

Information event for consulting companies on 27 September 2010 at GTZ (now GIZ)

Open questions – Notes – Suggestions

1.- Would it be possible to issue information on award of contracts in advance of submitting the offer to BMZ?

- GIZ will review whether it is possible in future to issue advance information on award of contracts via the GTAI in addition to the various publications already used. However, it should be pointed out that the BMZ contract has not yet been awarded at this stage, and a concrete decision on award of the contract to the consulting industry has not yet been taken.

2.- Terms of reference (ToRs) and assessment grid in competitive tendering How do consulting firms know whether an assessment criterion, such as a knowledge of German, is a mandatory requirement, in other words that they will be excluded if they do not fulfil it?

- In order to ensure that the tendering process is carried out correctly, the requirements must be clearly formulated in the tendering documents (terms of reference, technical assessment grid). If in doubt, please submit a written query to the person named in the invitation to tender. In relation to the example given above, depending on the case in question, knowledge of German may be a mandatory requirement. GIZ usually submits reports to BMZ in German. If the long-term expert (team leader) does not speak German fluently, another staff member of the consulting company such as a backstopper must be able to draft the reports to GIZ in German.

3.- Limiting the length of the expression of interest to no more than four pages Can a consulting company be excluded if its expression of interest is longer than four pages, particularly in the case of a joint venture?

- Exceeding the length does not constitute a reason for exclusion. The recommended length merely serves as a guideline, in order to limit the work involved for both sides.

4.- Delays in drafting follow-on contracts

- Delays in drafting follow-on contracts frequently lie outside GIZ's direct control (for example, governmental negotiations may be postponed, or BMZ may not place the contract on time). GIZ will discuss this matter with BMZ. However its scope for influencing the timing of the contract is limited. GIZ is aware that if the consulting firm only implements one programme component that depends on the overall programme design, it is often unable to fulfil its contractual obligation to submit an offer for the follow-on phase when it hands in its penultimate interim statement of account. GIZ will continue to work on finding a solution to this problem.

5.- Language in which offers are submitted by consulting companies

- In future, GIZ will probably accept more offers in the language widely used in the partner country, as partners in many countries will in future be involved to a greater degree in formulating the ToRs and in choosing appraisers/consultants. For foreign-language tenders and ToRs, the price offer may be submitted in either German or English.

6.- Does BMZ have a facility for procurement inspection?

- No. Please submit any complaints you may have to the Federal Cartel Office, Germany's national competition regulator, which is responsible for the state chambers that award contracts. The address is given in GIZ's invitation to tender. Alternatively, you can contact GIZ's Contract Management Division. If the matter is related to integrity, you can also contact GIZ's ombudsman.

7.- Subsequent negotiations if costs change during the contract term

As a matter of principle, both sides are to adhere to the contractual provisions, including those related to prices. Changes may be made from case to case in very exceptional situations bordering on the legal principle of frustration of contract, but the same shall apply in the event of costs being lower than anticipated.

8.- Person-month settlement rates for international/national/regional experts agreed during the tendering process were re-negotiated in individual cases

- In principle, these prices should not be re-negotiated if they reflect the market situation based on the results of competitive tendering.

9.- Within the context of calls for tender can GIZ provide information on the fees of local programme staff, to ensure that competitive tendering bids reflect local market conditions?

- You can submit queries regarding the customary local salaries and travel expense guidelines to GIZ. Direct any queries related to the tendering process to the address provided in the tendering documents.

10.- Situation:, GIZ is implementing one programme or component, a consulting firm is implementing another. Local experts and other local personnel are not treated the same and receive different salaries, holiday entitlements, and per-diem allowances in the country of assignment.

- Discrepancies between the rules applied for local experts by consulting firms and GIZ are unavoidable. In certain cases, GIZ's conditions will be more favourable, in others those of the consulting firm will be better. GIZ does not intend to standardise

employment conditions, as this would be considered as interfering in the consulting firm's pricing policy.

11.- During the contract negotiations budget airline ticket prices were used as a reference for flight costs.

- GIZ's General Terms of Contract Governing Contracts for Consulting Services stipulate that depending on the destination, the lump sum for flight costs is to be calculated on the basis of an appropriate combination of economy, business class and special fares, taking account of ancillary flight costs. Appropriate ticket costs are also to be agreed for short-term assignments within the framework of smaller-scale contracts. As a general rule, budget airline prices are not to be used as a reference point, as they frequently do not offer the required degree of flexibility for assignments (travel dates).

12.- During the contract, GIZ's officer responsible for the contract and cooperation requests the assignment of consultants who do not belong to the agreed pool of short-term experts, and who may charge a higher fee. The agreed average expert month rates do not cover the costs incurred by the consulting companies.

- Under the contract, the short-term experts specified in the offer are to be assigned. If these experts are not named in the contract, short-term experts who have the required qualifications are to be assigned. As the short-term expert rates are lump-sum prices, experts with a higher expert month rate than specified in the contract may be assigned in individual cases. As a general rule, these increased costs should be offset by assigning short-term experts with a lower rate in other cases, as is usually the case in compensatory pricing. GIZ is currently reviewing its policy of standalone pools of short-term experts and its modes of contract placement to these pools, as they have in the recent past generated significantly more work for both GIZ and the consulting firms and often been difficult to coordinate effectively.

13. Can the average collective bargaining increase for GIZ staff members, which is usually needed to calculate the escalation clause, be published on GIZ's website?

- Yes. GIZ will publish the average collective bargaining increase used to calculate the escalation clause on its website.

14.- In the past GIZ has not assumed costs resulting from maternity leave for a long-term expert assigned by a consulting firm. Could GIZ pay the flight costs of the replacement expert?

