



Procurement Guide

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CDIA

Cities Development Initiative for Asia

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ABBREVIATIONS

ADB	-	Asian Development Bank
BTP	-	Biodata Technical Proposal
CDIA	-	Cities Development Initiative for Asia
CQS	-	Consultants Qualification Selection
FBS	-	Fixed Budget Selection
GTZ	-	German Technical Cooperation
ICS	-	Individual Consultant System
IDC	-	Indefinite Delivery Contract
IDCA	-	Indefinite Delivery Contract Assignment
LCS	-	Least Cost Selection
RETA	-	Regional Technical Assistance
RFP	-	Request for Proposal
ToR	-	Terms of Reference
QBS	-	Quality Based Selection
QCBS	-	Quality Cost Based Selection

1 INTRODUCTION

Jointly with its funding partners, CDIA is procuring consulting services to conduct pre-feasibility studies and support in project identification for urban infrastructure investment planning and programming.

Open competition should always be the basis for efficient procurement and CDIA fully supports competitive bidding procedures. The main objective is to identify the most economically advantageous tender and for CDIA to be able to field consultants promptly.

Applicable procurement procedures have been agreed upon in collaboration with the respective financing agency. CDIA is basically following two procurement options; either the ADB or GTZ procurement guidelines. Even if the two procurement procedures follow international best practices it is important to understand that there are differences in these procedures, which will have an impact on the procurement process.

This procurement guide gives an overview of procurement methods used by ADB and GTZ as relevant to CDIA. Apart from briefly explaining the methods it also illustrates how long it takes from invitation for tenders up to consultant mobilization. It is useful for the competing consultants as well as the cities themselves to have a broad understanding of the procurement process and its involved activities. It should be noted that the estimated time is based on the assumption that ADB or GTZ (jointly with CDIA) is responsible for the procurement process and not the city (the applicant).

2 ADB'S PROCUREMENT GUIDELINES

2.1 Quality and Cost Based Selection (QCBS)

For procurement of Consulting firms ADB mainly use QCBS, which is based on the quality of the technical proposal and the cost of the services to be provided. The total score will be obtained by weighting and adding the technical and financial scores; this will

determine the overall ranking of the consultants' proposals. The weight for the "cost" shall normally be 20%, thus the weight for the "technical" shall normally be 80%.

This method is appropriate when scope of work can be precisely defined and when the TOR is well specified and clear. If the project is below US\$ 600,000 then it is sufficient that the consultants submit a technical proposal in the form of a "Biodata Technical Proposal (BTP)" i.e. less comprehensive than a full technical proposal. The technical proposal should include only a graphic workplan, staffing schedule and the biodata of each proposed expert.

Estimated time to complete QCBS: This is a rather lengthy procurement and takes a **minimum of 3 months to complete** from RFP to mobilization, in many cases even longer. However, the procurement process may be faster if the collection of Expression of Interests (EoIs) can be launched at an early stage (ADB requires min 30 days posting of recruitment notice). Ideally the posting of recruitment notice could be done in parallel with formulation of a draft city application.

2.2 Quality Based Selection (QBS)

Another ADB procurement form is QBS which is based on evaluating the quality of the technical proposals and the subsequent negotiation of the financial proposal with the consultant who submitted the highest ranked technical proposal. This procurement form is appropriate when assignments are complex or specialized making it difficult to define precise TOR.

Estimated time to complete QBS: This procurement method will take about the same time as QCBS i.e. **minimum 3 months to complete** from RFP to mobilization, in many cases even longer.

2.3 Fixed Budget Selection (FBS)

ADB is also using FBS. This procurement form may be used when the TOR is precisely defined, time and personnel inputs can be accurately assessed, and the budget is fixed and cannot be exceeded. This procurement

method is not used very often since it tends to be a little risky and requires a very competent project manager who is able to control the consultancy services and ensure qualitative delivery within the fixed budget.

Estimated time to complete FBS: It requires a **minimum 3 – 4 months** to complete from RFP to mobilization under FBS.

2.4 Consultants Qualification Selection (CQS)

Another ADB procurement form is CQS. This method may be used for small assignments (usually less than \$200,000) where highly specialized expertise is required i.e. consulting firms that provide depth of expertise in specific areas where few consultants are qualified. The recruitment time is critical and the assignment is typically short-term. A shortlist of at least three firms is established. The firm with the most appropriate qualifications and references based on the Expression of Interests (EOIs) is selected. This firm shall be asked to submit a combined technical – financial proposal and then be invited to negotiate the contract.

