

**APPENDIX 7**  
**CHAPTER II**  
**QUALITY-AND COST-BASED SELECTION (QCBS)**

**The Selection Process**

**2.1** Quality and Cost Based Selection uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. Cost as a factor of selection shall be used judiciously. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment

**2.2** The selection process shall include the following steps:

- a. preparation of the Terms of Reference;
- b. preparation of cost estimate;
- c. advertising/ preparation of the short list of consultants;
- d. preparation and issuance of the Request for Proposal [which should include: the Letter of Invitation; Instructions to Consultants; the Terms of Reference and the draft Contract];
- e. receipt of proposals;
- f. public opening of technical proposal;
- g. evaluation of technical proposals; consideration of quality;
- h. public opening of financial proposals;
- i. evaluation of financial proposal;
- j. Final evaluation of quality and cost; and
- k. award of the contract to the selected firm

**Terms of Reference (TOR)**

**2.3** The Procuring Entity shall be responsible for preparing the TOR for the assignment. The Procuring Entity shall ensure that the scope of the services described in the Terms of Reference shall be compatible with the available budget.

**2.4** The Terms of Reference shall define clearly the objectives, goals, activities, tasks to be performed, and scope of the assignment and provide background information (including a list of existing relevant studies and basic data) to facilitate the consultants' preparation of their proposals. If transfer of knowledge or training is an objective, it should be specifically outlined along with details of

number of staff to be trained, and so forth, to enable consultants to estimate the required resources. The Terms of Reference shall list the services and surveys necessary to carry out the assignment and the expected outputs (for example, reports, data, maps, surveys).

2.5 The Procuring Entity's and the Consultants' respective responsibilities should be clearly defined in the Terms of Reference.

#### **Cost Estimate (Budget)**

2.6 Preparation of a well-thought-through cost estimate is essential if realistic budgetary resources are to be earmarked. The cost estimate shall be based on the Procuring Entity's assessment of the resources needed to carry out the assignment: staff time, logistical support, and physical inputs (for example, vehicles, field visits etc.). Costs shall be divided into two broad categories: (a) fee or remuneration (according to the type of contract used) and (b) reimbursables.

#### **Advertising**

2.7 Where the estimated cost of consulting services is above Rs 5 Lakh, the Procuring Entity shall adopt Open Competitive Bidding for inviting bids. The advertisement of the bidding under this method shall be published on the State Public Procurement Portal, on Departmental website and indicative publication in newspaper, or any other method notified by the State Government from time to time.

#### **Short List of Consultants**

2.8 The Procuring Entity shall be responsible for preparation of the short list. The Procuring Entity shall give first consideration to those firms expressing interest that possess the relevant experience and qualifications. Short lists shall comprise a minimum of six firms with suitable experience and qualifications. The Procuring Entity may, with the approval of its Administrative Secretary, prepare a short list comprising a smaller number of firms in special circumstances, for example, when only a few qualified firms have expressed interest for the specific assignment or when the size of the contract does not justify wider competition. Firms that expressed interest, shall be provided the final short list of firms.

2.9 The short list should preferably comprise consultants of the same category, similar capacity, and business objectives.

Consequently, the short list should normally be composed of firms of similar experience or of not-for-profit organizations (NGOs, Universities, Research institutions, etc.) acting in the same field or expertise. If mixing is used, the selection should be made using Quality-Based Selection (QBS) or Selection Based on the Consultants' Qualification (CQS) (for small assignments). The short list shall not include Individual Consultants.

**Preparation and Issuance of the Request for Proposals (RFP)**

**2.10** Procuring entity may also, as an alternative, invite consultants to propose through issuance of direct Request for Proposal (RFP) without shortlist or issuing a Request for Proposal to shortlisted firms by inviting Expression of Interest (EOI) depending on the value of the assignment and as may be approved by the competent authority in the procurement plan.

**2.11** The RFP shall include (a) a Letter of Invitation (b) Information to Consultants (c) The TOR and a draft Contract. The Procuring Entity may use an electronic system to distribute the RFP, provided that the receipt of the same is acknowledged by all short-listed firms. If the RFP is distributed electronically, the electronic system shall be secured to avoid modifications to the RFP and shall not restrict the access of short-listed consultants to the RFP.

**Letter of Invitation (LOI)**

**2.12** The Letter of Invitation shall state the intention of the Procuring Entity to enter into a contract for the provision of consulting services, the details of the Procuring entity and the date, time, and address for submission of proposals.

**Instructions to Consultants (ITC)**

**2.13** The Instructions to Consultants shall contain all necessary information that would help consultants prepare responsive proposals and shall bring as much transparency as possible to the selection procedure by providing information on the evaluation process and by indicating the evaluation criteria and factors and their respective weights and the minimum passing quality score. The Instructions to

Consultants shall indicate an estimate of the level of key staff inputs (in staff time) required of the consultants or the total budget, but not both. Consultants, however, shall be free to prepare their own estimates of staff time to carry out the assignment and to offer the corresponding cost in their proposals. The Instructions to Consultants shall specify the proposal validity period, which should be adequate for the evaluation of proposals decision on award and finalization of contract.

