

Annex XXVIII: Corporate procurement guidelines on the use of consultants

I. Introduction and Policies

A. Purpose

1.1 The purpose of these guidelines is to define procedures that the Green Climate Fund (the Fund) shall follow for selecting, contracting, monitoring and evaluating the conduct of consultants required for its own corporate needs.

1.2 For these guidelines, the term ‘consultants’ includes a wide variety of private and public entities, including international¹ and national² consulting firms, auditors, universities, research institutions, government agencies, non-governmental organizations (NGOs) and individuals.³

B. General Considerations

1.3 The operational divisions at the Fund are responsible for the selection, engagement, supervision and evaluation of consultants. Consultants will not normally be used to perform a function if there are adequate internal resources available. Although the specific rules and procedures to be followed for employing consultants depend on the circumstances of the particular case, eight main considerations guide the Fund’s policy on the selection process:

- (a) Need to advertise widely;
- (b) Need for high-quality services;
- (c) Need for economy, efficiency and effectiveness;
- (d) Need to give all qualified consultants an opportunity to compete in providing the services;
- (e) The Fund’s interest in encouraging the development and use of national consultants from the partner countries of operation;
- (f) Need for transparency in the selection process;
- (g) Need for increasing focus on anticorruption and observance of ethics; and
- (h) Avoidance of conflict of interest of consultants and adverse impacts on the Fund’s credibility.

1.4 The Fund considers that, in the majority of cases, these considerations can best be addressed through competition among qualified, shortlisted firms or individuals whose selection is based on the quality of the proposal and, where appropriate, on the cost of the services to be provided. To the extent possible, corporate procurement shall follow procedures as described in Part II of these corporate guidelines describing the different methods of selection of consultants accepted by the Fund and the circumstances in which they are appropriate. Quality- and cost-based selection (QCBS) is the Fund’s preferred method for these

¹ ‘International consultant’ means any consulting firm established or incorporated in any country outside the country where the assignment takes place, or a person who is not a citizen of the country where the assignment takes place.

² ‘National consultant’ means any consulting firm or individual from the country where the assignment takes place that is established or incorporated and has a registered office in that country, or a person who is a citizen of such country.

³ ‘Individual consultants’, see paragraph 2.34.

guidelines, as described in detail the procedures for QCBS. However, for cases where QCBS is not the most appropriate method, alternative selection methods are described on pages 9–10.

C. Applicability

1.5 The procedures outlined in these guidelines apply to all contracts for consulting services required by the Fund, including secondments to the Fund.

1.6 The Integrity Principles and Guidelines of the Fund, as well as the Fund's Anti-Corruption Policy, will apply to all contracts for services.⁴

1.7 The Fund will use:

- (a) Staff consultants to supplement its own staff to support and, where needed, provide specialized, expert knowledge and advice for the Fund's activities under contracts financed from the Fund's administrative budget; and
- (b) Terms of Reference (TOR) to define the duties of consultants. Consultants recruited by the Fund include firms and individuals.

D. Conflict of Interest

1.8 The Fund considers a conflict of interest to be a situation in which a party has interests that could improperly influence the activities of the Fund and the policy decisions of the Board, as well as that party's performance of official duties or responsibilities, contractual obligations or compliance with applicable laws and regulations. The Fund will take appropriate actions to manage such conflicts of interest or may reject a proposal for award if it determines that a conflict of interest has compromised the integrity of any consultant selection process.

1.9 Without limitation on the generality of the foregoing, consultants shall not be recruited under the circumstances set forth below:

- (a) **Conflict between consulting activities and procurement of goods, works or services.** A consulting firm or individual consultant who has been engaged by the Fund to provide goods, works or services to the Fund shall be disqualified from providing consulting services to borrowers or recipients of monies of the Fund related to those goods, works or services unless these are procured at the same time.
- (b) **Conflict among consulting assignments.** Consulting firms or individual consultants shall not be hired for any assignment that, by its nature, may be in conflict with another assignment of the firm or individual. As an example, consultants hired to prepare the TOR for an assignment shall not be hired for the assignment in question. The same should apply for consultants appointed to prepare modalities for the Fund, including work programmes. As such, neither the individual nor the company may be eligible for the implementation of such activities:

Relationship with Fund staff. Consulting firms or individual consultants who have a business or family relationship with a Fund staff member who is directly or indirectly involved in any part of: (1) the preparation of the TOR of the contract; (2) the recruitment process for such contract; or (3) the supervision of such contract may not be awarded a contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the Fund throughout the recruitment process and the execution of the contract.