Estimated time to complete CQS: About **2 months** will be required to complete CQS from RFP to mobilization.

2.5 Least Cost Selection (LCS)

LCS is appropriate for selecting consultants for very small assignment (usually less than \$100,000) of a standard or routine nature (audits, engineering designs/supervision of simple projects and simple surveys) where well-established practices and standards exist. Shortlist for LCS will normally comprise three firms with a reasonable geographical spread. It should be mentioned that this procurement method is not popular and often not recommended.

Estimated time to complete LCS: It requires about **2 months** to complete LCS from RFP to mobilization.

2.6 Web based Individual Consultant System (ICS)

ICS is used when individual consultants are recruited on the basis of their qualifications for the assignment. The entire recruitment process is web based and ADB will evaluate a minimum of three CVs for the actual position. A matrix with 6 Job levels and 4 Job Categories is used. Each cell contains a minimum rate, average rate and maximum rate. The matrix will decide which rate (fee) are offered to individual consultants. The TOR and the consultant's relevant experience are deciding factors. For TA (as in CDIA case) the procedure for recruitment is dependent on the complexity of the TOR, and the duration of the assignment. ADB is of the opinion that it is inappropriate to hire individual consultants if a team of more than three individuals is required for a particular task. If more than three consultants are required then it is recommended to select a firm i.e. procure by QCBS or QBS.

Estimated time to complete ICS: This procurement process can be completed within **2 - 4 weeks** from RFP to mobilization

2.7 Indefinite Delivery Contract (IDC)

IDC was included as a new contracting arrangement in the revised 'Guidelines on the Use of Consultants by ADB and its Borrower'. IDCs are contracts in which individual consultants, firms, or consortia are pre-selected and retained for an indefinite period, normally three to four years, to provide advice on a specific activity, the extent and the timing of which cannot be defined in advance. IDCs are most appropriate when: (i) the services are required urgently and a lengthy tendering process is impossible, and (ii) each Indefinite Delivery Contract Assignment (IDCA) is small, making an expensive selection process inefficient, although when added together, the overall amount of advice is substantial.

Estimated time to complete IDC: This procurement process can be completed within **4 weeks** from RFP to mobilization.

3 GTZ PROCUREMENT GUIDELINES

3.1 Drawing up the list of bidders/competitive bidding

When following GTZ procurement guide for contracts with a value of up to EUR 206,000 (~USD 300,000) a minimum of three bidders are invited to submit competitive tenders. Technical offers and Price Quotations are submitted in separate envelopes. Upon completion of the technical evaluation, the price quotations of those bidders that are eligible from the technical point of view will be opened and evaluated. The technical bid and price quotation are weighted at a ratio of 70:30, respectively. An overall rank order is established, with the most cost-effective bid at the top. Contract negotiations are initiated with the 1st ranked bidder. If negotiations fail then the next bidder on the list is invited.

This method has been already successfully used for some of the CDIA supported projects.

Estimated time to complete GTZ competitive bidding ≤ €206,000: This procurement procedure **normally require 3 months** from RFP to mobilization.

3.2 GTZ Procurement Method for Contracts >EUR 206,000 and <EUR 500,000

GTZ enables consulting firms to submit expressions of interest to participate in tenders on the GTZ website under “Bidding opportunities” (www.gtz.de/en/ausschreibungen). For a tender volume exceeding EUR 206,000 (~USD 300,000) and less than EUR 500,000 (~USD 700,000) or a term exceeding 12 months, an expression of interest is generally required. The notice for the announcement is generally 14 days.

The received EOIs are evaluated resulting in a proposed shortlist, which generally contains up to six firms. Consulting firms not shortlisted are sent a letter of rejection. Evaluation of the expressions of interest

normally takes 2-3 weeks. Announcements are published in the EU Official Journal.

For European invitations to tender, at least 37 days are required from the date the announcement is sent to the EU Official Journal to the last date for receipt at GTZ. Under certain circumstances, for which GTZ must not be responsible, this period can be reduced to at least 15 days.

Technical evaluation of the participation applications is performed. A period of approximately 2 weeks must be allowed for this. The result is a proposed shortlist of potential contractors. The technical assessment for plausibility and the proposed shortlist is thereafter checked. This takes about 1 week.

