

# Procurement Framework for Public Services Fulfilment- 2 FC-MES 16 Apr 20, Dr MCRHRDI, Hyderabad

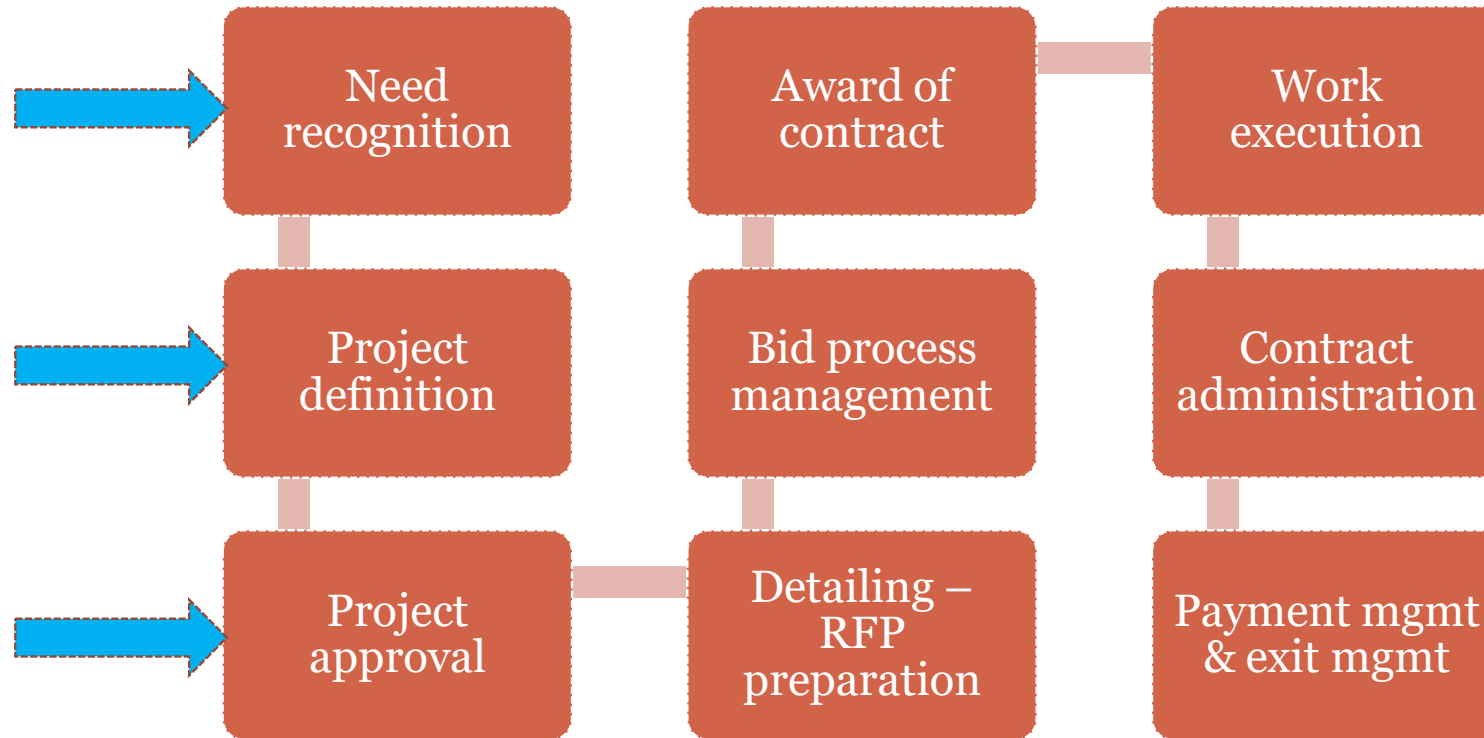
Wg Cdr (Dr) A K Srinivas (Retd)  
E Governance professional  
Director -AIPER

*\* The content is from NeGD and STeP courses of NISG which is available in public domain provided by MCRHRDI*

# Session Overview

- Understanding of Government mechanism and procurement process
- Terms of contract management
- Understanding of PPP
- All about DPR
- Understanding of EOI
- Understanding of RFP and Service level Management

# Overview of Procurement Life Cycle



# In Armed Forces

Planning of Annual/ 5 year plans for works services

Air HQ's- asks commands to provide their new works proposals

Commands ask various stations under them to prepare the new works list for the next 5 years/10 years

Each station makes their works plan – GE is Involved

Stations send it back to their commands

Commands after internal clearance, will be sent to CE,AF for vetting- CFA approval

They travel up to Air HQ's

Sent to MOD

After approval from MOD , depending the budgets allotted the works happen across the service's