⁴ These are currently being developed on the basis of precedents of the Asian Development Bank.

E. Unfair Competitive Advantage

1.10 Fairness and transparency in the recruitment process require that consulting firms or individual consultants competing for a specific assignment do not derive a competitive advantage from having provided consulting services related to the assignment in question. To that end, the Fund shall make available to all the shortlisted consultants all information, including the Request for Proposal (RFP), that would, in that respect, give a consulting firm or an individual consultant a competitive advantage.

F. Associations between Consultants

1.11 Consultants may associate with each other in the form of a joint venture (JV)⁵ or of a sub-consultancy agreement to:

- (a) Complement their respective areas of expertise;
- (b) Strengthen the technical responsiveness of their proposals and make available bigger pools of experts;
- (c) Provide better approaches and methodologies; and, in some cases; and
- (d) Offer lower prices.

1.12 Such an association may be for the long term (independent of any particular assignment) or for a specific assignment. If the Fund employs an association in the form of a JV, the association will appoint one of the firms to represent the association. All members of the JV shall sign the contract and shall be jointly and severally liable for the entire assignment.

G. Training or Transfer of Knowledge

1.13 If the assignment includes an important component for training or transfer of knowledge to the Fund, the TOR shall indicate the objectives, nature, scope and goals of the training programme, including details on trainers and trainees, skills to be transferred, timeframe, and monitoring and evaluation arrangements. The cost for the training programme shall normally be included in the consultant's contract and in the budget for the assignment.

H. Language

1.14 Documentation and communication relating to the use of consultants prepared by both the Fund and consultants shall normally be in English. However, if necessary this can be translated into another language.

I. Fraud and Corruption

1.15 The Fund requires that consultants observe the highest standard of ethics during the selection process and in execution of such contracts. In pursuance of this policy, and in the context of these guidelines, the Fund:

- (a) Defines, for the purposes of this provision, the terms set forth below as follows:

⁵ The nationality of the joint venture (JV) for the purpose of shortlisting will be defined by the nationality of the firm representing the JV.

- (i) 'Corrupt Practice' means the offering, giving, receiving or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;
 - (ii) 'Fraudulent Practice' means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
 - (iii) 'Coercive Practice' means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; and
 - (iv) 'Collusive Practice' means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
- (b) Will reject a proposal for an award if it determines that the consultant recommended for the award has directly, or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the contract in question; and
- (c) Will sanction a firm or individual, at any time, including declaring ineligible, either indefinitely or for a stated period of time, such consulting firm, individual or successor from participation in Fund-financed activities, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or other prohibited practices.

1.16 Fund contract documents shall include an undertaking by the consultants that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received or promised in connection with the consultant selection process or in contract execution.

J. Performance Evaluation

1.17 The Fund believes that past consultant performance should be linked to further business opportunities. The Fund implements formal consultant performance evaluations. The consultant is also given the opportunity to review and comment on the content of the performance evaluation report prepared by the Fund.

K. Ineligibility for Procurement

1.18 The Fund will not procure services from:

- (a) Any country, organization or individual specifically referred to in any current Resolutions of the United Nations Security Council where such procurement would be counter to any measures imposed by the relevant resolution; and
- (b) Any individual or organization appearing in Table 1 of the World Bank Listing of Ineligible Firms & Individuals as published on the World Bank website.

II. Procedures

2.1 Selection Methods

The Fund implements a range of selection methods in order to:

- (a) Provide a wide range of services;

- (b) Promote streamlining and harmonization; and
- (c) Reduce administrative complexities and transaction costs.

The following selection methods are available for the recruitment of consultants:

Selection Method	Maximum value of contract	Selection based on	Comment
Quality- and Cost-Based Selection	Unlimited, unless for national consultants only, when the limit is US\$ 100,000	Quality of Technical solution and cost	
Quality-Based Selection	Unlimited	Technical proposal	
Fixed Budget Selection	Unlimited	Highest ranked technical proposal	Proposal must be same as, or less than, the fixed budget
Least Cost Selection	Generally less than US\$ 50,000	Lowest cost, technically acceptable proposal	
Consultant's Qualifications Selections	Usually less than US\$ 100,000	Most appropriate qualifications and experience	
Single Source Selection	Usually less than US\$ 50,000; must be justified	Firm must be qualified, experienced and available	Should only be used in the circumstances stated below

These selection methods are described in more detail below.

