, except for contracts below US $ 50,000 and set forth in the Procurement Plan.

21. The Grant Recipient is not required to issue an RFP, but none the less, he/she may use the RFP as its basis to request the selected service provider or consulting firm to prepare and submit together, technical and financial proposals which will form the basis for negotiations and also be incorporated into the contract when agreement is reached.
22. The Grant Recipient proceeds to recruit the service provider or consulting firm using its own PMPs, but subject to the above best practice principles and must only submit the draft contract for AFT review prior to its signature by both parties.
Section 5: Competitive Selection through Shortlisting by Public Sector Grant Recipients under the AFT

Definitions and Process Steps

23. **Introduction:** This section deals with best practice methods and procedures for competitive selection of service providers or consulting firms, mostly by public sector Grant Recipients.

24. **Definition:** The acquisition of consulting services under the Bank’s Procurement Policy requires selection of the service provider to be conducted through competition among qualified short-listed firms in which the selection is based on the quality of the proposal and, where appropriate, on the cost of the services to be provided”.

25. **Steps in the Competitive Selection Process:** A well-managed competitive selection process generally followed under public sector recruitment, entails the following steps:

   • Preparation of the Assignment TOR, Cost Estimates and the Budget, which is normally completed and included in the Application (paragraphs 1-7);
   • Publication, advertisement and promotion of opportunities – to be executed by the Grant Recipient during the period of advance contracting;
   • Shortlisting of consultants or service providers - to be executed by the Grant Recipient during the period of advance contracting;
   • Preparation and issuance of RFPs only for QCBS, QBS, FBS and LQS - to be executed by the Grant Recipient during the period of advance contracting;
   • Preparation of technical and financial proposals by Consultants only for QCBS, QBS, FBS and LQS to be executed during the period of advance contracting;
   • Receipt and opening of proposals - to be executed during the period of advance contracting;
   • Evaluation of Technical Proposals: consideration of quality - to be executed by the Grant Recipient during the period of advance contracting;
   • Public opening of Financial Proposals, Evaluation of Financial Proposals and determination of best evaluated proposal - to be executed during the period of advance contracting; and
   • Negotiation and award of contract – to be executed after the Grant Letter of Agreement is signed.

26. The sections following hereunder provide guidance on the best practices to be followed under each of these steps.

Publication of Advertisements:

27. The publication of advertisement and promotion of AFT financed consulting services opportunities must be widely published through the issuance of Request for Expressions of Interest (REOI), which may also be referred to as Specific Procurement Notices (SPNs), generally in the national and international press.

28. All AFT financed assignments to be procured on a competitive basis must be advertised in at least one newspaper of national circulation in the Grant Recipients’ country, in an official gazette and on an electronic portal. of value less than US $300,000 (UA 200,000).
29. In addition, assignments valued greater than US$ 300,000 (UA 200,000) may be advertised in an international newspaper or a technical or financial magazine, and in the Bank's external website1, simultaneously.

30. The information requested in the advertisement or SPN must be the minimum required to make a judgment on the firm's suitability and not be so complex as to discourage interested service providers or consultants from expressing interest. The Grant Recipient must agree on the text of the advertisement with the AFT.

31. REOIs must at a minimum include all essential information applicable to the assignment such as; (i) the required qualifications and experience of the consulting firms; (ii) short-listing criteria; and (iii) conflict of interest requirements.

32. The Grant Recipient must allow at least 7 (seven) days from the date of posting the advert, before commencing to prepare the short list.

**Shortlisting of Consultants or Service Providers**

33. The Grant Recipient is responsible for preparing the shortlist of consultants or service providers to be requested to submit proposals and thereby compete for the assignment. The shortlist is prepared based on the responses to the REOIs or SPNs previously published (paragraphs 7 and 8 above). There should be no restriction on the participation of consultants except for eligibility conditions.

34. Short lists shall comprise a minimum of three (3) firms and a maximum of six (6) firms with a wide geographic spread, with (i) no more than two firms from the same Member Country unless there are no other qualified firms identified to meet this requirement4; and (ii) there is at least one firm from the Recipient’s country in addition to another firm from an RMC, unless no qualified firms from such countries could be identified.

35. The short list may comprise entirely national consultants (firms registered or incorporated in the country), if the value of the assignment is less than UA 200,000 (US$ 300,000).

36. The Grant Recipient may also draw from the list of consultants or service providers already prequalified by the AFT for that purpose, which contains consultants or service providers with specific experience in executing AFT type assignments.