Standard Tender document 2249

Board Of Officers is a must

# Governance Mechanism

- Multiple stakeholders are typically involved in project implementation
- Mechanism required to sort out differences and agree on an approach acceptable to all the parties involved
- Officers keep changing, a mechanism to ensure continuity of the project is required
- Decision making hierarchy
- Sanctioning authority

# Governance Control Mechanism

- **Apex Committee / Steering Committee / Empowered Committee**
  - A body empowered to take all strategic decisions pertaining to the project
  - Typically has Principal Secretary and Secretary level officers as members
  - Constituted by obtaining approval of a senior administration officer or by legislation or by legislative amendment
  - Convened frequently till vendor finalization and in early days of Go-live

# Governance Mechanism

- **Project Implementation Committee**
  - Reviews details and provides tactical decisions
  - Has Director level officers and other senior government officers authorized to take decisions on day to day activities
- **Implementation cell (PMU)**
  - Monitors and manages vendor activities on a day to day basis
  - Housed under the agency designated to manage the project
  - Staff size is increased as the project grows
  - Resources herein are typically on contract and the team is managed by a Government officer

# Introduction to Detailed Project Report (DPR)

- Provides an overview of the envisaged project
- Submitted for Administrative Sanction
- Prepared very early
- Concept of the project explained
- Project owner in Government is typically identified by the time DPR is prepared
- Project Governance mechanism is also defined therein
- Is prepared for
  - Investment decision making
  - Project Planning
  - Approval of plans and designs
  - Implementation scheduling and budgeting



# Introduction to Detailed Project Report (DPR)

- A high level document containing:
  - Break-up of costs
    - ✦ Various items for which funds are required
  - Implementation plan
    - ✦ Pilot followed by roll out (any of the four ways)
  - High level business model
    - ✦ How will the project get paid for
  - Sustenance
    - ✦ After the funding runs out, how the project will sustain
  - Metrics for measurement of project outcomes and impact assessment (i.e. envisaged service levels)

# Gov Guidelines for Preparation of DPR

- DIT, Government of India has prepared a guideline for preparation of DPR for NeGP projects
- Pre-requisite for preparation of DPR
  - Stakeholder analysis
  - Scoping study
- DPR template
  - Section I: Background of Project and other basic information
  - Section II: Project Overview
  - Section III: Project details including the implementation model

# GoI Guidelines for Preparation of DPR

## Section I: Background of Project and other basic information (key section)

- Title of the project
- Alignment of project to NeGP & Best practices
- Pilot or roll out
- Project initiator details
- Implementation agency details

# GoI Guidelines for Preparation of DPR

## Section II: Project Overview (Key Sections)

- Identification of all stakeholders
- Problem definition
- Service level improvements envisaged
- Project activities and timelines
- Past experiences and lessons learnt
- Summary of total project costs
- Sources of funding

# GoI Guidelines for Preparation of DPR

## Section III: Project Details Including its Implementation Model (Key sections)

- Goal and objectives
- Implementation strategy
- Project scoping, process reengineering, change management and infrastructure
- Monitoring, Evaluation & Assessment
- Proposed organization structure
- Assumptions and risks
- Sustainability plan
- Business model
- Project cost requirement
- Work plan

# Investments Needed in e-Governance Projects

- Investments needed in e-Governance applications depend on the model for application selection:
  - Custom development or
  - ERP/COTS model
- Each model has unique advantages and challenges associated, if not managed can seriously impact the project success
- Each model has unique cost elements – important to understand cost elements in deciding the business model

# Business Model Options

- Government owned model
- Private Public Partnership
- Software as a Service

# Government Owned Model

- IPR belongs to purchaser / government
- Application takes time to develop and stabilize
- Error prone especially initially:
  - It is part of the software development process
- More management effort from Government
- No licensing hassles
- Code can be modified as per Government requirements
  - COTS products will have certain restrictions at some point



# Private Public Partnership

- Private Partner invests in the application software design, development, implementation and operations
- Private Partner revenue realization shall be through the extent of utilization of application software by the government or its customers and is paid through service charges or transaction cost
- Application software is owned by the private partner with an option to transfer the usage rights at the end of contract period at a cost...

# Contract – General Conditions of Contract (GCC)

- Definitions of Terms used in the Contract
- Conditions precedent to contract signing
- Applicable Law governing the Contract
- Currency of the contract
- Language of the contract and administration
- Authorized representatives of the department and vendor
- Conditions on Taxes and Duties applicable for the contract, change in tax and duties and impact to project cost

# Contract – General Conditions of a Contract

- Approach for modifications or variations to the contract
- Force majeure
- Conditions for suspension and/or termination of contract
- Liabilities of parties
- Dispute resolution approach
- Exit management
- Arbitration and courts for dispute resolution

# Contract – Special Conditions of Contract (SCC)

- Do I have ownership & IPR on source code?
- Am I assured of post implementation support?
- How do I manage scope change?