Thereafter the announcement of invitation to tender normally takes approximately 10 weeks to process. Shortlisted firms must be given a period of approximately 6 weeks to submit bids. A period of normally approx. 3 weeks must also be scheduled for the evaluation of the bids.

After the order placement decision, the unsuccessful firms are notified of the result of the order placement procedure. They then have 14 days to object.

Estimated time to complete GTZ competitive bidding > €206,000 and <€500,000: All in all the competitive bidding procedure normally takes **4 – 5 months** from RFP to mobilization.

3.3 GTZ Procurement Method for Individual Consultants

GTZ is also able to recruit individual consultants within one week's time by using “Direct award of contracts without competitive tendering”. The budget limitation is EUR 50,000 (~US\$70,000) and the following criteria should be fulfilled:

- Only one consultant comes into consideration for services for specific reasons (e.g. special experience and reliability – these special reasons must be explained in detail);
- The service is particularly urgent;

- There is some special advantage (the economic advantage must be documented).

It should also be mentioned that it is actually possible to recruit a small team of consultants by using this procurement method. However, where the contract value exceeds EUR 50,000 the GTZ contract department (Head Office in Frankfurt) will be involved to determine the contract award procedure and carry out commercial review. The main disadvantage by contracting a team of individual consultants is that a natural team leader will be missing, i.e. an individual appointed as the key responsible person to deliver expected results. It is therefore recommended when CDIA requires a team of consultants (e.g. 2-3 International and 4-5 Locals) to go recruit a firm by using competitive bidding procedure.

Estimated time for Direct Award of Individual Consultant Contracts: It is possible to have a signed contract agreement within **2 – 4 week's** time.

4 WHICH PROCUREMENT FORM SHALL CDIA USE?

Basically, CDIA has two procurement options:

1. ADB
2. GTZ

CDIA Core Management Team decides on a case-by-case basis as to which option to apply. Open competition should always be the basis for efficient procurement. The main objective is to identify the most economically advantageous tender and for CDIA to be able to field consultants quickly. Applicable procurement procedure will be agreed upon in collaboration with respective financing agency.

4.1 Preferred ADB procurement methods

The following ADB procurement methods are preferred for CDIA consulting services:

1. Indefinite Delivery Contracts (IDC)

This is the most appropriate procurement method for CDIA. Hence in July 2009 ADB and CDIA managed set up an IDC procurement arrangement with a focus on CDIA consultancy assignments under RETA 6293. This IDC consists of 7 shortlisted consortia who have agreed to deliver consulting services to CDIA during a period of 4 years.

2. Web based Individual Consultant System (ICS)

This procurement method is preferable when there is need to recruit individual consultants quickly. As advised in ADB procurement guidelines this type of procurement should be limited to three individuals per assignment. If more than 3 individuals then a firm based approach is preferable.

3. QCBS or QBS

This quality and cost based procurement (or only quality based as QBS) is applicable when there might be a complicated technical assignment which requires detailed technical proposals. This procurement method needs to be planned carefully since it tends to take longer time than expected, i.e. minimum 4 months from RFP to mobilization should be expected.

4.2 Preferred GTZ procurement methods

The following GTZ procurement methods are preferred for CDIA consulting services:

1. List of bidders/competitive bidding when recruiting firms for assignments below EUR 206,000 (~USD 300,000), procurement period from RFP to mobilization about 3 months.
 2. GTZ competitive bidding procedure for assignments above EUR 206,000 (~USD 300,000) and less than EUR 500,000 (~USD 700,000), procurement period of about 4 - 5 months from RFP to mobilization.
-

3. Direct Award of Individual Consultant Contracts, below EUR 50,000 (~US\$70,000), procurement period about 2 - 4 weeks.

5 SITE VISITS AND PRE-BID MEETINGS

5.1 Site Visits

Depending on the complexity of the assignment site visits may be required. It is important to emphasize that Consultants shall bear all costs associated with the preparation and submission of their proposals. If CDIA is of the opinion that site visits are deemed necessary then the tender documents will clearly indicate so.