**Selection Methods**

37. **Introduction:** There are five methods for selecting Consulting Firms as Service Providers in line with best procurement practice, apart from direct consulting or SSS. For AFT operations these are grouped into two as follows:

- **Group A Selection Methods:** For relatively simple assignments, normally of value less than US$ 300,000 (UA 200,000) following (i) Consultants' Qualifications Selection (CQS); (ii) Least-Cost Selection (LCS); and (iii) Fixed-Budget Selection (FBS); and
- **Group B Selection Methods:** For relatively complex assignments as well as those with heavy downstream impact, normally of value greater than US $300,000 (UA 200,000), following; Quality-and Cost-Based Selection (QCBS), and Quality-Based Selection (QBS).

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1 To advertise on the Bank’s website the Grant Recipient must, at the same time that it is preparing to advertise internationally, simply send the advertisement, REOI or SPN to AFT, which will then forward it to the Procurement and Fiduciary Services Department for publication.

2 Under normal circumstances the minimum allowable period is 14 (fourteen) days.

3 To be eligible consulting firms must be registered and have the nationality of member country of the African Development Bank.

4 For the purpose of establishing a short list, the nationality of a firm is that of the country in which it is registered or incorporated, and, in the case of Joint Ventures, the nationality of its lead partner.
38. Group A selection methods are relatively simple methods, they are recommended for use by AFT Grant Recipients, and are defined and described in the sections following from here. Group B selection methods, on the other hand, are relatively complex, both in nature and in application and they are for complex and generally high value assignments. Since these will not be frequently used by AFT Grant Recipients, they are considered in Annex A.

39. **Group A Selection Methods**: For AFT Operations given the need to fast-track the acquisition process, CQS is recommended for assignments of value less than US$ 300,000 (UA 200,000). The modalities for use of Group A selection methods are described in the following sections and they must also be provided in the Procurement Plan.

40. **CQS**: CQS is usually used when:
   - Specialized expertise is required;
   - Recruitment time is critical (such as in the case of AFT operations);
   - Few consultants would be qualified for the assignment;
   - Because of special circumstances, the competitive preparation and evaluation of proposals is not justified; or
   - Assignment is relatively simple and of value less than US$ 300,000 (UA 200,000).

41. Using CQS can save time, because the competition is based on more detailed consultants’ or service provider’s qualifications submitted as a result of the REOI and not from the issue of requests for proposals (RFP). Normally, only one RFP, that of the winner, is requested and evaluated, which further saves time and expertise of the Grant Recipient, who may be relatively inexperienced in such matters.

42. Use of CQS is recommended for AFT operations of value less than US$ 300,000 (UA 200,000).

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**Box 4: When to Use CQS**

CQS may be used for:

- Brief evaluation studies;
- High-level and short-term legal assignments;
- Participation in expert panels to review projects;
- Advisory assignments that are highly specialized and narrow in scope;
- Assignments that require the best available qualifications;
- Assignments for NGOs;
- Simple safeguard studies such as the preparation of an environmental impact assessment or resettlement plan for a subproject; and
- Emergency relief assistance.

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43. **CQS Process**: Firms are usually considered from three main sources; (i) from the amplified expressions of interest (EOIs) submitted in response to a detailed advertisement (REOI/SPN); (ii) from the pre-qualified list of consultants already prepared by the AFT for that purpose; and (iii) from firms already known to the Grant Recipient.

44. Typically three top-ranked firms are identified, through evaluation and comparison of their qualifications. An RFP is prepared by the grant Recipient and sent to the first-ranked firm requesting it to submit a combined technical and financial proposal as a basis for negotiations. The technical proposal is usually based on biodata (CVs), and these are evaluated. If considered of sufficiently high quality, the firm is invited for negotiations. On the other hand, if this firm cannot submit an acceptable proposal, then the second-ranked firm is invited to

5 These will vary on a case-by-case basis but might include references from previous clients, a detailed indication of staff qualifications, and an indication of the continuity of senior management personnel in the firm.
submit a similar proposal. Negotiations may be carried out by e-mail. The normal contract used is lump sum.

45. **LCS**: LCS may be suitable for use if:
   - Contracts are of value less than US$ 200,000;
   - Services are standard, routine and technically straightforward;
   - Well-established practices and standards exist;
   - Outcomes are clearly defined;
   - There is a low risk of failure; or
   - Competing firms are expected to have different cost structures providing a possible cost saving to the Grant Recipient, through a price-competitive process.