A. Recruitment of Consulting Firm

1. Quality- and Cost-Based Selection

QCBS is based on the quality of the technical proposal and the cost of the services to be provided. Since under QCBS the cost of the proposed services is a factor in the selection, this method is appropriate when:

- (i) The scope of work can be precisely defined;
 - (ii) The TOR are well specified and clear; and
 - (iii) The Fund and the consultants can estimate with reasonable precision the personnel, time and other inputs required of the consultants.
- (a) Preparation of the TOR: Before a consulting firm can be recruited, the objective and scope of the proposed work, and the functions and duties to be assigned to the consultant, should be clearly and adequately defined in the TOR.
 - (b) Cost Estimates (Budget for the Assignment): Well-developed cost estimates are essential to ensure that realistic budgetary resources are provided. The cost estimates shall be prepared by the Fund staff based on assessment of the resources needed to carry out the assignment—that is, expert time and logistical support. Costs shall be divided into two broad categories:
 - (i) Remuneration (according to the type of contract used); and
 - (ii) Out-of-pocket expenses. The cost of expert time shall be estimated on a realistic basis for international and national personnel.

- (c) Advertising: The Fund normally lists all requests for consulting services on its website before shortlisting.
- (d) Preparation of Longlist of Consultants: The Fund units maintain a list of technically qualified firms based on applications submitted.
- (e) Preparation of Shortlist of Consultants: The Fund's Procurement Specialist (PS) is responsible for reviewing and providing advice on the shortlist. The Fund shall give first consideration to those firms expressing interest that possess the relevant qualifications. Except in special circumstances (e.g. when only a few qualified firms have expressed interest in the specific assignment, or when the size of the contract does not justify wider competition), shortlists shall comprise six firms with a wide geographic spread, with no more than two firms from any one country and at least two of the firms from a developing country, unless qualified firms from developing countries cannot be found. For establishing the shortlist, the nationality of a firm is that of the country in which it is registered or incorporated and, in the case of a JV, the nationality of the firm appointed to represent the JV.

The shortlist may comprise entirely national consultants (firms registered or incorporated in the country) under three conditions:

- (i) If the assignment is below a ceiling established by the Fund;⁶
- (ii) Sufficient qualified firms are available to enable a shortlist of firms with competitive costs to be drawn up; or
- (iii) When competition, including foreign consultants, is prima facie not justified or foreign consultants have not expressed interest. However, if foreign firms express interest, they shall be considered.

Preparation and Issuance of the RFPs: The Fund staff shall use the standard RFPs, which include:

- Letter of invitation;
- Instructions to consultants, including a data sheet and evaluation criteria; and
- TOR.

In general, the Fund shall distribute the RFP through an electronic system.

- (f) Receipt of Proposals: Firms shall be required to submit technical and financial proposals in separate sealed envelopes at the same time. Any proposal received after the closing time for submission of proposals will be returned unopened, and no amendments to the technical or financial proposals will be accepted after the deadline.
- (g) Evaluation of Technical Proposal: The evaluation shall be based on the evaluation criteria defined in the instructions to consultants. After the technical quality is evaluated, firms whose technical proposals did not meet the minimum qualifying score of 75 points out of a possible 100 points, or were considered non-responsive to the invitation requirements, will be advised and their financial proposals will be returned unopened. Firms that have secured the minimum qualifying technical score will be advised of the location, date and time for opening of the financial proposals.
- (h) Public Opening of Financial Proposals: The Fund shall then inform the firms whose technical proposals scored 75 points or more of the time and place where the Fund will publicly open their financial proposals. The name of the firms, the technical quality scores and the proposed prices shall be announced and recorded when the financial proposals are opened.

⁶ Dollar ceilings is US\$ 100,000.

