

# **KISM AND KASNEB**

## **CPSP**

### **PART 2**

#### **PROCUREMENT OF CONSULTANCY SERVICES**

## TABLE OF CONTENT

### CONTENTS

<b>TABLE OF CONTENT.....</b>	<b>1</b>
<b>OVERVIEW.....</b>	<b>2</b>
<b>REQUIREMENTS OF CONSULTANCY SERVICES ( EVALUATION AND SELECTION).....</b>	<b>5</b>
<b>STAKEHOLDERS IN PROCUREMENT OF CONSULTANCY SERVICES .....</b>	<b>20</b>
<b>TYPES OF CONSULTANTS.....</b>	<b>27</b>
<b>IMPORTANT PROVISIONS IN CONSULTANCY CONTRACTS .....</b>	<b>36</b>
<b>INSPECTION, RECEIVING AND ACCEPTING OF CONSULTACY SERVICES .....</b>	<b>41</b>
<b>BENCHMARKING FOR BEST PRACTICES IN PROCUREMENT OF CONSULTANCY SERVICES .....</b>	<b>43</b>
<b>ETHICAL ISSUES IN PROCUREMENT OF CONSULTANCY SERVICES .....</b>	<b>51</b>
<b>EMERGING ISSUES AND TREND IN PROCUREMENT OF CONSULTANCY SERVICES .....</b>	<b>56</b>

# PROCUREMENT OF CONSULTANCY SERVICES

## OVERVIEW

### Introduction

There are different kinds of services that consumers use every day. There are common and often used services based on the convenience and location such as dry cleaning services, cab services and so on etc.

There are also specialized services that a consumer makes an informed and calculated choice about them.

Consultancy services also fall in this category, i.e. Studies, Training, Advise, etc.

### Definition of Terms

#### 1. Consultancy Services

This refers to a procurement category focusing on the hiring of firms or individuals to provide services that are primarily intellectual in nature.

#### 2. Proposal

It is a response from a supplier, contractor or service provider to a solicitation on request that if recommended for award would bind the supplier.

#### 3. Scope of Services

It describes the services required and that need to be carried out in order to fulfil the contract requirements.

#### 4. Selected Consultant

This is the consultant firm or individual recommended for a contract award as a result of the evaluation of proposals or applications received in response to a request for offers.

#### 5. Terms of Reference

This is a document that defines all aspects of how the consultant or a team will conduct an evaluation.

#### 6. Request for Proposal

This is the procurement process usually used when the requirement has been defined but when an innovative or flexible solution is sought.

#### 7. Expression of Interest

A process used to shortlist potential supplier, contractors or service providers before then seeking detailed bids from the shortlisted tenders

## **Characteristics of Consultancy Services.**

### **1. They are very personal.**

This is where a customer walks in and gets what they want done and then leaves. The consultant will be one on one with their client, offering information and solution. It is of importance that a consultant be, and present themselves as being experienced, practical and effective in the consultation they are offering.

### **2. Direct influence on the decision that clients make and the final outcome.**

They rely completely on the accuracy, proficiency and opinion of the consultant. Therefore, wrong or inaccurate information can have a very negative impact to the detriment of both the client and the consulted.

### **3. The yardstick of success is total satisfaction.**

In other sectors, it is a sale figure and reports of customers that count. Here it is the total satisfaction of every client that counts. Some clients consult only once while others do so periodically e.g. If a client goes on to achieve financial success after working with a financial consultant, then the consultant can count themselves successful. Just one unsatisfied client can bring down a practice that was thriving.

### **4. A consultant basically does the work on behalf of the client.**

Since a financial consultant will have to always be on top of trends e.g. the best investment to make, the stocks to drop because they look set to slide and which ones to pick up because they are on the rise.

### **5. Consultant is a means to an end.**

The client goes in for a service from a consultant, gets it and leaves. As a consultant, you are the actual bridge between what a client wants and how they will get to it.