- Is my warranty & insurance taken care of?
- Am I getting latest technology?
- Licensing Policies and upgrades
- Acceptance Testing

Software  
Development

IT Infrastructure

Service Delivery

Public Private  
Partnership

- Transfer and usage of govt facilities by vendor
- Addition / deletion of services
- Liability of government
- Working hours

- Does govt retain strategic control of critical infrastructure
- Exit Management
- Revenue sharing and safeguarding govt against excess payout

# Contract: Key Legal Terms

- **Limitation of Liability**
  - Typically capped at the contract value.
- **Intellectual Property Rights (IPR)**
  - It should clearly specify who will be the owner of intellectual property created during the contract term
  - Typically, intellectual property created before start of the engagement continues to be vested with the concerned stakeholders
- **Payment Terms**
  - Number of days by which payment will be made by procurement entity
  - Conditions precedent for payment of invoice
  - Payment in case of termination and Force majeure conditions

# Contract: Key Legal Terms

- **Termination of Contract**
  - Defines the conditions under which a contract can be terminated by
    - Procurement entity
    - Vendor
  - Specifies the minimum notice period to be served by either of the two parties
  - Refers to payment terms section or specifies the extent to which payment will be made for the work completed at the time of issuance of termination notice
- **Dispute Resolution**
  - The procedure of selection of arbitrator is specified
  - The legal jurisdiction in which the disputes will be resolved is specified

# Contract: Key Legal Terms

- **Exit Management and Transition Management**
  - Specifies what all assets and documentation about the project will be transferred by vendor to procurement entity at end of the project
  - Has a reference to whether procurement entity is authorized to hire in its pay-roll employees of the vendor who worked on the project
  - Knowledge Transfer support to be provided by the vendor to a newly selected vendor, so as to ensure smooth transition
- **Risk Purchase**
  - Addresses what if the vendor is unable to deliver the work / good / service as per the RFP
  - Make a provision to allow Government to hire a new vendor to address the RFP requirement and specifies the amount to be paid by the vendor who could not deliver

# Contract: Key Legal Terms

- Risk Purchase (cont'd)
  - Additional costs quoted by the new supplier if any shall be borne by the initially selected supplier
  - What about components already delivered?
  - Will the increase in costs be capped at certain value
  - What happens to components already accepted by purchaser?



# Contract: Key Legal Terms

- Indemnification
  - Defines the circumstances under which the vendor shall indemnify (defend) the procurement entity for litigations brought on by 3<sup>rd</sup> party on account of wrongful acts (such as infringement of Intellectual Property Rights) by the vendor
  - Specify the person authorized to negotiate and finalize indemnification claims with 3<sup>rd</sup> party (i.e.) whether vendor or procurement entity is authorized
    - Regardless of who negotiates, settlement of the claims will be done by the vendor

# Contract: Key Legal Terms

- Force Majeure
  - An event which is beyond the reasonable control of a Party, and which makes a Party's performance of its obligations under the Contract impossible or so impractical as to be considered impossible under the circumstances
  - Issues addressed related to Force Majeure are:
    - Payment for work completed when Force Majeure condition is in place
    - Termination of contract
    - Service delivery obligations of the vendor
    - Informing about the Force Majeure condition

# Referencing to Scope of Work

- Safest approach is to Annex the following documents to the contract:
  - Request for Proposal
  - Technical Proposal submitted by the bidder
  - Clarifications to Technical Proposal submitted by the bidder
  - Financial proposal submitted by the bidder
- Disclaimer to include: In case of any discrepancies between the RFP and the Technical Proposal, RFP will prevail over Technical Proposal submitted by the second party.

# Pre-bid Response

- Do not respond queries bidder-wise
- Remove bidder name wherever specified in your response
- Classify questions and respond to the questions in sequence
- Do not be defensive and argue for why things are done the way they are done
  - Simply state the facts
- Addendum and Corrigendum shall over-rule the original RFP
  - There should be such a clause specified in the RFP

# Evaluation of Proposals

## Pre-Qualification Proposals

- Every document required in RFP shall be provided by all the bidders
- Do not be lenient
- Strictly verify whether a bidder qualifies in all the criteria specified
- Pre-qualification is strictly “Yes” or “No”
- Even one “No” typically disqualifies the bidder