- (i) Evaluation of Financial Proposal: The Fund shall then review the congruency of the technical and financial proposals, make adjustments as appropriate and correct arithmetical or computational errors.
- (j) Ranking of Proposals: The total score shall 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 be chosen, taking into account the complexity of the assignment and the relative importance of quality. Except as provided for in the case of other selection methods, the weight for cost shall normally be 30 per cent.
- (k) Negotiations: The Fund shall then negotiate a contract with the first-ranked firm. Negotiations will include discussions of the TOR, the methodology, personnel schedule, counterpart facilities and the quantities of cost items in the firm's financial proposal. However, these discussions will not substantially alter the TOR attached to the invitation. The selected firm should not be allowed to substitute experts unless both parties agree that undue delay in the selection process makes such substitution unavoidable, or that such changes are critical to meet the objectives of the assignment.⁷ Proposed unit rates for remuneration shall not be altered, nor should other expenses be negotiated as unit rate cost has been a factor in the selection process. Successful negotiations conclude with the signing of the contract. Financial negotiations shall include clarification of the consultant's tax liability, if any, and how this tax liability has been or would be reflected in the contract. If the Fund and the firm cannot reach agreement, the Fund may terminate the negotiations and start negotiations with the next ranked firm until an agreement is reached.
- (l) Rejection of All Proposals and Re-invitation: The Fund reserves the right to reject all proposals if they are non-responsive because they present major deficiencies in complying with the TOR, or if they involve costs substantially higher than the original estimate. In the latter case, the feasibility of increasing the budget, or scaling down the scope of the services with the firm, should be considered. The new process may include revising the RFP (including the shortlist) and the budget; or the Fund may cancel the consultancy altogether.
- (m) Confidentiality: Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the consultants who submitted the proposals or to other persons not officially concerned with the process until the publication of the award of contract.

2. **Quality-Based Selection**

Quality-based selection (QBS) is a method based on evaluating only the quality of the technical proposal and the subsequent negotiation of the financial proposal and the contract with the consultant who submitted the highest ranked technical proposal. QBS is appropriate when:

- (a) Assignments are complex or highly specialized, making it difficult to define precise TOR and the required input from the consultants; and
- (b) Assignments that can be carried out in substantially different ways such that financial proposals may be difficult to compare.

Generally, when QBS is used, the RFP will request that firms submit a technical proposal only (as price will not be used as a selection criterion). Using the same methodology as in QCBS

⁷ Defining realistic proposal validity periods in the RFP and carrying out an efficient evaluation minimize this risk.

for evaluating and ranking of the consultants' technical proposal, the Fund shall request the consultant with the highest ranked technical proposal to submit a detailed financial proposal, including supporting documentation that may be subject to audit. The Fund and the consultant shall then negotiate the financial proposal and the contract. All other aspects of the selection process shall be identical to those of QCBS, including the publication of the award of contract, except that only the cost of the winning firm is published.

3. **Fixed Budget Selection**

Fixed budget selection (FBS) is appropriate only when:

- (a) The TOR are precisely defined;
- (b) The time and personnel inputs can be accurately assessed; and
- (c) The budget is fixed and cannot be exceeded.

To reduce the financial risk for consultants, and avoid receiving unacceptable technical proposals or no proposals at all, FBS can only be used for well-defined assignments where no changes are expected during implementation. Shortlists for FBS will normally comprise six firms with a reasonable geographic spread. The RFP shall indicate the available budget, define the 'minimum' qualifying mark for the 'quality' as 75 points out of a possible 100, and request firms to submit, at the same time, their best technical and financial proposals within the budget in separate envelopes. Evaluation of all technical proposals shall be carried out first, then the financial proposals of firms meeting the 'minimum' qualifying mark shall be opened. Proposals that exceed the indicated budget shall be rejected. The consultant who has submitted the highest ranked technical proposal amongst the remaining proposals shall be selected and invited to negotiate. Should negotiations fail, the Fund shall start negotiations with the next ranked firm until an agreement is reached.

4. **Least-Cost Selection**

Least-cost selection (LCS) is only appropriate for selecting consultants for very small assignments⁸ of a standard or routine nature (audits and simple surveys) where well-established practices and standards exist. Shortlists for LCS will normally comprise three firms. The RFP shall define the 'minimum' qualifying mark for the 'quality' as 75 points out of a possible 100, and request the firms to submit, at the same time, technical and financial proposals in separate envelopes. Technical proposals shall be opened first and evaluated. Those securing less than the minimum qualifying mark will be rejected, and the financial proposals of the rest will be opened in public. The firm with the lowest price shall then be selected and invited to finalize the contract. Should negotiations fail, the Fund shall start negotiations with the next-ranked firm until an agreement is reached.