## **Differences in Procurement of Goods and Consultancy Services**

Some of the substantial differences between goods and consultancy services are the following:

<b>Parameter</b>	<b>Goods</b>	<b>Services</b>
Base for Evaluation	They are a technical specification	They are terms of reference e.g. Qualifications, Experience
Tangibility	They are tangible	They are intangible
Variability	They are in standard form	They present themselves in variable

		form
Ownership	They can possess ownership	They do not possess ownership

### **General Considerations during selection process of consultants**

The following six main principles need to be considered during selection process of consultants for each consultancy service:

1. Provision of high quality services.
2. Value for money. i.e. Should be economic and efficient
3. Fair and open competition among the eligible and qualified consultants.
4. Transparency in the selection process.
5. Accountability.
6. Focus on the code of ethics.

## **REQUIREMENTS OF CONSULTANCY SERVICES ( EVALUATION AND SELECTION)**

### **1. Use of Request for Proposal.**

An RFP (Request for Proposal) is a flexible document used when purchasers seek solution based responses to meet their needs or requirements.

An RFP might be used when factors other than price are central to the evaluation of each offer or where there is no clearly defined specification or solution and the purchaser is seeking a range of options for innovations.

RFP therefore provides greater flexibility than request for tenders which usually have clearly defined specifications although they may appear to be similar in practice.

RFP may be suited to professional services where the best solution is often not easily defined.

RFP is applicable in procurement of services which are predominantly intellectual or advisory in nature.

RFP is applicable in the following conditions:

- a) The procurement of services or the combination of goods or services. (Services are a major component)
- b) The services to be procured are advisory or otherwise predominantly intellectual in nature.

### **Contents of Request for Proposal**

1. The name and the address of the accounting officer of the procuring entity.
2. The general and specific conditions of proposals which may require the proposal include a technical proposal and a financial proposal.
3. Instructions for the preparation and submission of proposal and a financial proposal.
4. An explanation of where and when the proposals are submitted.
5. The procedures and criteria to be used to evaluate and compare the proposals including:
  - a. The procedure and criteria for evaluating the technical proposals which shall include a determination of whether the proposal is responsive.
  - b. The procedures and criteria for evaluating the financial proposals.
  - c. Any other additional method of evaluation which includes interviews, presentation and the procedures and criteria for that additional method.
6. A statement giving notice of the restriction when entering into other contracts.

7. Anything else required under the act or the regulations to be set out in the request for proposals.

## **2. Expression of Interest**

An expression of interest is a multistage process.

It is used to shortlist potential suppliers before seeking detailed bids from shortlisted tenders or bidders.

It is generally used when the information required from the tenders is specific and the procuring entity is unsure of the capability of suppliers to provide the required goods or services.

The accounting officer of a procuring entity may:

- i) Request for proposal through advertisement.
- ii) Invite expression of interest or utilize the register maintained by the head or procurement.

The notice inviting expressions of interest shall constitute the following:

- i) Name and address of the procuring entity.
- ii) Brief description of the consultancy services being procured and if applicable the goods being procured.
- iii) Eligibility and qualifications to be invited to submit a proposal.
- iv) An explanation of where and when expressions of interest shall be submitted.

The notice inviting expression of interest prepared by a procuring entity shall give minimum period of 7 days for tenderers to submit the expression of interest.

The accounting Officer of a procuring entity shall advertise the notice inviting the expression of interest in the dedicated government advertising tender portal or in at least one daily newspaper of nationwide circulation.

## **3. Terms of Reference**

This refers to a document or statement that defines the background, objectives and purpose of the proposal. It is also referred to as the scope of work or mandate.

It defines the objectives and the scope of evaluation, outlining the responsibility of consultancy teams and provides a clear description of resources available.

## **Contents of Terms of Reference**

- a) The background of the assignment including the various necessity of the procurement.
- b) Terms of Reference should contain the objectives to be achieved by the procurement.
- c) The deliverables expected from the person to be awarded the tender.
- d) The qualifications necessary for the person to be awarded the tender.
- e) The duration of the assignment.
- f) Any other relevant information as may be required by the tender.

## **Preparation of terms of reference**

Most organizations have standard rules in place for designing and publicizing consulting opportunities and requesting qualifications or proposals from consultants. The specific steps for developing the ToR for a consultation will vary according to this context. Recommended actions that mark common decision points for preparing ToR across all types of organizations fall broadly into two categories: those that should be completed before the writing of the ToR even begins and those that should occur during the writing and review stage. The planning stage comprises the following elements.