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<th>Box 5: When to Use LCS</th>
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<tr>
<td>Assignments for which LCS may be appropriate include, for example, audits, simple surveys, engineering design and/or supervision of simple construction projects, and routine operation and maintenance work and inspection. Most LCS contracts will be on a lump sum basis.</td>
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46. **LCS Process**: LCS follows a process whereby:
   - REOIs are prepared and issued by the Grant Recipient, similar to FBS, QCBS and FBS;
   - Shortlists is prepared from the responses similar, to FBS, QCBS and FBS;
   - RFPs are prepared and issued to the shortlisted consultants or service providers, similar to FBS, QCBS and QBS;
   - Technical and financial proposals are prepared and submitted by consultants or service providers, in separate envelopes, similar to FBS, QCBS and QBS;
   - Technical proposals are opened and evaluated first, similar to FBS, QCBS and FBS;
   - Finally, firms scoring above the minimum specified technical pass mark in the RFP (typically 75 points or more) in the technical evaluation are highlighted, and their financial proposals are opened, in public. The firm with the lowest financial proposal is then selected for negotiations.

47. **FBS**: FBS may be appropriate when:
   - The outcome or impact of the consultancy is important enough to favour technical soundness over potential cost savings possible through full competition;
   - The TOR are detailed, specific, precise, and position based; and neither the AFT nor the Recipient will change them during implementation;
   - The experts’ inputs in person-months are adequate to complete the TOR and unlikely to need revising;
   - The budget is sufficient for all the requirements in the TOR; or
   - The funding available is fixed and cannot be exceeded.

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<th>Box 6: Examples of Assignments Suitable for FBS</th>
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<tr>
<td>Sector studies,</td>
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<td>Market studies, and surveys with limited scope;</td>
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<td>Field studies during project preparation;</td>
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<td>Prefeasibility studies and reviews of existing feasibility studies;</td>
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<td>Social, land acquisition, or environmental surveys;</td>
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<td>Reviews of technical designs and proposal documents; and</td>
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<td>Project benefit monitoring.</td>
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48. **FBS Process:** In the first place, for FBS the maximum possible contract amount must be stated in the RFP. FBS then follows similar process steps as LCS (paragraph 17) except in the financial evaluation. Firstly, technical and financial proposals are submitted by the shortlisted firms, in separate envelopes. An evaluation is first made of the technical proposals. Firms scoring less than the minimum pass mark specified in the RFP (typically 75 points out of 100) are considered technically nonresponsive, and are subsequently dropped from the evaluation.

49. **The financial proposals of firms that reached and exceeded the technical passmark are then opened, in public.** During the financial evaluation by the committee, any proposals exceeding the maximum contract amount (which has been specified in the data sheet in the RFP) are also rejected. The firm that had submitted the highest-ranking technical proposal among the remaining firms is then invited for negotiations.

50. Additionally, FBS may be more appropriate than other selection methods especially under grant funding, where the budget is fixed and difficult to adjust. FBS would allow, in such circumstances, a rigorous technical evaluation while ensuring that the financial proposals remain within budget. Where grants are involved, the budget may in any event be known, since grant information is often available through published public documents of the funding agency.

**Preparation, Issuance and Evaluation of RFPs**

51. Both the FBS and LCS selection methods, unlike the CQS, use Request for Proposals (RFPs). The main purpose of the RFP is to regulate the acquisition process and to provide consultants or service providers with more comprehensive information than is available in the REOIs, about:

- the project scope;
- its objectives;
- how proposals should be prepared and submitted;
- how proposals will be evaluated; and
- the draft contract.

52. The AFT CU has prepared standard or model RFPs for use by its Grant Recipients at two levels and these are available on the AFT’s Website:

- **Group A Selection Methods:** for FBS and LCS, the RFP must be used for assignments of value less than US$ 300,000 (UA 200,000).
- **Group B Selection Methods:** For those assignments between US$ 300,000 (UA 200,000) and US$ 1.0 million (UA 700,000) the RFP for QCBS and QBS must be used.

53. All the RFPs are structured in the same manner as indicated in Box 7.

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<th>Box 7: Essential Contents of RFPs</th>
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<tr>
<td>• Section 1 – An Letter of Invitation (LOI), which announces the intention of the Recipient to enter into contract for execution of the assignment, identifies the short-listed firms, states the source of funds, gives the details of the Recipient and the date, time and addresses for submission of proposals;</td>
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<td>• Section 2 – Instructions to Consultants (ITC), including detailed guidance on preparing and on submitting the technical and financial proposals, including the evaluation criteria; as well as the Proposals Data Sheet (PDS) with the specifics of the assignment;</td>
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<td>• Section 3 – Standard forms for preparation of technical proposals;</td>
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<td>• Section 4 – Standard forms for preparation of financial proposals;</td>
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<td>• Section 5 – List of the Bank’s Eligible Countries;</td>
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<td>• Section 6 – The Bank’s Requirements on Corrupt and Fraudulent Practices;</td>
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<tr>
<td>• Section 7 – Terms of Reference (TOR); and</td>
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</table>
Section 8 – Conditions of Contract and Contract Forms: The most common forms of contract include Lump Sum and Time-based contracts.