# Evaluation of Proposals

## Pre-Qualification Proposals

- Clarifications can be sought from the bidders
- Establish with certainty whether a bidder actually qualifies or not
- Read the forms submitted by bidders and ascertain whether each form submitted is as per RFP requirements

# Evaluation of Proposals

## Technical Proposal

- Make sure to read every detail specified in technical proposal
- Many times, bidders specify some deviations to RFP
  - Such deviations, when go unnoticed, and the bidder gets technically qualified, will imply that customer has accepted such deviations
- Identify all such deviations and ask bidders to withdraw the deviations
- Obtain all necessary documentation to evaluate objective criteria

# Evaluation of Proposals

## Technical Proposal

- Read in detail the work plan and methodology submitted by bidders
  - Based on that provide grades for the same
- Get an impression on whether the bidder will actually be able to deliver the project as required
- Ask clarifications as required and obtain documentary evidence
- Ensure to keep a copy of the clarifications provided by the bidders
  - Especially withdrawal of technical deviations specified by the bidder



# Evaluation of Proposals

## Commercial Proposal

- Re-do the mathematical calculations
- Look for deviations
  - If deviations are submitted, bidder shall give a letter withdrawing all the deviations

# General Observations

- Don't be biased
- Don't appear biased
- Don't be Careless
- Internal discussions remain internal
- Enable closure
- Present facts such that decision making is simplified

# Expression of Interest

- There are certain circumstances when Government does not know its requirements well
  - For example, in emerging areas as such as the UID, item code classification and State of the Art e-Payment solutions
- To firm up its requirements, Government prepare a set of questions (areas where it is not clear) and seek information from qualified players in the market. This document is referred to as Expression of Interest (EoI)
  - Pre-qualification criteria is usually set
- Agencies operating in the space would then provide their response to the EoI
- The responses will be studied by the Government and presentations are usually made by the participants

# Expression of Interest

- Short-listing of vendors is also done at end of this process. Usually, those complying with the qualification requirements are qualified
  - This short-listing is a form of pre-qualification procedure
- The RFP documents are subsequently finalized
  - Inputs provided by those responding to EoI are considered to finalize the requirements in RFP
- Requirements herein need not be only functional or technical in nature
  - It could also be related to payment terms or business model or service levels

# About Expression of Interest

- The finalized RFP will be issued to the short-listed bidders (i.e. if short-listing was done) for bidding
- Short-listed bidders may or may not choose to bid in response to the RFP. It is their discretion
- Pre-bid procedure follows just as it is with the standard tendering process
- Bids are received and evaluated just as it is with the standard tendering process

# Differences between RFP and EOI

- Number of stages
  - RFP: One stage (i.e. it could be single cover or two cover or three cover, regardless, bidders will submit their responses and their responses evaluated at once)
  - EOI: Two stages (First stage is where bidders provide their suggestions to government on the requirements and Second stage in the bidding stage)
- Requirements
  - RFP: Presumably known
  - EOI: Presumably not known during the first stage

# Differences between RFP and EOI

- Time taken
  - RFP: Usually shorter than Eoi
  - Eoi: It is a prolonged process
- Restriction in bidding
  - RFP: Restricted bidding is adopted if pre-qualification or empanelment procedure was followed earlier
  - Eoi: Second stage bidding is usually restricted

# Request for Proposal (RFP)

## **A RFP needs to provide Clarity on:**

- On the scope of work
- Vendor's capabilities required to deliver solution
- Measuring solution and services delivered by vendor (i.e. Key Performance Indicators and Service Level Agreement)
- Investments needed in project lifecycle (i.e. payment schedule & business model)
- The efforts needed to delivery solution (i.e. work plan / implementation schedule)



# Request for Proposal (RFP)

## **A badly drafted RFP could cause:**

- Selection of a unqualified vendor
- Conflict in understanding on the scope of work between government and vendor on account of ambiguous requirements; causing delays and termination
- Delay in finalizing selection of the vendor
- Government agency to procure goods/services not inline with the business requirements
- Overshooting of budget of both vendor and the Government
- Confusion in SLA administration due to ill-defined Service Level Requirements (SLR) leading to delays in payment
- Government to levy penalties leading to delays/terminations
- Litigations/court cases by vendors or government

# Request for Proposal (RFP)

A Request for Proposal (RFP) is an invitation for suppliers, often through a bidding process, to submit a proposal on a specific commodity or service.