**2.14** It shall also indicate whether a Full Technical Proposal (FTP) or a Simplified Technical Proposal (STP) is required to be submitted. The details of FTP or STP is as follows:

**A. Full Technical Proposal (FTP)**

- a. Full Technical Proposal is appropriate when the cost of Contract is more than the threshold monetary limit to be notified by Directorate of Procurement Policy and Enforcement (DPPE) from time to time;
- b. Full Technical Proposal format should include:
  - i. Legal Status of the Firm - Introduction to the firm and associate firm(s) background; registrations and operations;
  - ii. Experience of the Firms - Description of completed projects illustrating firm and associate(s) firm's relevant experience;
  - iii. Comments on Terms of Reference - Concise and to the point as a separate section;
  - iv. General Approach and Methodology, Work Plan - Detailed description including charts and diagrams;
  - v. Personnel's CVs - Detailed CV (preferably provide CV Format) of all proposed Consultants; and
  - vi. Personnel Deployment Schedule - Required (preferably provide Personnel Deployment Schedule Format).

**B. Simplified Technical Proposal (STP)**

- a. Simplified Technical Proposal is appropriate when the cost of Contract is equal to or less than the threshold

monetary limit to be notified by Directorate of Procurement Policy and Enforcement from time to time;

- b. Simplified Technical Proposal format should include:
  - i. Legal Status of the Firm - Introduction to the firm and associate firm(s) background; registrations and operations;
  - ii. General Approach and Methodology, Work Plan – Brief description including charts and diagrams;
  - iii. Personnel's CVs - Detailed CV (preferably provide CV Format) of all proposed Consultants; and
  - iv. Personnel Deployment Schedule - Required (preferably provide Personnel Deployment Schedule Format)

**2.15** The Procuring Entity should assess which type of Proposal Format should be used based on its appropriateness vis-a-vis the scope-of-work and nature of assignment.

**2.16** Forms for Technical and Financial Proposals - this chapter includes the forms for Full Technical Proposal and Simplified Technical Proposal that are to be completed by the shortlisted consultants and submitted in accordance with the requirements indicated therein.

**2.17** A detailed list of the information that should be included in the Instructions to Consultants is provided in Chapter VA.

**2.18** Terms of Reference (ToR) – Terms of Reference is the most important component of RFP and has been dealt separately in detail at Para 2.3 to 2.5 of these guidelines.

**2.19** The timeframe for various activities in the process of procurement of Consulting Services following Quality and Cost Based Selection Method shall be as per Appendix-2 appended to these Rules.

#### **Contract**

**2.20** Standard Forms of Contract - this section shall include the type of standard contract form which normally shall be either a Time-

Based Contract' or a 'Lump-Sum Contract'. It will include General Conditions of Contract ("GCC") and Special Conditions of Contract ("SCC"). The Special Conditions of Contract include clauses specific to each contract to supplement the General Conditions.

2.21 Chapter IV of these Guidelines briefly discusses the most common types of contracts. Procuring Entity shall use the appropriate contract that fits the requirements of the assignment.

#### **Receipt of Proposals**

2.22 The Procuring Entity shall allow enough time for the consultants to prepare their proposals. The time allowed shall depend on the assignment, but normally shall not be less than two weeks or more than three months (for example, for assignments requiring establishment of a sophisticated methodology, preparation of a multidisciplinary master plan). During this interval, the firms may request clarifications about the information provided in the Request for Proposal. The Procuring Entity shall provide these clarifications in writing and copy them to all firms on the short list (who intend to submit proposals).

2.23 Procuring Entity may fix a pre-proposal conference to clarify the queries. The proceedings of such pre-proposal conference shall be sent to all the firms on the short-list. If necessary, the Procuring Entity may extend the deadline for submission of proposals. The technical and financial proposals shall be submitted at the same time. No amendments to the technical or financial proposal shall be accepted after the deadline. To safeguard the integrity of the process, the technical and financial proposals shall be submitted in separate sealed envelopes.

2.24 The technical envelopes shall be publicly opened immediately by a committee of officials drawn from the relevant Departments (technical, finance, as appropriate), after the closing time for submission of proposals. The financial proposals shall remain sealed and shall remain so till opened publicly. Any proposal received after the closing time for submission of proposals shall be returned unopened. Procuring Entity shall use e-Procurement portal where the estimated cost of the consulting service is above Rs. 25 Lakh.

#### **Evaluation of Proposals: Consideration of Quality and Cost**

2.25 The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost. Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation is concluded. Financial proposals shall be opened only thereafter. The evaluation shall be carried out in full conformity with the provisions of the Request for Proposal.

#### **Evaluation of the Quality**

2.26 The Procuring Entity through a separate Evaluation Committee shall evaluate each technical proposal taking into account several criteria: (a) the consultant's relevant experience for the assignment, (b) the quality of the methodology proposed, (c) the qualifications of the key staff proposed, and (d) transfer of knowledge, if required in the Terms of Reference. Each criterion shall be marked on a scale of 1 to 100. Then the marks shall be weighted to become scores. The following weights are indicative. The actual percentage figures to be used shall fit the specific assignment and shall be within the ranges indicated below. The proposed weights shall be disclosed in the RFP.

##### Consultant's specific

Experience	:	0 to 10 points
Methodology	:	20 to 50 points
Key personnel	:	30 to 60 points
Transfer of Knowledge <sup>1/Total</sup>	:	0 to 10 points
Total	:	100 points

2.27 The Procuring Entity shall normally divide these criteria into 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 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 of management studies).