- GIZ is prepared to pay the flight costs of a replacement expert in the case of maternity leave in future. However, it will not assume any other costs in this context.

15.- Are lump-sum payments desirable? Where can they be used?

- Lump sums make it easier to settle accounts for small-scale items in particular. They must be calculated appropriately and transparently. Although lump-sum payments cannot be made for equipment or for local subsidies, they are desirable for other

items (per month/trip/participant, and so on). For items that are to be invoiced on the basis of evidence, consulting firms may propose lump-sum payment based on their experience to date six months into an implementation project,.

16.- If shortfalls in the budget become apparent during contract negotiations, the specification of inputs is often reduced. Does this mean that the ToRs also need to be modified accordingly? What causes these shortfalls? Why is it not possible to publish a budget from the outset?

- If insufficient funds are available, contract negotiations can be conducted to reduce the budget without jeopardising the project's objectives, indicators or work results, if at all possible. If however, the targeted results have to be modified, and this affects the ToRs, then the ToRs and the contract must be adapted to reflect these changes.
- The budget needs to be cut if the funds available do not cover the costs specified in the offer, for example because not all cost-relevant factors of a project or concept offered can be planned precisely enough in advance. GIZ has introduced additional planning instruments to align budget costings more accurately with planning and with the terms of reference.
- GIZ has no plans to publish a budget for competitive tendering.

17.- Does GIZ use standardised rejection letters for technical aspects of an offer? Is the price given in the rejection letter after the 14-day period the negotiated price or the offer price?

- GIZ uses standard rejection letters. The price stated is the evaluated price, that is the offer price once costs such as family-related costs have been taken into account. Feedback we have received to date indicates that GIZ's written notification of rejection provides consulting firms with helpful information.

18.- Shouldn't the concept included in the offer constitute an integral component of the contract, in addition to the ToRs?

- As a matter of principle, the ToRs and - to a lesser degree - the (final) negotiated version of the concept outlined in the offer form the basis for implementing the contract. As the concept constitutes part of the consulting firm's offer, it already forms an integral component of the contract, insofar as it does not contradict the ToRs.

19.- What is meant by the preliminary entry of an invoice from a consulting firm?

- When it arrives at GIZ, a consulting invoice is forwarded to the central invoice registration point. Here, it is scanned, and a preliminary entry made in the accounting system. The original invoice is then sent to the relevant employee in the responsible Finance Team (FiT) for financial processing.

20.-How does GIZ ensure that an invoice is processed promptly even if the responsible FiT employee is absent?

- Normally, the advance payment provided without a contract guarantee should be enough to guarantee liquidity, even if invoice processing is delayed. Contact the manager of the relevant FIT if significant delays occur. Down payments can be made where partial invoices are submitted (this does not apply to final invoices).

21.- What do you do if you have lost your boarding card, and the contract stipulates that this must be submitted for the settlement of flight costs?

- You must submit a written declaration stating that you have completed the trip (name of the person travelling, and dates), that the costs were incurred, and that you have lost your boarding card. GIZ can then pay these costs on this basis, provided the commissioning party in question will in turn reimburse these costs to GIZ.

22.- Where can the consulting firm submit an application for the reimbursement of VAT in the country of assignment?

- Please contact the administrative manager of the relevant GIZ office. You should only apply for VAT reimbursements for invoices over a certain amount (for example EUR 300 in South Africa), in order to minimise paperwork. GIZ can then reimburse the VAT on provision of the required evidence.

23.- Why are exchange rates not available any earlier than the 20th calendar day of the following month?

- GIZ must receive the required information from the Deutsche Bundesbank, before it can publish its exchange rate list. You can, if you wish, use the previous month's exchange rate.

24.- Why do GIZ's General Terms of Contract for the procurement of materials and equipment not specify an amount from which competitive tendering is mandatory?

- GIZ has published guidelines on this under <http://www.gtz.de/en/ausschreibungen/17814.htm>

25.- What should you do if GIZ's officer responsible for the contract and cooperation requests that you submit your invoice at a later date, as it cannot currently be paid for budgetary reasons?

- This should not happen. If it does, please contact the responsible FIT manager and the Director of the Contracting, Procurement and Logistics Division. Payments that are to be made by the end of a calendar year must be submitted to GIZ no later than 15 November of that year. We advise consulting firms to draft a liquidity management plan together with the officer responsible for the contract and cooperation at the start of the year, and to monitor progress throughout the year.

26.- What should a consulting firm do if the next deadline for the settlement of accounts is 31 December of the current year, and the officer responsible for the

contract and cooperation requests it to submit an additional invoice as at 15 November?

- In individual cases, it may make sense to issue an additional invoice. If such a situation does arise, the officer responsible for contracts and cooperation should discuss the matter with GIZ's Contract Management section and agree on how to proceed.

27.- If an item is reduced or cancelled in a consulting invoice, but is recognised at a later stage, is your only option to include the amount in the next quarterly invoice?

- In such cases, you can submit a supplementary invoice, which can be paid between two standard accounting periods. Please only submit supplementary invoices in exceptional circumstances, as they create extra administration work.

28.- Can GIZ inform the firm of consultants in advance if an invoice is reduced by a significant amount, so that the amount in question may be promptly included in the next invoice?

- Yes, if an invoice amount is reduced significantly, GIZ sends the consulting firm a preliminary copy of the invoice cover letter.

29.- Suggestion: The invoice number should be included in the bank transfer reference field, to help the consulting firm to track payments.

- The FiTs have taken this suggestion on board.

30.- When does the 45-day invoice payment period start?

- It starts on the date on GIZ's incoming mail stamp, not on the date of preliminary entry in the accounting system.