54. The RFPs must contain and describe the technical evaluation criteria and sub-criteria to be used to determine the highest-ranked technical proposal, along with their relative maximum scores. Normally such criteria shall include:

- Consultant’s relevant experience for the assignment;
- Quality of the methodology proposed;
- Qualifications of the key experts proposed;
- Transfer of knowledge, if required in the TOR; and
- Extent of the participation of nationals among key experts in the performance of the assignment.

55. The ranges of technical scores for the different criteria, acceptable under best practice principles are shown in Box 8. The RFP must also disclose the overall minimum technical pass mark below which a technical proposal will be rejected as nonresponsive. The indicative range for the overall minimum technical score is between 70 to 85 points on a scale of 1 to 100. The Grant Recipient must determine the maximum score for each criterion and the minimum overall technical score based on the nature and complexity of the specific assignment. The AFT will provide guidance where this is required.

56. Details of the evaluation criteria for the specific assignment must be provided in the RFP.

57. In this guidance note the general principles of receipt, opening and evaluation of consultants’ proposals are provided in Annex C.

**Box 8 Ranges of Technical Scores for Different Criteria**

The criteria shall be within the following indicative range of scores, but for each assignment, specific scores which shall be within these ranges, must be specified in the RFP:

- Consultant’s Specific Experience: 0 to 10
- Methodology: 20 to 50
- Key Experts: 30 to 60
- Transfer of Knowledge: 0 to 10
- Participation by National Experts: 0 to 10

Total: 100 points

Negotiations:

58. In the acquisition of Consulting Services, negotiations generally include discussions of the TOR, the methodology, Recipient's inputs, and special conditions of the contract. These discussions should not substantially alter the original scope of services under the TOR or the terms of the contract, lest the quality of the final product, its price, and the relevance of the initial evaluation be affected. The final TOR and the agreed methodology are incorporated in the “Description of Services” which forms part of the contract.

59. If the negotiations with the highest ranked consultant fail, the Grant Recipient will terminate the negotiations and invite the next ranked Consulting Firm for negotiations. The Bank’s no objection will first be required only in the case of prior review high contract value situations (contract amounts > US $ 500,000).
PROCURMENT FLOWCHART
SELECTION OF CONSULTING FIRMS

Preparation of Terms of Reference (TOR): Reviewed and approved with the Application

Direct Recruitment
Single Source Selection (SSS)

Competitive Selection through Shortlisting

Publication of Advertisement - Issue of SPN/REOIs

Receipt of EOIs and Evaluation of Firms Qualifications (CQS Method)

Receipt of EOIs and Shortlisting of Firms (FBS, LCS, QCBS, QBS)

Preparation and Issue of RFPs

Technical Ranking of Consulting Firms and Selection of Best Ranked

Contract Negotiations
(Under prior review only, Grant Recipient sends negotiated contract to AFT for no objection prior to signature)

Contract Signature and Commencement of Assignment

Grant Recipient forwards signed contract to AFT

Post Review for all Assignments
GROUP B SELECTION METHODS

Quality Cost-Based Selection (QCBS)

1. **Definition and Situations for Use**: QCBS combines quality and cost in a proposal for an assignment, by allowing an assessment mechanism for technical quality as well as a weighting mechanism for cost. In this way, QCBS provides efficiency and quality (qualifying firms must attain a minimum technical score) as well as economy (firms with lower priced proposals may still have an advantage). QCBS is considered suitable for recruiting consultants or service providers in most situations. QCBS, given its complex nature may be used for AFT assignments of value higher than US$ 300,000 (UA 200,000).

2. **The QCBS Process**: For QCBS consultants or service providers submit both a technical proposal and a financial proposal at the same time, but each is packaged in a different envelope (two-envelope system). The following procedure is followed

   - The technical proposals are opened first and evaluated against a maximum of 100 points, by a technical committee in private;
   - Any firm scoring less than a minimum pass mark specified in the RFP (typically 70 to 85 points) is considered technically nonresponsive, and is dropped from further evaluation;
   - The financial proposals of the remaining firms only, are then opened, in public, evaluated by a technical committee in private and ranked. The lowest proposal is allocated a financial score of 100, and the financial proposals of other firms are prorated and provided a score according to their value relative to the lowest proposal;
   - A final combined score is then calculated, based partly on the technical scores and partly on the financial scores. The ratio normally used is 80% for the technical score and 20% for the financial score, stated as “80:20”. The ratio may, at the discretion of the Grant Recipient and with concurrence of the AFT, be set at other values; such as 60:40 for audit assignments or 70:30 for simple feasibility activities.
   - The consultant or service provider with the highest combined score is called for negotiations.