2.28 Evaluation of only the key personnel is recommended. Since key personnel ultimately determine the quality of performance, more weight shall be assigned to this criterion if the proposed assignment is

<sup>1</sup>Transfer of Knowledge may be the main objective of some assignments: in such cases, it shall be indicated in the TOR and only with prior approval of the State Level Committee (SLC) may be given a higher weight to reflect its importance.

complex. The Procuring Entity shall review the qualifications and experience of proposed key personnel 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 in the following three sub criteria, as relevant to the task:

- a. General qualifications: general education and training, length of experience, positions held, time with the consulting firm as staff, and so forth;
- b. Adequacy for the assignment: education, training, and experience in the specific sector, field, subject, and so forth, relevant to the particular assignment; and
- c. Experience in the region: knowledge of the local language, culture, administrative systems, and so forth.

**2.29** The Procuring Entity shall evaluate each proposal on the basis of its responsiveness to the Terms of Reference. A proposal shall be considered unsuitable and shall be rejected at this stage if it does not respond to important aspects of the Terms of Reference or it fails to achieve a minimum technical score specified in the Request for Proposal.

**2.30** At the end of the process, the Procuring Entity shall prepare a Technical Evaluation Report of the "Quality" of the proposals. The report shall substantiate the results of the evaluation and describe the relative strengths and weaknesses of the proposals. All records relating to the evaluation, such as individual mark sheets, shall be retained until completion of the assignment and its audit.

#### **Evaluation of Cost**

**2.31** After the evaluation of quality is completed, the Procuring Entity shall inform the consultants who have submitted proposals, the technical points assigned to each consultant and shall notify those consultants whose proposals did not meet the minimum qualifying mark or were considered nonresponsive to the Request for Proposal and Terms of Reference that their financial proposals will be returned unopened after the signing of the contract.

**2.32** The Procuring Entity shall simultaneously notify the consultants that have secured the minimum qualifying mark, the date, time, and place set for opening the financial proposals. The opening

date shall be fixed allowing sufficient time for consultants to make arrangements to attend the opening of the financial proposals.

**2.33** The financial proposals shall be opened publicly in the presence of representatives of the consultants who choose to attend. The name of the consultant, the technical points and the proposed prices shall be read aloud (and posted online when electronic submission of proposals is used) and recorded when the financial proposals are opened. The Procuring Entity shall also prepare the minutes of the public opening and a copy of record.

**2.34** The Procuring Entity shall then review the financial proposals. If there are any arithmetical errors, they shall be corrected. For the purpose of evaluation, "cost" shall include all consultants' remuneration and other expenses such as travel, translation, report printing, or secretarial expenses. The proposal with the lowest cost may be given a financial score of 100 and other proposals given financial scores that are inversely proportional to their prices. Alternatively, a directly proportional or other methodology may be used in allocating the marks for the cost. The methodology to be used shall be described in the Request for Proposal.

#### **Combined Quality and Cost Evaluation**

**2.35** The total score shall be obtained by weighting the quality and cost scores and adding them. The Weight for the "cost" shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. Except for the type of services specified in chapter III, the weight for cost shall normally be 20 points out of a total score of 100. The proposed weightings for quality and cost shall be specified in the RFP. The firm obtaining the highest total score shall be awarded the contract.

#### **Award of contract**

**2.36** Discussions may be held with the consultant on the Terms of Reference, the methodology, staffing, Procuring Entity's inputs, and special conditions of the contract. These discussions shall not substantially alter the original Terms of Reference or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. No reductions in work inputs should not be made solely to meet the budget, therefore, the Procuring Entity shall ensure adequate budgetary provision before

finalizing the Terms of Reference. The final Terms of Reference and the agreed methodology shall be incorporated in "Description of Services" which shall form part of the contract.

**2.37** The selected firm should not be allowed to substitute key staff, unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment.<sup>2</sup> If this is not the case and if it is established that key staff were included in the proposal without conforming their availability, the firm may be disqualified, and the process continued with the next ranked firm. The key staff proposed for substitution shall have qualifications equal to or better than the key staff initially proposed.

**2.38** As lump-Sum Contracts payments are based on delivery of outputs (or products), the offered price shall include all costs (staff time, overhead, travel, hotel, etc.). In the case of Time-based Contracts, payment is based on inputs (staff time and reimbursable) and the offered prices shall include staff rates and an estimation of the amount of reimbursable. Reimbursable are to be paid on actual expenses incurred at cost upon presentation of receipts. However, if the Procuring Entity wants to define ceilings for unit prices of certain reimbursable (like travel or hotel rates), the Procuring Entity should indicate the maximum levels of those rates in the RFP or define a per diem in the RFP. After the acceptance of the contract, the Procuring Entity shall promptly notify other firms on the short list that they were unsuccessful.

#### **Publication of the Award of Contract**

**2.39** The information of the award of contract shall be communicated to all participating Consultants and published on the State Public Procurement Portal in accordance with the provisions of sub-section (3) of section 42 of the Act. It shall consist of the following information: (a) the names of all consultants who submitted proposals; (b) the technical points assigned to each consultant; (c) the evaluated prices of each consultant; (d) the final point ranking of the consultants; (e) the name of the winning consultant and the price,

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<sup>2</sup> Define realistic proposal validity periods in the RFP and carrying out an efficient evaluation minimizes the risk.

duration, and summary scope of the contract. The same information shall be sent to the consultants who have submitted proposals.