**1. Establish the need and purpose for the evaluation.** Before drafting the ToR, the consultancy firm manager needs to first understand the skill or investment to be evaluated, including its social and economic context. This orientation will help the manager to better identify the objective(s) of the evaluation.

If the intent or potential value of the designated exercise is not clear or if there are no data sources to support a reliable impartial evaluation process, then plans for this assignment should be reconsidered before drafting the terms of reference.

In addition, a critical part of this early planning step will be to broadly consider the type of evaluation needed to effectively achieve the targeted objectives within the desired timeline. The scope, design, and methodology of evaluations span a broad spectrum and have direct implications for the level of effort in terms of the tasks required and the length of engagement

**2. Identify and engage stakeholders.** Parties with a vested interest in the evaluation and contracting process should be engaged throughout the process of developing the ToR;



therefore, it is important to identify relevant stakeholders and their roles early on. The list of stakeholders and their points of entry into the process will vary based on the organization and the nature of the study, but likely categories for inclusion are the following:

- a. The lead evaluation advisor or unit in the contracting organization
- b. Technical staff engaged with the project or program in focus
- c. Specialized staff responsible for contracting, procurement, or accounting arrangements
- d. Partners for the project or program
- e. Any advisory council or steering committee established for either the project or the evaluation itself.

Once these stakeholders and their roles have been determined, they can be engaged at the appropriate points in the ToR development process for contributions to content and quality assurance.

It may be the case that the unit that commissions the evaluation is independent of the administrative unit under which the program is implemented. In this case, the independent unit may retain the right to the final shape and content of the ToR. Nonetheless, in order to commission a fair, valid, and useful evaluation, it is good practice to confer with the administrative unit early on.

**3. Estimate resources available or needed for the evaluation.** The process and flexibility for establishing a budget will depend on an organization's or partnership's resources and practices. Understanding the opportunities and constraints provided by the available budget will be important for thinking through the scope and timeline of the evaluation and identifying who should be involved. Evaluation contracts range from short-term assignments for individual consultants costing under ksh100,000, to much more complicated large scale and/or long-term studies implemented by teams for ksh900,000 or more.

The ToR does not necessarily identify the specific budget for consultants, but this area still needs to be explored and clarified as part of the decision-making process.

**4. Determine whether an internal or external evaluation consultant or team is needed.**

Both internal and external evaluations are legitimate and each approach has advantages.

Developers of the ToR should decide whether the evaluation scope of work is best suited for an individual or a team and whether the study will be conducted internally, externally, or by a mixed team. Common configurations for leading or contributing to an evaluation include:

- a. An individual consultant
- b. A consulting team, situated at a firm or in an academic environment, either in-country or external
- c. A team comprised of individual consultants, managed by the commissioner of the evaluation.

The ideal scenario for who should conduct the evaluation will vary according to organizational capacity, budget, the purpose of the evaluation, and the demands of stakeholders. However, certain considerations help inform this decision:

- a. A smaller budget might be required if the evaluation can be conducted by in-house staff, assuming that available staff time and expertise is sufficient for the tasks.
- b. Evaluations conducted solely by in-house staff could be seen as less objective by funders and other stakeholders, especially if these staff have a vested interest in the program being evaluated.
- c. Hiring an outside consultant (individual or team) allows the commissioner of the evaluation to carefully select the best mix of expertise and experience for the assignment.

A team is preferred in cases where:

- a. An intensive level of effort is needed under a tight timeline.
- b. A diverse mix of qualifications is needed for various aspects of the study – such as survey design, statistical data analysis, interview skills, focus groups, and so forth.
- c. Any risks for delaying study components due to unforeseen circumstances need to be mitigated.

Selecting individual consultants to form the needed team allows the agency managing the evaluation to establish the best mix of qualifications and experience, but it also requires more coordination and management from the commissioning agency. Typically, when individual consultants are used, the commissioning unit takes on the role of putting the various inputs from the individual consultants together to produce a final product.

Using a predetermined team through a firm could better ensure that the consultants will collaborate effectively and integrate their efforts. However, there will also be a cost (overhead, profits) imposed by this firm for management of the team.