3. For consulting assignments with a high level of complexity or impact, if quality is considered paramount and a ratio higher than 80:20 is considered justified, then QBS should typically be used.

Quality-Based Selection (QBS)

4. **Definition and Situations for Use**: Quality-based selection is the recruitment method that relies solely on technical quality in the selection of the consultant or service provider. This is because in certain cases, the Grant Recipient may consider that the importance of technical quality may be overriding, in an assignment, to the extent that it will be counterproductive to consider price factors in the selection process. Such situations include:

   - Assignments that are complex or highly specialized, making it difficult to define precise TOR and the required input from the consultants to demonstrate innovation in their proposals (for example, country economic or sector studies, multi-sector feasibility studies, design of a hazardous waste remediation plant or of an urban master plan, financial sector reforms);
   - Assignments where the downstream impact is so large that the quality of services is of overriding importance for the outcome of the project, since there may be a high negative impact or cost if the services fail (for example, feasibility and structural engineering design of such major infrastructure as large dams,
policy studies of national significance, management studies of large government agencies); and

- Assignments that can be carried out in substantially different ways such that financial proposals may be difficult to compare (for example, management advice, and sector and policy studies in which the value of the services depends on the quality of the analysis).

- When recruiting expertise from a United Nations (UN) Organization, NGO, or academic institute, because such organizations may have an undue cost advantage vis-à-vis commercial firms and—to present a more level field of competition—proposals based purely on technical criteria may be considered more appropriate than QCBS.

5. **QBS Process:** Under QBS either a single technical proposal envelope may be requested in the first stage or both technical and financial envelopes (two envelopes system) may be requested at the same time as in QCBS, FBS and LCS. Using the single envelope procedure, initially only technical proposals are submitted. After these are evaluated, the highest ranked firm is asked to submit a detailed financial proposal in the second stage. This is then subject to negotiation and, if unsuccessful, the next ranked firm is asked for a financial proposal. This process continues until a contract is successfully negotiated.

6. On the other hand, if the RFP requests consultants or service providers to provide financial proposals simultaneously together with the technical proposals (two envelop system), only the financial proposal of the firm selected through the technical evaluation is opened and evaluated as for QCBS. Those of the rest are returned unopened, after the negotiations are successfully concluded. In view of the need for lengthy and detailed negotiations and the greater possibility that negotiations will be unfruitful, QBS tends to be a longer process than QCBS.
ANNEX C

GENERAL PRINCIPLES OF RECEIPT, OPENING AND EVALUATION OF CONSULTANTS PROPOSALS

7. **Period for Preparation of Proposals:**

8. **Definition and General Principles:** The length of time allowed by the Grant Recipient, for shortlisted Service Providers or Consultants to prepare and submit their proposals normally depends on the type and complexity of assignment. In general the Grant Recipient should allow sufficient time as follows:

- **Group A Selection Methods:** for assignments of value less than US$ 300,000 (UA 200,000) using FBS, CQS, or LCS 2 weeks may be allowed.
- **Group B Selection Methods:** For those assignments of value between US$ 300,000 (UA 200,000) and US$ 1.0 million (UA 700,000) using QCBS and QBS and also complex FBS, the minimum time allowed should be 3 weeks; and
- **Group B Selection Methods:** For assignments of value greater than US$ 1.0 million (UA 700,000), using the MDB’s harmonized standard model (SRFP) the normal minimum of 4 weeks shall be allowed:

9. During the period of preparation of proposals, consulting firms or service providers may request clarifications about the information provided in the RFP. The Recipient must provide these clarifications in writing and best procurement practice principles will require that the Grant Recipient should then copy this response to all firms on the short list contained in the RFP.

10. Shortlisted consultants or service providers must submit technical and financial proposals at the same time and in order to safeguard the integrity of the process, and following the two-envelope procedure, these technical and financial proposals shall be submitted in separate sealed envelopes.

11. Grant Recipients may use electronic systems permitting consultants or service providers to submit proposals by electronic means, provided the AFT is satisfied with the adequacy of the system, including, inter alia, that the system is secure, maintains the integrity, confidentiality and authenticity of proposals submitted (possibly using an electronic password system), and also uses an electronic signature system or equivalent to keep consultants bound to their proposals.

12. **Opening of Technical Proposals:** It is best procurement practice for Grant Recipient to open all technical proposals received by the deadline for the submission of proposals, at the designated place stipulated in the RFP, irrespective of the number of proposals received by such deadline. Consultants service providers or their representatives may attend. The Grant Recipient must neither reject nor discuss the merits of any particular proposal at this stage. Any proposal received after the deadline shall be declared late and rejected and promptly returned unopened. The Grant Recipient must read aloud the names of the consultants that submitted proposals, the presence or absence of duly sealed financial envelopes, and any other information deemed appropriate. The financial proposals shall remain sealed and shall be deposited with a reputable public auditor or independent authority6 during the period of evaluation of technical proposals.