#### **Rejection of All Proposals and Re-invitation**

**2.40** The Procuring Entity will be justified in rejecting all proposals only if all proposals are nonresponsive because they present major deficiencies in complying with the Terms of Reference or if they involve costs substantially higher than the original estimate. In the latter case, the feasibility of increasing the budget, or scaling down the scope of services should be investigated.

#### **Confidentiality**

**2.41** Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the consultants who submitted the proposals or to other persons not officially concerned with the process, until the publication of the award of contract, except as provided in Para "Evaluation of Cost" and Para "Publication of the Award of Contract" of these guidelines.

#### **Indemnification of Damages**

**2.42** The consultant will indemnify for any direct loss or damages accrue due to deficiency in services in carrying out Preparation of Detailed Project Report (DPR). Damages shall be imposed on the consultants for poor performance/deficiency in service as expected from the consultant and as stated in the Terms of Reference.

#### **Blacklisting and Debarment**

**2.43** The Procuring Entity may take appropriate action under section 26 and section 56 of Act and as per rule 19 of these Rules in cases where Blacklisting and debarment proceedings, are required to be initiated against the Consultant.

### **APPENDIX 7**

#### **CHAPTER III**

#### **OTHER METHODS OF SELECTION**

##### **General**

**1.1** This chapter describes the selection methods other than Quality and Cost Based Selection, and the circumstances under which they

shall be resorted to. All the relevant<sup>1</sup> provisions of chapter II (Quality and Cost Based Selection) shall also apply with respect to other methodologies of selection wherever competitive selection of Consultant is undertaken.

**Quality Based Selection (QBS):**

**1.2** Quality Based Selection is appropriate for the following types of assignments:

- (a) Complex or highly specialized assignment for which it is difficult to define precise Terms of Reference and the required input from the consultant and for which the consultants are expected to demonstrate innovation in their proposals (for example, multi sectoral feasibility studies, design of a hazardous waste remediation plant or of an urban master plan, financial sector reforms etc.);
- (b) Assignments that have a high downstream impact and in which the objective is to have the best Consultant (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
- (c) Assignment that can be carried out in substantially different ways, such that proposals will not be comparable (for example, management advice, and sector and policy studies in which the value of the services depends on the quality of the analysis).

**1.3** In Quality Based Selection, the Request for Proposal may request submission of a technical proposal only (without the financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). The Request for Proposal shall provide either the estimated budget or the estimated number of key staff time, specifying that this information is indicative only and that the consultant shall be free to propose their own estimates.

**1.4** If technical proposals alone are invited, after evaluating the technical proposals using the same methodology as in Quality and

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<sup>1</sup>All provisions of Section II shall be applied with the modifications and suppressions required by the method for selecting consultants used in the specific case. Advertisement for expression of interest is not required when single-source selection is used.

Cost Based Selection, the Procuring Entity shall ask the consultant with the highest ranked technical proposal to submit a detailed financial proposal.

**1.5** The Procuring Entity and the Consultant shall then negotiate the financial proposal<sup>4</sup> and the contract. All other aspects of the selection process shall be identical to those of Quality and Cost Based Selection, including the publication of the award of Contract as described in paragraph 2.39 except that only the price of the winning firm is published.

**1.6** If Consultants have been requested to provide financial proposals initially together with the technical proposals, safeguard shall be built in as in Quality and Cost Based Selection to ensure that the price proposal of only the selected firm is opened and the price proposal of the rest of the unselected firms are returned unopened, after the negotiations with the selected Consultant have been successfully concluded.

**Selection under a Fixed Budget (FBS)**

**1.7** This method is appropriate only when the assignment is simple and can be precisely defined and where the budget is fixed.

**1.8** The Request for Proposal shall indicate the available budget and request the consultant to provide their best technical and financial proposals in separate envelopes, within the budget.

**1.9** The Terms of Reference should be particularly well prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks.

**1.10** Evaluation of all technical proposals shall be carried out first as in the Quality and Cost Based Selection method. Then the price proposals shall be opened in public, and prices shall be read out aloud.

**1.11** Proposals that exceed the indicated budget shall be rejected.

**1.12** The consultant who has submitted the highest ranked technical proposal among the rest shall be selected.

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<sup>4</sup>Financial negotiations under QBS includes negotiation of all consultant's remuneration and other expenses.

**Least-Cost Selection (LCS)**

1.13 This method is appropriate for selecting consultants for assignments of a standard or routine nature (example: audits, engineering design of noncomplex works, and so forth) where well-established practices and standards exist.

1.14 Under this method, a "minimum" qualifying mark for the "quality" is established so that all the proposals above the minimum qualifying marks shall compete only on "cost". Proposals, to be submitted in two envelopes, are invited from a short list.

1.15 Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying marks<sup>5</sup> (i.e. for this method, the minimum qualifying marks shall be 70 points or higher and the same shall be clearly mentioned in the RFP) are rejected and the financial proposals of the rest are opened in public and read aloud.

1.16 The firm with the lowest price shall then be selected.

**Selection Based on the Consultants' Qualifications (CQS)**

1.17 This method may be used for relatively simple and small assignments (below the threshold to be notified by Directorate of Procurement Policy and Enforcement from time to time) for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the Procuring Entity shall prepare the Terms of Reference, request expressions of interest and information on the consultants' experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected Consultant shall be asked to submit a combined technical-financial proposal. However, the Procuring Entity shall not split the assignment in any manner for resorting to such methodology.

1.18 The Procuring Entity shall publish on its website and that of the Government of Punjab, the name of the Consultant, to which the contract has been awarded, and the price, duration, and scope of the contract.