This document contains:

- 1) Project requirements including
  - Vision, Service levels, Implementation plan, Functional & Technical and Hardware requirements
- 2) Terms and conditions governing vendor selection
  - Proposal evaluation methodology and selection method
- 3) Business model
- 4) Legal terms governing the contract between procurement entity and the selected vendor
- 5) Forms to be used by bidders to submit their responses

# Request for Proposal (RFP)

Request for Proposal (RFP) is usually structured in 3 Volumes, wherein one Volume is assigned to dedicatedly address the requirements listed below:

- 1) Technical and Functional Requirements
- 2) Bid Process and Commercial Specifications
- 3) Contractual and Legal Specifications

# Request for Proposal (RFP)

## Contents of Volume I: Functional and Technical Requirements

- Introduction & Detailed Background of the Project
- Project Vision, Mission and Objectives
- Services Definition
- Detailed Scope of Work for the Vendor
- Functional Architecture & Requirements
- Technical Architecture & Requirements (including Security Requirements)
- Other Requirements (e.g. Data Migration, Digitization etc)
- Timelines for implementation of the Project
- Project Deliverables

**Illustrative**

# Request for Proposal (RFP)

## Contents of Volume 2: Bid Process & Commercial Specifications

- Bidding Terms and Conditions (Guidelines for preparing proposal)
- Pre-qualification Criteria
- Technical Evaluation Criteria
- Bid Opening and Evaluation Process
- Evaluation of Commercial Bids
- Negotiations, Contract Finalization and Award
- Formats for providing bid response
  - Pre-qualification
  - Technical and
  - Commercial

**Illustrative**

# Request for Proposal (RFP)

## Contents of Volume 3: Contractual and Legal Specifications

- Roles and Responsibilities of Stakeholders
- Service Level Agreement
- Master Service Agreement
  - Scope of Services under the Contract
  - Breach, Rectification and Termination
  - Intellectual Property Rights
  - Disputes & Amendments
  - Change Control Schedule
  - Exit Management
  - Program Governance Structure & Schedule
  - Payment Terms and Schedule
  - Implementation Schedule

**Illustrative**

# Request for Proposal (RFP)

## Key Activities Related to RFP Preparation and RFP Processing

### RFP Preparation and Publishing



### Bidding Process



### Bid Evaluation Process



# Activities Subsequent to Vendor Selection

- Award of contract procedure
  - Issuance of Letter of Intent (LoI) by procurement entity
  - Letter of Acceptance by the selected vendor
  - Signing of legal agreement between procurement entity and the selected vendor
  - Submission of Performance Bank Guarantee (PBG)



# Activities Subsequent to Vendor Selection

- Contract execution
  - Selected vendor will conduct detailed study of the requirements and prepare project design and Software Requirements Specification (SRS)
  - Vendor will
    - Develop / customize the software to address project requirements stated in RFP
    - Deploy server side infrastructure (e.g. servers and storage) as required in the RFP and as per the vendor's technical proposal
    - Deliver and install end user infrastructure (i.e. computers, printers, scanners etc.) as required in the RFP
    - Test and then deploy the software in production environment
    - Maintain the software and hardware in accordance with service levels defined in the RFP

# Activities Subsequent to Vendor Selection

- Contract execution (cont'd)
  - Government will
    - Set-up a Project Management Unit (PMU) to deliver on its roles and responsibilities as per the RFP and specifically to
      - Review and provide feedback on detailed design and process documents and SRS submitted by the selected vendor
      - Convene meetings with stakeholders / committees constituted to monitor and take decisions related to the project
      - Manage and monitor delivery of the project as per implementation timelines and service levels specified in the RFP
      - Manage day to day project operations (including project and payment management) in coordination with the selected vendor

# Activities Subsequent to Vendor Selection

- Contract execution (cont'd)
  - Government will
    - Engage services of a 3<sup>rd</sup> party audit agency to conduct Final Acceptance Testing of the system set-up by the vendor
    - Create awareness and capacity building amongst prospective users and key stakeholders about the project
    - Assess effectiveness of the project by measuring the envisaged project outcomes (captured during pre-RFP stage) with the actual project outcomes
    - Plan for Exit management at end of the vendor's contract period

# Project Requirements: Technical

- Typically, certain standard technical requirements are specified in the RFP such as:
  - Application should be designed as n-tiered architecture
  - Application should be accessible over the Internet
  - The software installation should comply with security guidelines laid down by Government of India and international standards such as ISO 27001
    - In this regard, it needs to be noted that adhering to security guidelines is different from obtaining security certification such as ISO 27001. The latter requires engaging a 3<sup>rd</sup> party agency and exhaustive documentation
  - Audit trails of all key activities shall be logged and this log data shall be shipped to an environment under the direct control of procurement entity
  - The system should be designed such that it works in a load balanced mode, to address scalability requirements of the project

# Vendor Selection – Prequalification Criteria

Pre-qualification stage is used to ensure bids from those bidders who have the necessary technical and financial capabilities are evaluated

