

QUESTIONS AND ANSWERS IN SESSION 5

Theme Paper 1: Mr. Terry Woods, ADB

Q.5-1 What is magnitude of sharing of consulting revenue between international and national consultants

A.5-1 Exact figures are difficult to provide, but the general rates for international consultants is in the range of \$ 20-25 K compared to \$ 6-6 K for national consultants.

Q.5-2 ADB's opportunities for consulting appear to be quite low or less.

A.5-2 ADB has one of the best designed web sites and information is available at the web site, However, for proper and effective marketing, one is advised to refer to individual country's Country Partnership Strategy document available on the web.

Q.5-3 Why ADB is still persisting with QCBS compared to QBS earlier and has ADB done an evaluation study of the effect of QCBS on assigned works. Financial weightage caused poor outputs by consultants.

A.5-3 ADB's default system now is QCBS and in this regard ADB assessed contracts awarded under the QCBS system in 2004 and found that 80% the contracts went to firms securing the highest score. It also brought – on the average – about 10% reduction in fees. It has now revised the system with option for the Executing Agency to adopt 90:10, 80:20 or 70:30 systems depending upon the need and complexity of the assignment.

Q.5-4 The QCBS system in comparison to the QBS has introduced an element of gambling and the quality of the proposal has gone down as firms are more concerned about the financial weightage. Thus, it is suggested to have QBS system with a set floor price for individual assignments

A.5-4 Whatever the case or situation, the major thing is to have the correct budget for the proposed assignment. Secondly, ADB's preference for QCBS to QBB is based on an analytical approach, whereby the size, complexity and the downstream potential impact of the assignment is carefully assessed. For example, if a hydropower project with large downstream potential impact is to be developed the QBS system is desirable. But, for a run-of the mill technical audit with standard technical procedures and formats, a QCBS system with 70:30 weightage can also suffice.

Q.5-5 It is suggested that because of the QCBS system a lot of skilled manpower is going out of the country as good remuneration is not available. Therefore, if the

national economic objectives are to be met and you need to pay better for skilled professional, it is better to have the QBS system

Q.5-6 What is ADB doing about project delays and transparency/collusion in procurement process

A.5-6 ABD has an oversight in place which assesses the overall procurement process and procedure adopted by the Executing Agency including the issue of transparency and collusion. ADB has to walk a tight line such that it not only monitors the entire procurement process without being overly watchful of the entire process. ADB is also assisting in the capacity building of EA's in procurement process and checks whether the EA procurement capacity and national regulations for procurement are adequate and sufficient for ADB funded projects.

Theme Paper 5: Gyanendra Lal Pradhan

Q.5- 7 What basis for stating that 11 cents per unit revenue is available in India and how does thermal power compare with hydropower

A.5-7 The unit charge for electricity in the Northern Grid in India is about Rs.5.40 (IC), which is about 11 cents. Although thermal power is still the dominant source of energy in India, the quality and quantity of coal and gas in India is not very good and limited. Therefore, India has to resort to hydropower as it comparatively cheaper in the long run compared to thermal power. Hydropower gets cheaper in the long terms, while it is the opposite for thermal power sources, which will always increase. The cost of pollution is always there with thermal power.

Q.5-8 Don't you think that allocation of 5% as consultancy budget for hydropower development is a bit low and what is the basis for estimating it.

A.5-8 The general experience in doing small and biG hydropower projects here in Nepal is that the consultancy expenses are between 3-7 % However, the cost is increasing considering the demand for expertise in hydropower in Nepal. There is definite potential for growth for the sector primarily in the hydropower sector.