13. **Evaluation of Technical Proposals:** The evaluation of the proposals shall be carried out in two stages: first the technical quality, and then the cost. The Grant Recipient must constitute an Evaluation Committee (EC) comprising of at least 3 and not more than 7 sufficiently qualified specialists in the sector of the assignment with relevant competence (technical, finance, legal, as appropriate). Each EC member shall not be in a conflict of interest (COI).

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6 An independent entity shall have no direct or indirect interest or involvement with the assignment in question.
situation and shall certify to that effect before participating in the evaluation. Evaluators of the technical proposals shall not have access to the financial proposals until the technical evaluation, including any Bank reviews and no objection, is concluded. Financial proposals shall be opened only thereafter. The evaluation shall be carried out in full conformity with the provisions of the RFP.

14. Given the need for high quality services, the quality of the evaluation of technical proposals is paramount. The EC shall evaluate each technical proposal using only the criteria specified in the RFP.

15. The EC shall normally divide these criteria into sub-criteria. Each criterion shall then be scored on the basis of the weights assigned to respective sub-criteria. For example, sub-criteria under methodology might be innovation and level of detail. However, the number of sub-criteria should be kept to the essential. The Bank recommends against the use of exceedingly detailed lists of sub-criteria that may render the evaluation a mechanical exercise more than a professional assessment of the proposals. The weight given to experience can be relatively modest, since this criterion has already been taken into account when short-listing the consultant. More weight shall be given to the methodology in the case of more complex assignments (for example, multidisciplinary feasibility or management studies).

16. Only the key experts should be evaluated. Since they ultimately determine the quality of performance, more weight shall be assigned to this criterion if the proposed assignment is complex. The Recipient shall review the qualifications and experience of proposed key experts in their curricula vitae, which must be accurate, complete, and signed by an authorized official of the consulting firm and the individual proposed. The individuals shall be rated following three sub-criteria, as relevant to the task:
   • General qualifications: general education and training, length of experience, positions held, previous assignments as team expert, experience in developing countries, and so forth;
   • Adequacy for the assignment: education, training, and experience in the specific sector, field, subject, and so forth, relevant to the particular assignment; and
   • Experience in the region: knowledge of the local language, culture, administrative system, government organization, and so forth.

17. The EC shall evaluate each proposal on the basis of its responsiveness to the TOR. A proposal shall be considered unsuitable and shall be rejected at this stage if it fails to comply with important aspects described in the RFP. Any technical proposal containing any material financial information shall be declared nonresponsive.

18. The EC’s evaluation shall be individually conducted independently of each other, and without any external influence from any person or entity. A proposal shall be rejected if it fails to achieve the overall minimum technical score specified in the RFP. At the end of the evaluation process, the EC shall prepare a detailed Technical Evaluation Report (TER) The report shall:
   • Clearly state and substantiate the results of the evaluation;
   • Justify the total technical scores assigned to each proposal by describing the relative strengths and weaknesses of each proposal;
   • Address any large differences in the individual scores given to a proposal for the same criterion or sub-criterion by different TEC members; and
   • Contain the detailed evaluation sheets for each TEC member.

19. In the case of contracts subject to prior review, the TER shall be submitted to the Bank for its review and no objection. All records relating to the evaluation, such as individual score sheets shall be retained for future Bank review and audit purposes.
20. **Opening of Financial Proposals and Evaluation of Costs:** Upon completion of the technical evaluation (and for prior review cases after the Bank has issued its no objection), the Recipient notifies those consulting firms that have secured the minimum overall technical score of the date, time, and place set for opening the financial proposals. The financial proposals are opened in public, the presence of representatives of the consultants who choose to attend. The name of the consultant, the technical scores, including the break-down by criterion, and the offered total prices are all read aloud (and posted online when electronic submission of proposals is used). Minutes of the bid opening are kept in which all information announced are recorded.

21. The Grant Recipient then evaluates and compares the financial proposals in accordance with the following procedures:

   - Prices are converted to a single currency selected by the Recipient (local currency or fully convertible foreign currency) as stated in the RFP, 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 for similar transactions.

   - For a time-based contract, any arithmetical errors are corrected, and prices are adjusted if they fail to reflect all inputs that are included in the respective technical proposals.

   - For a lump-sum contract, the consultant is deemed to have included all prices in its financial proposal, so neither arithmetical corrections nor price adjustments are made, and the total price, net of taxes understood, included in the financial proposal are considered as the offered price.

