

Technical Evaluation with Price Consideration

If this approach is followed, consultants are invited to submit price proposals. The degree to which price can be considered in the selection process depends on these aspects:

- the complexity of the assignment. In less complex and technically straightforward tasks, such as engineering of a secondary road or of a rural water supply system, price is likely to be taken into consideration;
- the assignment's overall impact. If there is little chance that serious consequences could result from mistakes on the assignment, price is more likely to be taken into consideration; and
- the probability that work done by another firm will lead to similar results. For example, in routine engineering or construction assignments, price is likely to be taken into consideration.

The IFI guidelines for consultants state that proposals should be unpriced, and that financial terms are to be discussed only with the firm that has been selected on the basis

of technical merit. However, the guidelines allow a "two-stage procedure" to be followed when price is considered to be relevant to the evaluation process. The two-stage procedure involves the simultaneous but separate submission of technical and financial proposals in sealed envelopes. When the technical evaluations have been completed, all price proposals are reviewed.

A variant of the two-stage procedure, called the "two-envelope system," is based on the premise that prices should be requested but not compared. This procedure is recommended and used by some of the IFIs. According to this procedure, technical and financial proposals are called for at the same time, but are to be submitted in separate, sealed envelopes. After completion of the technical evaluation, the financial envelope of the firm with the best-rated technical proposal is opened and negotiations between the firm and the borrowing country begin. If these negotiations result in a contract, the financial envelopes of the other firms are returned unopened.

Negotiating a Contract

If your firm's proposal is judged the best, and you have been invited to negotiate with the borrowing country, you should review the details of the Terms of Reference to ensure that there is a mutual understanding of their meaning. You should then discuss any suggestions you may have on the scope of the assignment, as well as the legal and contractual requirements that are to be incorporated into the contract.

In the final stage of negotiations, the financial terms to be stipulated in the contract are discussed and agreed upon. There are several types of financial terms used:

- Time-based or person-month contracts — cost of salary plus a fac-

tor that accounts for your firm's overhead, fee, and profit. These contracts usually include an overseas allowance, and reimbursement for expenses incurred. These contracts are widely used for general planning and feasibility studies, design and detailed engineering projects, and construction supervision or technical assistance assignments.

- Fixed lump sum contracts — fixed for the life of the contract and normally negotiated on percentages that represent the norms for particular types of work, or on estimated inputs of personnel and other items. Payments are made against