**Single-Source Selection (SSS)**

<sup>5</sup>This method shall not be used as a substitute for QCBS and shall be used only for the specific cases of very standard and routine technical nature where the intellectual component is minor.

*(Refer to section 30 of the Act and Rule 23 of these Rules)*

**1.19** Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection and could encourage unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases. The justification for single-source selection shall be examined in the context of the overall interests of the Government and the project, and the Procuring Entity's responsibility to ensure economy and efficiency and provide equal opportunity to all qualified consultants.

**1.20** Single-source selection may be appropriate only if it presents a clear advantage over competition: (a) for tasks that represent a natural continuation of previous work carried out by the firm (see next paragraph), (b) in emergency cases, such as in response to disasters and for consulting services required during the period of time immediately following the emergency, (c) for very small assignments, or (d) when only one firm is qualified or has experience of exceptional worth for the assignment.

**1.21** When continuity of downstream work is essential, the initial Request for Proposal shall outline this prospect, and, if practical, the factors used for the selection for the consultant shall 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 Procuring Entity shall ask the initially selected consultant to prepare technical and financial proposals on the basis of Terms of Reference furnished by the Procuring Entity, which shall then be negotiated.

**1.22** If the initial assignment was not awarded on a competitive basis or was awarded under tied financing or if the downstream assignment is substantially larger in value, a competitive process shall normally be followed in which the consultant carrying out the initial work is not excluded from consideration if it expresses interest. However, the Procuring Entity shall ensure that there is no conflict of interest as laid in Para 1.15 of these Guidelines and clause (h) of rule 2 of these Rules.

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**1.23** The Procuring Entity shall publish on its website and that of the Govt. of Punjab the name of the consultant to which the contract has been awarded and the price, duration, and scope of the contract.

**Selection of Particular types of Consultants**

**1.24 Selection of UN Agencies as Consultants:** UN agencies may be hired as the consultants, where they are qualified to provide technical assistance and advice in their area of expertise. However, they shall not receive any preferential treatment in a competitive selection process, except that Procuring Entity may accept the privileges and immunities granted to UN agencies and their staff under existing international conventions and may agree with UN agencies on special payment arrangements required according to the agency's charter, with the prior approval of the State Level Committee (SLC). To neutralize the privileges of UN Agencies, as well as other advantages such as tax exemption and facilities, and special payment provisions, the QBS method shall be used. UN agencies may be hired on a single-source selection basis if the criteria outlined in para on Single Source Selection of these Guidelines are fulfilled.

**1.25 Use of Non-Governmental Organizations (NGOs):** NGOs are voluntary non-profit organizations that may be uniquely qualified to assist in the preparation, management and implementation of projects, essentially because of their involvement and knowledge of local issues, community needs and/or participatory approaches. NGOs may be included in the short list if they express interest and provided that the Procuring Entity is satisfied with their qualifications. Procuring Entity should preferably not include consulting firms in the short list for services for which NGOs are better qualified. For assignments that emphasize participation and considerable local knowledge, the short list may comprise entirely NGOs. If so, the QCBS procedure shall be followed, and the evaluation criteria shall reflect the unique qualifications of NGOs, such as voluntarism, non-profit status, local knowledge, scale of operation and reputation. Procuring Entity may select the NGO on a single-source basis, provided the criteria outlined in Para 3.19 to 3.23 above on Single Source Selection of these Guidelines are fulfilled.

**1.26 Procurement Agent (PAs):** When a Procuring Entity lacks the necessary organization, resources, or experience, it may be efficient

and effective for it to employ, as its agent, a firm that specializes in handling procurement. When PAs are specifically used as "agents" handling the procurement of specific items and generally working from their own offices, they are usually paid a percentage of the value of the procurements handled, or a combination of such a percentage and a fixed fee. In such cases PAs shall be selected using QCBS procedures with cost being given a weight up to 50 percent. However, when PAs provide only advisory services for procurement or act as "agent" for a whole project in a specific office for such project they are usually paid on a time basis, and in such cases, they shall be selected following the appropriate procedure for other consulting assignments using QCBS procedures and time-based contract, specified in these guidelines.

**1.27 *Inspection Agents:*** Procuring Entity may wish to employ inspection agencies to inspect and certify goods prior to shipment or on arrival. The inspection by such agencies usually covers the quality and quantity of the goods concerned and reasonableness of price. Inspection agencies shall be selected using QCBS procedures giving cost a weight up to 50 percent and using a contract format with payments basis on a percentage of the value of goods inspected and certified as per the laid out, well defined criteria of inspection and certification of such goods.

**1.28 *Financial Institutions:*** Investment and Commercial banks, financial firms, and fund managers hired by Procuring Entity for the sale of assets, issuance of financial instruments, and other corporate financial transactions, notably in the context of privatization operations, shall be selected under QCBS. The Request for Proposal shall specify selection criteria relevant to the activity—for example, experience in similar assignments or network of potential purchasers—and the cost of the services. In addition to the conventional remuneration (called a "retainer fee"), the compensation includes a "success fee", this fee can be fixed, but is usually expressed as a percentage of the value of the assets or other financial instruments to be sold. The Request for Proposal shall indicate that the cost evaluation will take into account the success fee, either in combination with the retainer fee or alone. If alone, a standard retainer fee shall be prescribed for all short-listed consultants and indicated in the Request for Proposal, and the financial scores shall be based on the success fee. For the combined evaluation (notably for

large contracts), cost may be accorded a weight higher than recommended in paragraph 2.34 or the selections may be based on cost alone among those who secure a minimum passing marks for the quality of the proposal. The Request for Proposal shall specify clearly how proposals will be presented and how they will be compared.