Pre-qualification criteria	Why is it important	Relevant documentation
Years in operation	To ensure company is an established player	Company Registration Certificate
Company Turnover (last 3 yrs) from relevant operations (e.g. IT / ITES projects)	Turnover should be around 5 times the estimated project cost	Audited Financial Reports
Company profit (last 3 yrs)	To ensure the company is not loss making	Audited Financial Reports
Experience of relevant previous projects	Capability to handle project of the same scale	Citations / Work Orders
Minimum professional strength	To ensure the company has the requisite skills	Undertaking from Authorised Signatory of company
Relevant Certifications (e.g. CMMI Level 5)	To ensure Software Standards	Relevant Certificate copy

# Vendor Selection – Prequalification Criteria

## Key Points to Note

- Evaluation of Pre-qualification criteria is always “Yes” or “No”
  - Criteria shall be objective
  - Documentary proof required to satisfy the criteria should be clearly spelled out in RFP
- Documentary evidence required to evaluate evaluation criteria should be easily available
  - Else, evaluation will get delayed
- It should exhibit some understanding of the bidding entity expected to participate
  - If car has to hit 0-60 KM's in 6 seconds, it must have an engine of certain specifications
  - Specify realistic expectations; none of the existing cars in the market may hit 0-60 KM in 6 seconds

# Vendor Selection – Technical Evaluation Criteria

## Key Points to Note

- Technical bids of only those bidders who qualify the pre-qualification stage shall be opened
- Technical evaluation criteria is broadly defined under:
  - Technical Solution proposed by the vendor
  - Approach & Methodology
  - Past Credentials
  - Proposed Personnel

# Vendor Selection – Technical Evaluation Criteria

No	Parameter	Max Score	Min Cut Off
<b>1</b>	<b>Proposed Technical Solution</b>	<b>40</b>	<b>30</b>
1.1	Technologies & s/w platforms proposed	10	
1.2	Solution design & approach	10	
1.3	H/W and Infrastructure design	10	
1.4	Security Architecture & Features	10	
<b>2</b>	<b>Approach &amp; Methodology</b>	<b>20</b>	<b>15</b>
2.1	Implementation Approach	10	
2.2	Project Management	5	
2.3	Quality Management	5	
<b>3</b>	<b>Past Credentials</b>	<b>25</b>	<b>19</b>
3.1	Experience in implementing similar projects <to be defined>	15	
3.2	Experience In large Government Sector Projects in India	5	
3.3	Experience as a systems integrator	5	
<b>4</b>	<b>Proposed Personnel</b>	<b>15</b>	<b>11</b>
4.1	Quality of manpower of the firm	5	
4.2	Domain Exp. and Skill Sets of key personnel	7	
4.3	Proposed team structure	3	
<b>Total</b>		<b>100</b>	<b>75</b>

*Illustrative*



# Vendor Selection – Technical Evaluation Criteria

Each technical evaluation criteria is typically broken down further as illustrated below for evaluation and assignment of technical marks

S.no.	Criteria	Marks	
		Allocated	Passing
<b>Relevant Past Experiences</b>			
1	a) On-site software development and maintenance in India (each project valued more than 1 Crore) <ul style="list-style-type: none"> <li>• 3 or more projects ( Full 10 marks)</li> <li>• 2 projects ( 7 marks)</li> <li>• 1 project ( 4 marks)</li> </ul> Bidder shall provide proper documentary evidence to support the claims (i.e. relevant pages of contract document, letter of intent and customer certificate)	10	
	e) Experience in working with Indian e-Governance projects <ul style="list-style-type: none"> <li>• 2 or more projects (full 5 marks)</li> <li>• 1 project (3 marks)</li> </ul> Bidder shall provide documentary evidence to support the claims (i.e. relevant pages of contract document, letter of intent and customer certificate)	5	