5. **Consultants' Qualifications Selection**

The consultants' qualifications selection (CQS) method may be used for small assignments⁹ where:

- (a) Highly specialized expertise is required for the assignment and recruitment of 'boutique' consulting firms that provide depth of expertise in specific areas is anticipated;
- (b) Recruitment time is critical and the assignment is, typically, short term;

⁸ Generally less than US\$ 50,000.

⁹ Usually less than US\$ 100,000.

- (c) Few consultants are qualified; and
- (d) The preparation and evaluation of competitive proposals are not justified.
The Fund shall:
 - (e) Prepare the TOR;
 - (f) Request amplified expressions of interest (EOI) and information on the consultants' experience and competence relevant to the assignment;
 - (g) Establish a shortlist of at least three firms; and
 - (h) Select the firm with the most appropriate qualifications and references based on the EOI.

The selected firm shall be asked to submit a combined technical–financial proposal and then be invited to negotiate the contract. Should negotiations fail, the Fund shall initiate negotiations with the next-ranked firm until an agreement is reached.

6. **Single-Source Selection**

Single-source selection (SSS) of consultants does not provide the benefits of competition with regard to quality and cost, lacks transparency in selection and could encourage unacceptable practices. Therefore, SSS shall be used only in exceptional cases. The justification for SSS shall be examined in the context of the overall interests and the Fund's responsibility to ensure economy and efficiency and provide equal opportunity to all qualified consultants.

SSS may be appropriate only if it presents a clear advantage over competition:

- (i) For tasks that represent a natural continuation of previous work carried out by the firm (see next paragraph);
- (ii) In emergency cases, such as in response to disasters;
- (iii) For very small¹⁰ assignments; or
- (iv) When only one firm is qualified or has experience of exceptional worth for the assignment.

When continuity is essential, the initial RFP shall outline this prospect; if practical, the factors used for the selection of the consultant shall consider the likelihood of continuation. Continuity in the technical approach, experience acquired and continued professional liability of the same consultant may make continuation with the initial consultant preferable to new competition, subject to satisfactory performance of the initial assignment. For such assignments, the Fund shall ask the initially selected consultant to prepare technical and financial proposals on the basis of revised TOR, which shall then be negotiated. If the initial assignment was not awarded on a competitive basis, or if the assignment is substantially larger in value, a competitive process shall normally be followed in which the consultant carrying out the initial work is not excluded from consideration if she/he expresses interest.

B. **Recruitment of Individual Consultant**

For many consultancy assignments required by the Fund, it is likely that individual consultants are more appropriate and cost-effective than firms. Individual consultants may be recruited directly (independent individual) or through an organization, such as a consulting

¹⁰ Dollar thresholds defining 'very small' shall be determined in each case, taking into account the nature and complexity of the assignment, but shall not exceed US\$ 50,000.

firm, an academic institution, a government or an international agency. The procedures for selection are simpler than those for selecting international and national consulting firms. Individual consultants are recruited on the basis of their professional qualifications and relevant experience for the assignment.

C. Recruitment of Particular Types of Consultant

- (a) **Staff Consultant:** The Fund shall define the requirements and prepare the TOR for a staff consultant. The Fund shall review expressions of interest submitted and the data on individual consultants for suitable candidates and, if necessary, ask organizations or consulting firms for nominations.
- (b) **Resource Persons:** Resource persons may not be engaged for more than three months but may be recruited by using SSS.
- (c) **United Nations and Other Specialized Agencies:** The United Nations and other similar specialized agencies may be hired as the consultants, where they are qualified to provide technical assistance and advice in their area of expertise. However, they shall not receive any preferential treatment in a competitive selection process. To neutralize the privileges of United Nations agencies, as well as other advantages such as tax exemption and facilities, and special payment provisions, the QBS method shall be used. United Nations agencies may be hired based on SSS if the criteria outlined in Item 6 of these corporate guidelines are fulfilled. The contractual arrangements will normally be by letter of agreement.
- (d) **Non-Governmental Organizations:** To improve the effectiveness, quality and sustainability of its operations, the Fund cooperates with a range of international and national NGOs. Simplified recruitment procedures and contracting arrangements will be applied for smaller (particularly national) NGOs. Where international NGOs are included with consulting firms on shortlists, the QCBS method will be used. Where the assignment requires in-depth knowledge of local issues, community needs and/or participatory approaches for which either international or national NGOs are clearly better qualified, the shortlist may comprise entirely NGOs and the selection method will be QCBS. Where national NGOs are being recruited, the Fund may apply a modified (simplified) QCBS recruitment procedure to reflect the capacity of the competing NGOs and where evaluation criteria reflect their unique qualifications, including:
 - (i) History of work with local communities and evidence of satisfactory performance;
 - (ii) Familiarity with participatory development approaches; and
 - (iii) Committed leadership and adequate management, and capacity to co-opt beneficiary participation.
 - (iv) The Fund may select the NGO by SSS, provided the criteria outlined in Item 6 of these corporate guidelines are fulfilled.
- (e) **Auditors:** Auditors typically carry out auditing tasks under well-defined TOR and professional standards. They shall be selected according to QCBS, giving cost a weight of up to 50 per cent or by the 'LCS' outlined on page 10. For very small¹¹ assignments, CQS may be used.