**1.29** However, the Request for Proposal shall specify that "success fee" is payable to the Consultant only after the success of the assignment (example: sale of asset or other financial instruments) and to the proportion of success (example: book value of the assets sold in comparison to the total book value of the assets as assessed in the Request for Proposal).

**1.30** *Auditors:* Auditors typically carry out auditing tasks under well-defined TOR and professional standards. They shall be selected according to QCBS, with cost as a substantial selection factor (40-50 points) or by the "Least-Cost Selection" outlined in these Guidelines. For very small assignments CQS may be used.

## APPENDIX 7

### CHAPTER IV

#### SELECTION OF INDIVIDUAL CONSULTANTS

**1.31** The services of the Consultants-either as individuals or hired through a Human Resources Agency should be obtained through a competitive process that is transparent and follows the principles established by the Act and these Rules.

**1.32** The individual Consultants maybe based on critical appraisal of their experience, expertise and performance in circumstances similar to that of the Procuring Entity of Government of Punjab. For a quicker and easier method of remunerating the individual Consultants, the following fee structure could be adopted, subject however, to the Procuring Entity negotiating a rate lower than indicated below. However the rates below shall not be applicable when an individual consultant/expert is proposed as part of a firm that has been selected competitively:

Level	Qualification Criteria	Daily Fee Rate (in INR)	Monthly Fee Rate (in INR)
Senior Level Consultants	Professionals with high level of specialization and experience Education: Masters/Doctorate in the required discipline and from an eminent institution Essential Experience: More than 12 years at the top management level Required Experience: 6-8 years of Consultancy exposure to projects of high value and impact.	6,000-8000	1,50,000-2,00,000
Middle Level Consultants	Professional with middle level experience in relevant sector/function. Education: Graduate/Post-Graduate in the required discipline from reputed (National/State) institutions Essential Experience: 6 to 12 years at middle management level Required Experience: 3-4 years of Independent Consultancy experience.	3,000-6,000	75,000-1,50,000
Junior Professional *	Professional with experience in relevant sector/function Education: Graduate/Post-Graduate of required discipline from reputed (National/State) institutions Experience 3 to 5 years at entry management level	1,800-3,000	45,000-75,000
Fellowship	Professional with entry level sector/function. Education: Graduate/Post-Graduate of required discipline Experience: 1 to 2 years at entry management level from reputed (National/State) institutions.	1,500-1,800	35,000-45,000
Specialized Consultants	Professional with exceptional expertise in the required sector / function Education: Minimum Post-Graduate in the required discipline from reputed (State/National/ International institution) Experience 15 years or more in the required field of specialty	9,500-20,000	2,00,000-5,00,000(To be referred to the State Level Committee)

1.33 The Daily/Monthly fee recommended for consultants is lump sum and no other additional allowances are allowed. If individual consultant is being contracted for total period of less than a month (25 days), the fee may be fixed on Daily Rate basis and if the total contract period exceeds a month (25 days) then the fee may be fixed on Monthly Rate basis. The total consultancy period, when hired on daily rate basis, may not exceed three month period on aggregate basis. In case it is necessary for consultancy period to exceed three months, when payment is done on daily basis, the concerned Procuring Entity may obtain the approval of the SLC.

1.34 All Specialized Consultants cases may be referred to the SLC for approval along with requirement, justification etc. For retired government employees of both central and state governments, the remuneration will be last pay drawn minus pension in accordance with the existing norms. The proposed remuneration are consolidated per month without any benefits or other facilities. The consultants will be extended a fixed twelve days of leave in a year (pro rata calculated vis-à-vis the period of contract). No other leave is permissible. Similarly, EPF and other benefits are not applicable to the consultants, and the concerned Procuring Entity may decide on the educational and essential and required experience norms for the consultant.

1.35 **State Level Committee (SLC):** A SLC for the above purposes shall comprise of the following-

- i. Chief Secretary (Chairman)
- ii. Administrative Secretary, Department of Finance
- iii. Administrative Secretary, Department of Planning
- iv. Administrative Secretary of the concerned Procuring Entity (Member-Secretary)

1.36 Procurement of individual consultants may be done by three methods:

- a) Empanelment Method
- b) Advertisement Method
- c) Single Source Method

1.37 **Empanelment Method:** Procuring Entity may establish a process of empanelment of consultants by requesting submission of detailed CVs (preferably provide CV Format), which it can assess and

qualify by expertise and consultant levels (as described above). When required, the Procuring Entity may identify at least six qualified consultants from the empanelment list and issue them the Terms of Reference and request them for technical proposal describing the approach and methodology to be adopted by them. Based on the assessment of the technical proposal, the consultant may be selected. Fee of the selected consultant may be fixed as per consultant level and criteria described above.

**1.38 Advertisement Method:** Procuring entity may advertise for the consultant on State Public Procurement portal, on Departmental website and through indicative publication in newspaper, or any other method notified by State Government from time to time by issuing the Terms of Reference. The consultants applying may be requested to submit detailed CV (preferably provide CV Format) and technical proposal describing the approach and methodology to be adopted by them responding to the Terms of Reference issued. The consultants applying may be requested to submit detailed CV (preferably provide CV Format) and technical proposal describing the approach and methodology to be adopted by them responding to the Terms of Reference issued. Based on the assessment of the technical proposal the consultant may be selected. Fee of the selected consultant may be fixed as per consultant level and criteria described above.