5.2 Pre-bid Meetings

The main objective of a pre-bid meeting is to provide consultants with pertinent information regarding the project. CDIA's expectations, as well as the consultants, are assessed in order to allow everyone involved a better understanding of what is expected. This would also help to ensure the most competitive price. Putting it in writing helps avoid misunderstandings. Pre-bid meetings can also add value and give clarity for the Consultant to decide whether to submit or not.

Same as for site visits the deciding factor for holding possible pre-bid meetings depends on the complexity of the assignment. If the assignment is judged as complex and that objectives need to be further clarified, then holding a pre-bid meeting may be justified.

Criteria to be followed in the case of pre-bid meetings:

- Sufficient time allowed prior to tender submission, minimum of 3 weeks before submission date is typical;
- Pre-bid meetings shall be recorded (minutes of meeting) and circulated to ALL short-listed consultants (whether attending or not);
- An official item at the meeting can be to ask the consultants "if they will submit

a tender?" (They are not obliged to reply, but will give CDIA a sense of the interest for the project, and hopefully an idea of how many consultants intending to submit a bid).

5.3 Alternative to Pre-bid Meetings – Allocate time for Clarifications

The Tender Dossier (including Invitation to Tender, Terms of Reference and relevant Bidding Documents) will be clear enough to avoid invited candidates having to request additional information during the procedure. However, if CDIA, either on its own initiative or in response to the request of a short-listed candidate, provides additional information on the tender dossier, it will send such information in writing to all other short-listed candidates at the same time.

ADB (and GTZ, EU and WB) applies pre-bid meetings mainly for procurement of Goods and Works since these types of procurement processes are much more complex. For procurement of consulting services the procurement authority instead indicates a deadline when questions of clarification have to be received and responded to, i.e. clarifications to be received normally up to 20 days before submission date, and response given to all short listed bidders at least 10 days before submission date. This procedure is normally sufficient to clarify any uncertainties or outstanding issues for the project.

Criteria to be followed in case of clarifications:

- Tender documents to clearly state deadline for request for any clarifications (20 days before submission date);
- Tender documents to clearly state last date on which clarifications are issued (10 days before submission date);
- Clarifications shall be recorded and circulated to ALL short-listed consultants (whether requesting clarification or not).

6 REQUIRED TIME TO COMPLETE THE PROCUREMENT PROCESS

The table overleaf illustrates time required for various procurement methods. Note that the indicated timings are tentative and could proceed faster, or as in many cases even slower. It is anticipated that *Terms of Reference* is already in place.

TABLE 1: VARIOUS PROCUREMENT METHODS (ADB & GTZ)

No	Procurement Method	Minimum Required Time	Financial Threshold	Evaluation Weighting (Tech/Fin)	Comments
1	ADB: Indefinite Delivery Contracts (IDC)	1 month	≤500,000	NA	3 firms/consortia which are on IDC shortlist are invited to submit CVs of available experts and workplan. The most competitive form/consortia is selected.
1	ADB: Quality and Cost Based Selection (QCBS)	3 months	<\$600,000 simplified method ¹	80/20	Based on the quality of the technical proposal and the cost of the services to be provided. Usually 80/20 weighting i.e. 80% on Technical and 20% on Financial.
2	ADB: Quality Based Selection (QBS)	3 months	<\$600,000 simplified method	NA	Based on evaluating the quality of the technical proposals and subsequent <u>negotiation of the financial proposal for the highest ranked technical proposal.</u>
3	ADB: Fixed Budget Selection (FBS)	3 months	N.A.	NA	Can be used when the TOR is precisely defined, time and personnel inputs can be accurately assessed, and <u>the budget is fixed and cannot be exceeded.</u> <i>Not recommended for CDIA.</i>
4	ADB: Consultants Qualification Selection (CQS)	2 months	<\$200,000	NA	May be used for small assignments where highly specialized expertise is required. i) Amplified EOIs are invited including information of the consultants' relevant experience, ii) a shortlist of at least 3 firms, iii) <u>the firm with the most appropriate experience is selected.</u>
5	ADB: Least Cost Selection (LCS)	2 months	<\$100,000	$\frac{750}{1000} / 100$	Can be used when selecting consultants for very small assignments of a standard or routine nature (audits, engineering design/supervision of simple projects and simple surveys) where well-established practices and standards exist. <i>Not recommended for CDIA.</i>
6	ADB: Web based Individual Consultant System (ICS)	2 weeks	NA	NA	When individual consultants are recruited on the basis of their qualifications for the assignment. Restricted to three (3) individual consultants.
7	GTZ: List of bidders/competitive bidding <€206,000	3 months	<€206,000	70/30	A minimum of three bidders are invited to submit competitive tenders.
8	GTZ Competitive Bidding Procedure for assignments >€206,000 and <€500,000	5 months	>€206,000 & <€500,000	70/30	Similar to ADBs QCBS.
9	Direct Award of Individual Consultant Contracts	2 weeks	<€50,000	na	The consultant is directly recruited without competitive bidding. Only possible if "Direct Award Criteria" can be fulfilled.