¹¹ Usually less than US\$ 50,000.

- (f) **Service Delivery Assignments:** Assignments requiring support services (e.g. training, the design or production of project training materials or promotional materials or videos, and planning and implementing workshops or seminars) may involve hiring individuals or specialist organizations that deliver services on a contract basis. A lump sum contract is typically the most appropriate mechanism for engaging the service provider.

When contracting with an NGO, special attention should be given to conflicts of interest—whether actual or potential. These should be identified in the contract with the NGO with a detailed explanation how they have been addressed.

2.2 Contracting Methods

Selection of the type of contract will depend on:

- (a) The nature of the assignment;
 - (b) Whether the scope and output are definable; and
 - (c) The distribution of risks between the concerned parties.
1. **Time-Based Contract:**¹² This type of contract will be used for complex studies, advisory services and most training assignments. Payments are linked to inputs and are usually based on either daily or monthly rates for personnel named in the contract, and on reimbursable expenses using actual expenses and/or an agreed unit rate.
 2. **Retainer Fee Contract:** In addition to the regular time-based fee, the remuneration of the consultant includes a retainer fee to ensure the consultant's availability when the need for her or his sporadic services arise.
 3. **Indefinite Delivery Contract (Price Agreement):** This contract is used when the Fund needs to have 'on-call' specialized services to provide advice on a particular activity for which the extent and timing cannot be defined in advance. This is commonly used to retain 'advisers' for the implementation of complex assignments normally for a period of a year or more. The Fund and the individual agree on the unit rates to be paid for the experts, and payments are made on the basis of the time actually used.
 4. **Lump Sum Contract:** A lump sum contract is used for assignments in which the content, duration of services and the required output of the consultants are clearly defined. Prices shall include all costs and cannot be negotiated. Payments are linked to outputs, such as reports, bidding documents or software programs.

2.3 Important Contract Provisions for Payments

Contracts should include provisions for the following items:

1. **Currency:** All contracts shall be expressed in US Dollars.
2. **Payment Provisions:** Payment provisions, including amounts to be paid, schedule of payments and payment procedures, shall be agreed during negotiations. Payments may be made at regular intervals (as under time-based contracts) or for agreed outputs (as under lump sum contracts).

Payments shall be made promptly in accordance with the contract provisions.

¹² Sometimes referred to as progress payment contract.

3. Advance Payment Guarantee: The Fund shall request the consultant to provide an advance payment guarantee against the amount advanced, if any.
4. Personnel Substitution: During an assignment, if substitution is necessary (e.g. because of ill health or death, or because a staff member proves to be unsuitable), the consultant shall propose other experts of at least the same level of qualifications for approval by the Fund.
5. Applicable Law and Settlement of Disputes: The contract shall include provisions dealing with the applicable law and the forum for the settlement of disputes. Consultants' contracts shall always include a clause for settlement of disputes.

2.4 Monitoring and Evaluating Performance

When an assignment is completed, the Fund prepares a confidential report that explains its overall ratings, particularly any low ratings. If the firm's (or individual's) performance is later found to be poor, the report could be used to support any restrictions or other sanctions. The consultant is given the opportunity to comment on the findings of the performance evaluation. The Fund maintains files on the performance of consulting firms and individual consultants and checks these records at the time of shortlisting.