**Illustrative**

# Vendor Selection – Technical Evaluation Criteria

## Key Points to Note

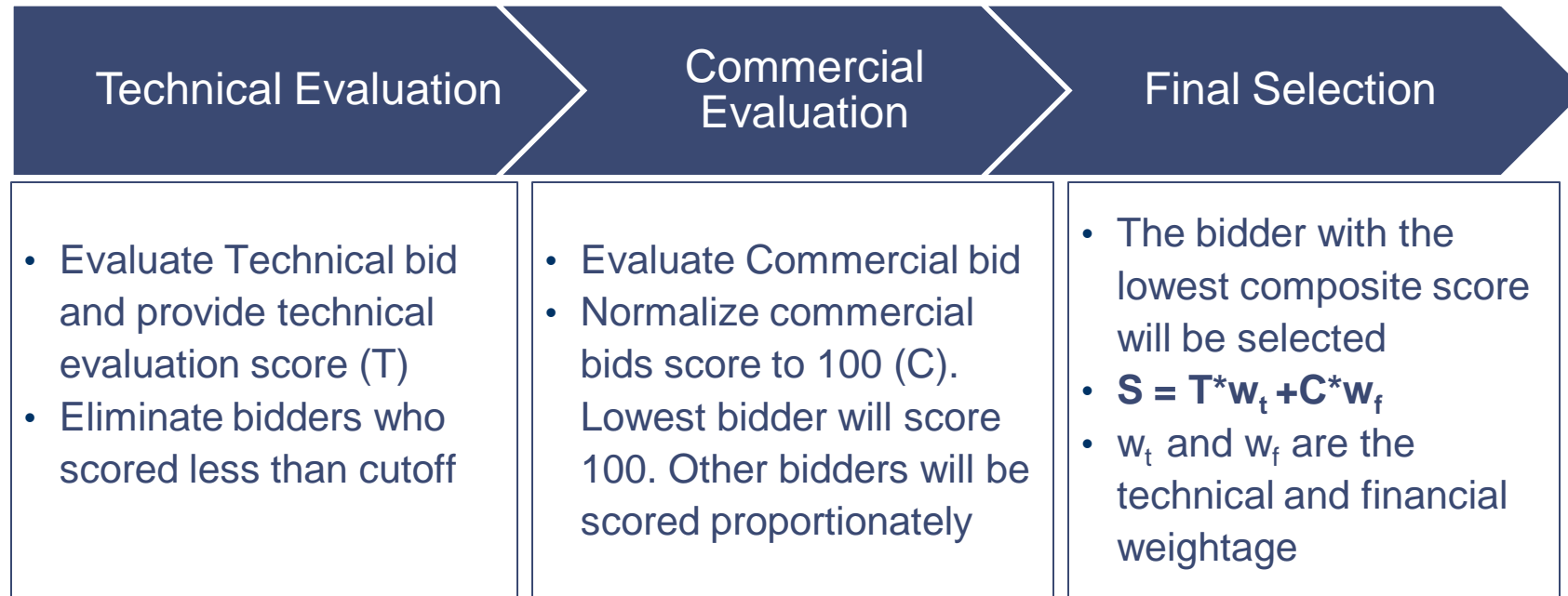
- The proposals have to be studied carefully to check for non-compliances to RFP requirements
- When there is discrepancy between the work plan and methodology proposed by bidder vis-à-vis RFP requirements, a corrected version of the work plan and methodology has to be obtained
  - The revised version however cannot be taken as the basis for award of technical marks. Marking has to be done as per the original document submitted
- During evaluation of technical proposals, clarifications can be sought about the company, its experiences and its capabilities
  - Company cannot create these over night

# Vendor Selection – Least Cost Selection



- Technical proposals will be opened first and evaluated
- Bidders securing less than the minimum qualifying mark will be rejected, and the financial proposals of the rest will be opened and compared
- The firm with the lowest price shall then be selected and invited to negotiate and finalize the contract

# Vendor Selection – QCBS



- QCBS takes into account both the quality of the technical proposal and the cost of the services to be provided
- QCBS allows for a reasonable tradeoff between quality and cost
- Technical proposals are given weightage of 60-90%, with minimum cut-off at 60-75%

# Vendor Selection – QCBS Illustration

- Technical weightage: 70
- Commercial weightage: 30

S.no	Description	Bidder 1		Bidder 2	
		Actual	Weighted	Actual	Weighted
1	Technical marks	60	42	70	49
2	Commercial rate quoted	100,000	30	125,000	24
3	Aggregated score	72		73	
4	Bidder ranking	L2		L1	