¹ Simplified method = Biodata Technical Proposal requires graphical work plan, staffing schedule and CVs.

The 1st graph overleaf illustrates the CDIA procurement process for recruitment of firms when using GTZ procurement method (consulting services below EUR 206,000). The 2nd graph illustrates the required time when using ADB procurement method, QCBS or QBS for recruitment of consulting firms.

FIGURE 1: CDIA PROCUREMENT PROCESS – in accordance with GTZ Procurement Method
Recruitment of Short Term Consultancy Services (Firms) < €206,000 (~USD300,000)

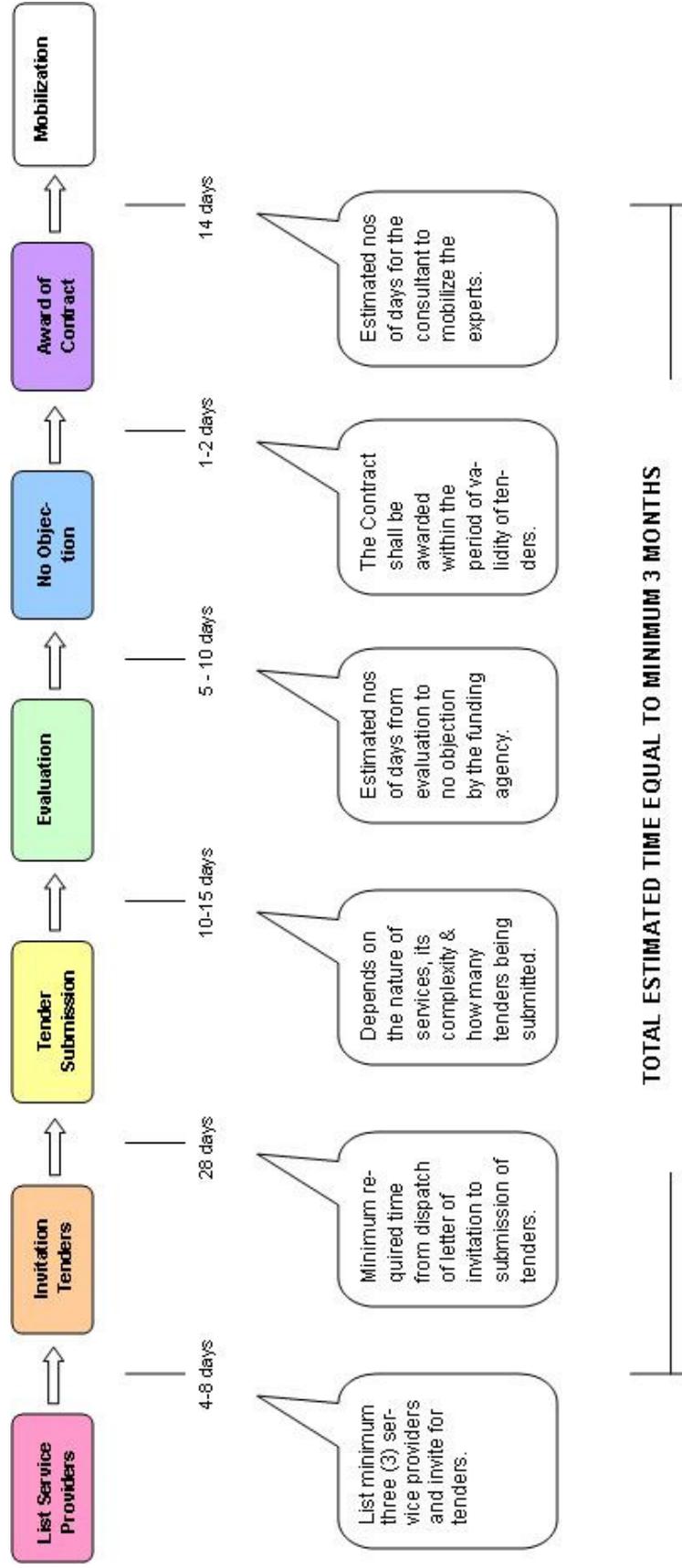
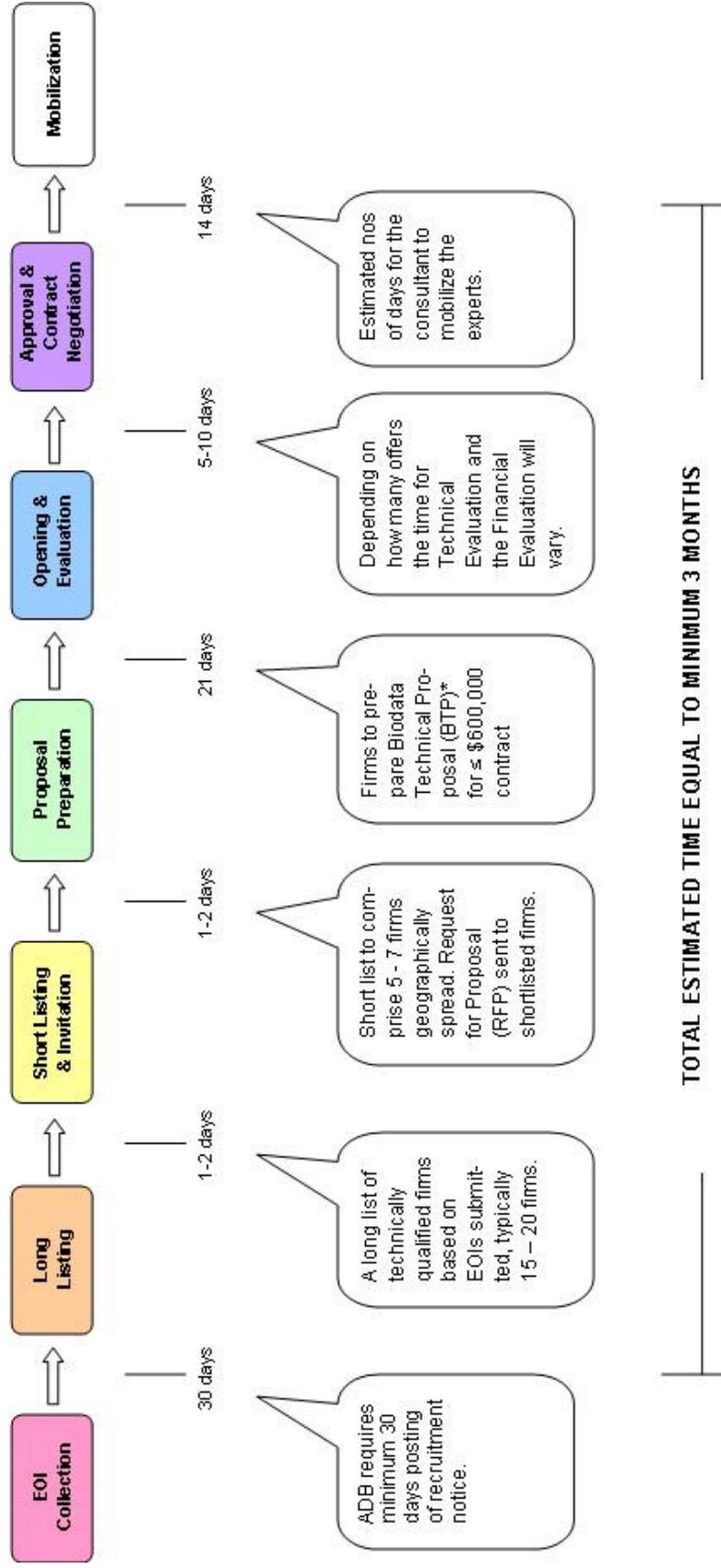


FIGURE 2: CDIA PROCUREMENT PROCESS – in accordance with ADB Procurement Method
Recruitment of Firms by using QCBS or QBS ≤\$600,000



*Note: Biodata Technical Proposal (BTP) contains only a graphic work plan, starting schedule and the biodata of each proposed expert.



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