**1.39 Single Source Method:** The assignment represents a natural or continuation of a previous one awarded competitively by Procuring Entity and the performance of the individual consultant has been found good or excellent by the Procuring Entity and there is a need to extend the previous contract period which shall be certified with reasons for extending the period of contract by the competent authority of the Procuring Entity.

## APPENDIX 7

### CHAPTER V

#### TYPES OF CONTRACTS AND IMPORTANT PROVISION

##### Types of Contracts

**5.1 Lump Sum Contract:** Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined. They are widely used for simple planning and feasibility studies,

environmental studies, detailed design of standard or common structures, preparation of data processing systems and so forth. Payments are linked to outputs (deliverables), such as reports, drawing, bills of quantities, bidding documents, and software programs. Lump sum contracts are easy to administer because payments are due on clearly specified outputs.

**5.2 *Time-based contract:*** This type of contract is appropriate when it is difficult to define the scope and the length of services, either because the services are related to activities by others for which the completion period may vary, or because the input of the consultant required to attain the objectives of the assignment is difficult to assess. This type of contract is widely used for complex studies, supervision of construction, advisory services, and most training assignments. Payments are based on agreed hourly, daily, weekly, or monthly rates for staff (who are normally named in the contract) and on reimbursable items using actual expenses and/or agreed units prices. The rates for staff include remuneration, overhead costs and fee (or profit). This type of contract shall include a maximum amount of total payments to be made to the consultants. This ceiling amount should include a contingency allowance for unforeseen work and duration, and provision for price adjustments, where appropriate. Time-based contract needs to be closely monitored and administered by the Procuring Entity to ensure that the assignment is progressing satisfactorily, and that payment claimed by the consultants are appropriate.

**5.3 *Retainer and/or Contingency (success) Fee Contract:*** Retainer and contingency fee contracts are widely used when consultants (Banks or financial firms) are preparing companies for sales or mergers of firm, notably in privatization operations. The remuneration of the consultant includes a retainer and success fee, the latter being normally expressed as a percentage of the value of the assets or other financial instruments to be sold.

**5.4 *Percentage contract:*** These contracts are commonly used for architectural services. They may also be used for procurement agents/ inspection agents. Percentage contracts directly relate the fees paid to the consultant to the estimated or actual project construction cost, or the cost of the goods procured or inspected. The contracts are negotiated on the basis of marked norms for the services and/or estimated staff-month costs for the services, or competitive bid. It

should be borne in mind that in the case of architectural or engineering services, percentage contracts implicitly lack incentive for economic design and are hence discouraged. Therefore, the use of such a contract for architectural services is recommended only if it is based on a fixed target cost and covers precisely defined services (for example, works supervision.)

**5.5 Indefinite Delivery Contract (Price Agreement):** These contracts are used when Procuring Entity need to have "on call" specialized services to provide advice on an activity, the extent and timing of which cannot be defined in advance. These are commonly used to retain "advisers" for implementation of complex projects (for example, dam panel), expert adjudicators for dispute resolution panels, institutional reforms, procurement advice, technical troubleshooting, and so forth, normally for a period of a year or more. The Procuring Entity and the firm agree on the unit rates to be paid for the Consultants, and payments are made on the basis of the time actually used.

**Important Provision**

**5.6 Price Adjustment:** To adjust the remuneration for inflation, a price adjustment provision shall be included in the *beginning of the contract*.

**5.7 Payment provisions:** Payment provisions, including schedule of payments and payment procedures, shall be clearly defined in the Request for Proposal and these provisions, along with the amount to be paid shall be agreed upon and mentioned at the time of signing of the contract. Payments may be made at regular intervals (as under time-based contracts) or for agreed outputs (as under lump sum contracts). Payments for advances (for examples, for mobilization costs) exceeding 20 percent of the contract amount should normally be backed by advance payment securities.

**5.8** Payments shall be made promptly in accordance with the contract provision. To that end, only disputed amounts shall be withheld, with the remainder of the invoice paid in accordance with the contract.

**5.9 Conflict of Interest:** The consultant shall not receive any remuneration in connection with the assignment except as provided in the contract. The consultant and its affiliates shall not engage in

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consulting or other activities that conflict with the interest of the Procuring Entity under the contract. The contract shall include provisions limiting future engagement of the consultant for other services resulting from or directly related to the firm's consulting services in accordance with the requirements of Paragraphs 1.15 and 1.16 above of these Guidelines.

**5.10 Professional Liability:** The consultant is expected to carry out its assignment with due diligence and in accordance with prevailing standards of the profession. As the consultant's liability to the Procuring Entity will be governed by the applicable law, the contract need not deal with this matter unless the parties wish to limit this liability. If they do so, they should ensure that:

- (a) there must be no such limitation in case of the consultant's gross negligence or willful misconduct;
- (b) the consultant's liability to the Procuring Entity may in no case be limited to less than a multiplier of the total value of the contract to be indicated in the Request for Proposal and in the special conditions of the contract (the amount of such limitation will depend on each specific case);
- (c) any such limitation may deal only with the consultant's liability toward the Procuring Entity and not with the consultant's liability toward third parties; and
- (d) no such limitation shall be in conflict with the provisions of the Act and these Rules.