# Vendor Selection – Quality Based Selection

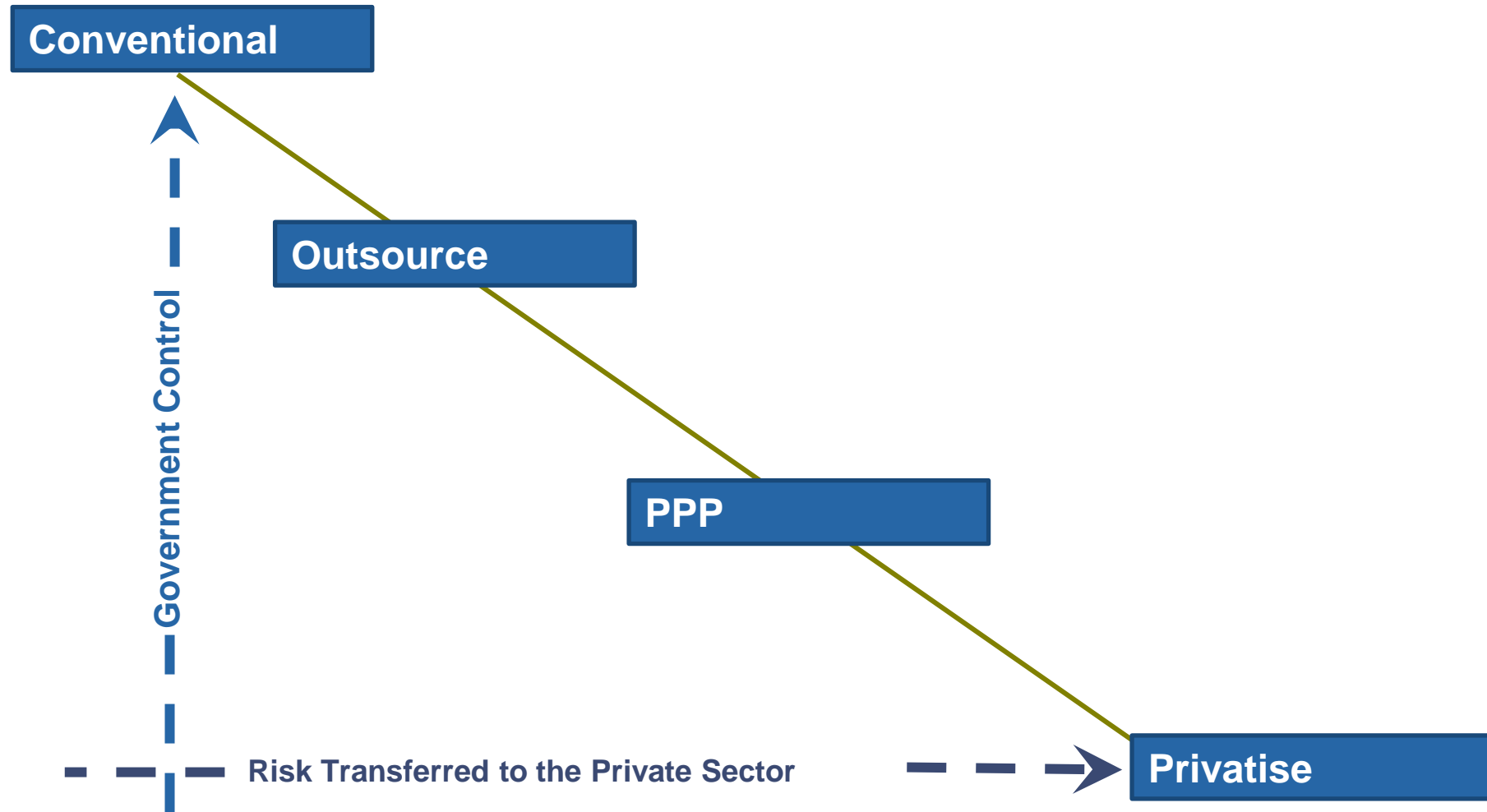
- In QBS, a Bidder is shortlisted based on evaluating only the quality of the technical proposals. The vendor who is the most technically qualified is invited for negotiation of the financial proposal.
- QBS is appropriate when:
  - Assignments are complex or highly specialized making it difficult to define Terms of Reference and requires input from the consultants
  - Assignments where the downstream impact is so large that quality of the services is of overriding importance for outcome of the project
  - Assignments that can be carried out in substantially different ways such that financial proposals maybe difficult to compare
- The Technical Proposals are evaluated in the same way as in QCBS, and negotiations are carried out with the highest ranked bidder for arriving at the cost of services

# Vendor Selection – Fixed Budget Selection

- Procurement entity defines the Terms of Reference and discloses the budget for the advertised procurement upfront. The vendor with the highest technical score, who agrees to execute the work within the estimated budget is awarded the contract
- The bidders will tend to adjust methodology and quality to the available budget
- Fixed budget selection (FBS) is appropriate when
  - Terms of Reference is precisely defined
  - The time and personnel inputs can be accurately assessed
  - The budget is fixed and cannot be exceeded
- Technical Bids are evaluated and bidders are ranked based on the technical score. Financial bids of technically qualified bidders are opened
- Bidder with the highest technical score within the fixed budget is awarded the contract

# Business Model – An Overview

## Various Models for Private Sector Participation





Thank you

[srinivas.k.ayaluri@gmail.com](mailto:srinivas.k.ayaluri@gmail.com)

08790724887