22. For the purpose of evaluation, the offered prices shall exclude local identifiable indirect taxes on the contract and income tax payable to the country of the Recipient on the remuneration of services rendered in the country of the Recipient by non-resident experts and other personnel of the consultant. In exceptional circumstances, when indirect taxes cannot be fully identified by the Recipient when evaluating the financial offers, the Bank may agree that prices, for the purpose of evaluation only, include all taxes payable to the country of the Recipient. The offered total price shall include all consultants’ remuneration and other expenses such as travel, translation, report printing, or secretarial expenses.

23. **Combined Technical Quality and Cost Evaluation for QCBS:** For QCBS only, the proposal with the lowest offered total price may be given a financial score of 100 (one hundred) and other proposals given financial scores that are inversely proportional to their prices, as stated in the RFP. The total score is obtained by weighting the quality and cost scores and adding them. Except for the complex and high impact services, the weight for cost shall normally be 20 points out of the total score of 100. The weight for the “cost” is chosen, taking into account the complexity of the assignment and the relative importance of quality. The proposed weightings for quality and cost are specified in the RFP. The firm obtaining the highest total score shall be invited for negotiations.

24. **Financial Evaluation for QBS, FBS, CQS, LCS:** The particulars of the financial evaluation of QBS, FBS, CQS, LCS are all mentioned in the specific sections dealing with these specific methods of selection.

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7 The RFP must specify the source of the exchange rate to be used and the date of that exchange rate, provided that the date shall not be earlier than four weeks prior to the deadline for submission of proposals, nor later than the original date of expiration of the period of validity of the proposal.

8 All indirect taxes levied on the contract invoices, at National, State (or Provincial), and Municipal levels, such as sales tax, VAT, excise tax, and similar taxes and levies.
[The TOR must clearly state the relevant background, origin and nature of the Assignment; specify the scope and type of services to be performed by the consultant or service provider, and include timelines incorporating commencement and completion dates. The TOR must be comprehensive and include the schedules, quality standards, tasks and milestones/performance benchmarks that the consultant or service provider must meet in providing the services under the contract. The skills and experience required of the consultant in providing the services, the different tasks to be performed, the method and the expected outcome, and any reports or other forms of output to be delivered under the contract must be set out. On the other hand it must not be too detailed as it is the consultant or service provider that must provide the details. The TOR must have the following contents].

1. Background/origin, nature of the Assignment _______________________________
2. Goals and Objective(s) of the Assignment _______________________________
3. Scope of Services, Tasks (Components) and Expected Deliverables (Examples)
   3.1 Activities, Components and Tasks_______________________________
   3.2 Proposed Method of execution [indicate if downstream work is required]
   3.3 Expected deliverables
   3.3 Capacity building, if any, [indicate if training is a specific component of the assignment]
4. Team Composition and Qualification Requirements for the Key Experts (and any other requirements which will be used for evaluating the Key Experts)
5. Reporting Requirements and Time Schedule for Deliverables
   • The following should be listed at the minimum:
     o Format, frequency, and contents of reports;
     o Number of copies, and requirements to electronic submission (or on CD ROM). Final reports shall be delivered in CD ROM in addition to the specified number of hard copies;
     o Dates of submission;
     o Persons (indicate names, titles, submission address) to receive them; etc.
   • If no reports are to be submitted, state here "Not applicable."
   • If the Services consist of or include the supervision of civil works, the following action that require prior approval by the Client shall be added: “Taking any action under a civil works contract designating the Consultant as “Engineer”, for which action, pursuant to such civil works contract, the written approval of the Client as “Employer” is required.”
6. Client’s Input and Counterpart Personnel
   • Services, facilities and property to be made available to the Consultant by the Client: _______________________________ [list/specify]
   • Professional and support counterpart personnel to be assigned by the Client to the Consultant's team: _______________________________ [list/specify]
1. The [Name of the Grant Recipient] has received a Grant from the African Development Bank and intends to utilize part of this Grant towards the cost of the following Assignment: [insert the title of assignment].

2. The services to be provided under the Assignment include: [Insert a brief description of services to be provided including he organization and timing].

3. The [Name of the Grant Recipient] invites Consulting Firms to indicate their interest in providing the above-described services. Interested Firms shall provide information (documents, reference to similar services, experience in similar assignments, etc.) on their qualifications and experience demonstrating their ability to undertake this Assignment.

4. The eligibility criteria, the establishment of a short list and the selection procedure shall be in conformity with the African Development Bank's Procurement Policy for Bank Group Funded Operations, approved by the Bank’s Boards on 14 October 2015, and available on the Bank Website at http://www.afdb.org. Please, note that interest expressed by a Firm does not imply any obligation on the part of the Grant Recipient to include it in the shortlist.