**5.11 Staff Substitution:** During an assignment, if substitution is necessary (for example, because of ill health or because a staff member proves to be unsuitable), the consultant shall propose other staff of at least the same level of qualification for approval by the Procuring Entity.

**5.12 Applicable Law and settlement of Disputes:** The Request for Proposal and the resulting contract shall include provisions for the settlement of disputes as per rule 44 of these Rules.

**APPENDIX 7**  
**CHAPTER VA**  
**INSTRUCTIONS TO CONSULTANTS (ITC)**

The Procuring Entity shall issue the following instructions to the consultant at the time of seeking RFP. The Instructions to Consultants shall include adequate information on the following aspects of the assignment:

- (a) a very brief description of the assignment;
- (b) standard formats for the technical and financial proposals;
- (c) the names and contact information of officials to whom clarification shall be addressed and with whom the consultant's representative shall meet. If necessary;
- (d) details of the selection procedure to be followed, including (i) a description of the two-stage process. If appropriate; and (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 Quality and Cost Based Selection; (v) the minimum pass score for quality; and (vi) the details on the public opening of financial proposals;
- (e) an estimate of the level of key staff inputs (in staff-months) required of the consultants or the total budget, but not both;
- (f) indication of minimum experience, academic achievement, and so forth, expected of key staff;
- (g) the deadline for submission of proposals;
- (h) a statement that the firm and any of its affiliates shall be disqualified from providing downstream goods, works, or services under the project if, in the Government of Punjab's judgment, such activities constitute a conflict of interest with the services provided under the assignment;
- (i) the method in which the proposal shall be submitted, including the requirement that the technical proposals and financial proposals be sealed and submitted separately in a manner that shall ensure that the technical evaluation is not influenced by price;

- (j) a request that the invited firm (i) acknowledges receipt of the RFP and (ii) informs the Procuring Entity whether or not it will be submitting a proposal;
- (k) the short list of consultants being invited to submit proposals and whether or not associations between short-listed consultants are acceptable;
- (l) the period for which the consultants' proposals shall be held valid and during which the consultants shall undertake to maintain, without change, the proposed key staff, and shall hold to both the rates and total price proposed; in case of extension of the proposal validity period, the right of the consultants not to maintain their proposal;
- (m) the anticipated date on which the selected consultant shall be expected to commence the assignment;
- (n) if not included in the TOR or in the draft contract, details of the services, facilities, equipment, and staff to be provided by the Procuring Entity;
- (o) phasing of the assignment, if appropriate; and likelihood of follow-up assignments;
- (p) validity of proposal;
- (q) consultant to state cost in the national currency (INR);
- (r) number of copies of Technical Proposal, and the original of the Financial Proposal;
- (s) the procedure to handle clarifications about the information given in the RFP; and
- (t) any conditions for subcontracting part of the assignment;

**APPENDIX 7**  
**CHAPTER VB**  
**GUIDANCE TO CONSULTANTS**

**Purpose**

1. This chapter provides guidance to consultants wishing to provide consulting and professional services to the Government of Punjab.

**Responsibility for Selection of Consultants**

2. The responsibility for the implementation of the project, and therefore for the payment of consulting services under the project, rests solely with the Procuring Entity. As emphasized in Paragraph 1.13 above of these Guidelines, the Procuring Entity is responsible for the selection and employment of consultants. It invites, receives, and evaluates proposals and awards the contract. The contract is between the Procuring Entity and the consultant.

**Consultant's Role**

3. When consultants receive the Request for Proposal, and if they can meet the requirements of the Terms of Reference and the commercial and contractual conditions, they should make the arrangements necessary to prepare a responsive proposal. If the consultants find in the Request for Proposal documents-especially in the selection procedure and evaluation criteria-any ambiguity, omission or internal contradiction, or any feature that is unclear or that appears discriminatory or restrictive, they should seek clarification from the Procuring Entity, in writing, within the period specified in the RFP for seeking clarifications.

4. In this connection, it should be emphasized that the specific Request for Proposal issued by the Procuring Entity governs each selection, as stated in paragraph "Purpose" of these Guidelines. If consultants feel that any of the provisions in the Request for Proposal are inconsistent with the Guidelines, they should also raise this issue with the Procuring Entity.

5. Consultants should ensure that they submit a fully responsive proposal including all the supporting documents requested in the Request for Proposal. It is essential to ensure accuracy in the curricula vitae of key staff submitted with the proposals. The curricula vitae shall be signed by the consultants and the individuals with dates. Noncompliance with important requirements will result in rejection of the proposal. Once technical proposals are received and opened, consultants shall not be required nor permitted to change the substance, the key staff, and so forth. Similarly, once financial proposals are received, consultants shall not be required or permitted to change the quoted fee and so forth. If an extension of validity of proposals is the reason that the key staff is no longer available with the Consulting firm/company, a change of key staff with equivalent or better qualification is permissible.

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**Confidentiality**

6. As stated in Paragraph 2.40 above of these Guidelines, the process of proposal evaluation shall be confidential until the publication of contract award, except for the disclosure of the technical points as indicated in paragraphs "Evaluation of Cost" and "Publication of Award of Contract" of these guidelines. Confidentiality enables the Procuring Entity to avoid either the reality or perception of improper interference. If, during the evaluation process, consultants wish to bring additional information to the notice of the Procuring Entity, they should do so in writing.