5. The estimated duration of services is [indicate the duration in days or months] and the estimated starting date is [starting anticipated date of commencement of the assignment].

6. Interested Consulting Firms may obtain further information at the address below during official working hours: [insert office hours].

7. Expressions of interest must be received at the address below no later than [insert date] at [insert time] local time and specifically mentioning [insert title of assignment].

For the attention of: Mr./Mrs. ……
[Name of Grant Recipient]
[Geographical Address]
Zip Code: ……………………………
Town: …………………………………
Country: ………………………………
Tel: ……………………………………
Fax: ……………………………………
E-mail: ……………………………….
PROCUREMENT TOOLKIT ANNEX 3

STANDARD
REQUEST FOR PROPOSALS FOR CONSULTING FIRMS

The Standard Request for Proposals (RFPs) may be downloaded from:
http://services.afdb.org/en/section/orpf/page/acquisition-consulting-services-institutional-needs
MODEL CONTRACT
CONSULTING SERVICES CONTRACTS OF VALUE LES THAN
US$ 75,000 FOR FIRMS

[Name of Recipient]
[Address]

To: [Name of Consulting Firm that has won the Contract]
Address:

Subject: Provision of [specify such as studies, technical assistance, consulting, supervision] Services

1. The [Name of Grant Recipient] would like to sign this Contract for the provision of [specify such as studies, technical assistance, consulting, supervision] services ................................, in conformity with your technical and financial proposals [number] ..... of...........(date) attached herewith as Attachment A, for whose procurement you successfully competed and were successful.

CLAUSE 1 - CONTENT AND PROGRESS OF THE ASSIGNMENT

2. The study and its progress will be in accordance with the Terms of Reference (TOR) attached to this Contract as Attachment B.

CLAUSE 2 - AMOUNT OF THE CONTRACT

3. The amount of the Contract [for rate per day and number of days] is fixed at ........... [currency units] and is not subject to revision (Attachment C).

CLAUSE 3 - TIME LIMIT AND SUBMISSION OF REPORTS

4. The time limit for the completion of the services is scheduled for ..........(days, weeks or months) from the date of the signature of this Contract by the Consulting Firm and the Grant Recipient. This counter signing should take place in the maximum time limit of 14 days from the date of signing of this order/contract.

5. You will submit an edited Inception as well as Interim Report each in 5 copies, as detailed in the TOR to the [name of Grant Recipient] at the end of the field work. It is agreed that the [name of Grant Recipient] will be allowed a maximum of 14 days for the review of this Inception or Interim Report. After that time limit, the Inception or Interim report may be considered as final.

6. Five (5) copies of the Draft Final Report as well as the Final Edited Reports, as required by the TOR, will be submitted to the [name of Grant Recipient] after its review of the Inception or Interim Report, in line with the timelines set in the TOR. At the same time, one copy will be submitted to the AFT Coordination Unit of the African Development Bank for information.

CLAUSE 4 - LIQUADFTED DAMAGES

7. In case of delay beyond the period specified in the Contract, you [name of Consulting Firm] will be subject to a penalty of 1/1000 of the price of the studies per calendar day of delay. However, the ceiling of these penalties is 10% of the total amount of the contract.

8. In case the 10% ceiling is exceeded, the [name of Grant Recipient] reserves the right to terminate this order/contract.
CLAUSE 9 - SCHEDULE OF PAYMENT

9. The amounts which are due will be paid in the following manner:

   ___% at the countersigning of this letter of order, for advance payment [the amount of this advance should in no circumstance exceed 15% of the total amount] and will be subject to submission of an Advance Payment Guarantee covering the whole amount.

   ___% of the amount of the invoice upon receipt and acceptance of the Inception Report

   ___% of the amount of the invoice upon receipt and acceptance of the Interim Report

   ___% of the amount of the invoice upon receipt and acceptance of the Draft Final Report

   20% of the amount of the invoice upon receipt and acceptance of the Final Report subject to a maximum of 100% of the total payment due.

CLAUSE 10 - REVIEW AND APPROVAL OF THE CONTRACT

10. This document will become effective only after it has been signed by both parties and reviewed and approved by the Agriculture Fast Track Fund of the African Development Bank.

Place ……………………………………… Date: ………………………………………

Signed: …………………………………………………………………………………
[Grant Recipient]

Read and accepted:

For the Consulting Firm
Place ……………………………………… Date: ………………………………………

Signature………………………………………………………………………………

(Consulting Firm)……………………………………………………………………
(Printed name of Authorized Signatory representing the Consulting Firm)

For the Grant Recipient
Place ……………………………………… Date: ………………………………………

Signature(s):…………………………………………………………………………

(Authorized Signatory Representing the Grant Recipient)
…………………………………………………………………………
Printed name(s)