

APPOINTMENT OF CONSULTANTS UNDER THE PPA 2007 – "AREAS OF IMPROVEMENT"

Discussion Paper Presented by:

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OUTLINE

• WHY THE TOPIC AND ANY EXPECTATION(S)?

SETTING THE CONTEXT

• THE ACT, REGULATIONS, AND SBD — SOME SALIENT ISSUES

CONCLUDING THOUGHTS

Setting The Context

- Consultants and Consultancy Services
- Why consultants?
- Construction Consultancy Fees in Nigeria The History
- How much of the development budget (LCC) rewards the minds behind the management, design, and supervision?
- Legal, Regulatory, and Policy Framework

Consultant and Consulting Services — The World Bank Group and Other Multilaterals

- □Consultant: A variety of private and public entities, joint ventures, or individuals that provide services of an advisory or professional nature.
- □Consulting services cover a range of services that are of an advisory or professional nature and are provided by consultants.
 - ☐ These Services typically involve providing expert or strategic advice, e.g., management consultants, policy consultants, or communications consultants.
 - Advisory and project-related consulting services include, for example, feasibility studies, project management, engineering services, finance and accounting services, and training and development.

THE WORLD BANK Procurement Regulations for IPF Borrowers, Sixth Edition, February 2025

Consulting Services BPP Regulation & FIDIC

- "Consulting Services" means any one or a combination of the following: advisory and review services; pre-investment or feasibility studies; design; construction supervision; management and related services; and other technical services or special studies. (Public Procurement -Consultancy Services- Regulations PP-CS-R)
- □Consultancy Services: technology-based intellectual services in the built or natural environment, which may include: Project planning and feasibility studies, Preparation of tender documents, Cost and financial management, Contract Management, Risk Analysis & Management, Claim & Variation Management, Quantity Surveying & Value Engineering........ (FIDIC Guidelines for Selection of Consultants, Third Edition 2019)

Consultant (s), and Consulting Services – QSRBN Regulations

- Affairs Commission and approved by the Quantity Surveyors Registration Board of Nigeria to practice Quantity Surveying in Nigeria (Quantity Surveyors (Registered Quantity Surveyors) Regulations, 2017- Part 1, S.4.
- Quantity Surveying is the profession which deals with the evaluation and management of cost, quantities, time, and procurement of construction and infrastructure works, right from schemes in prospect, through schemes in progress, up to schemes in use; that is, total cost and procurement management. (Ditto, Part 1, S.2(1))

Why Consultants?

- □Consultants offer Clients the possibility of a more effective and efficient allocation of their resources by providing specialized services for a limited amount of time without any obligation of permanent employment.
- □ The consultancy sector is part of the knowledge economy sector; thus, its promotion and utilization, particularly by Governments of developing economies, is key to the survival and growth of that sector.

The History of Construction Consultancy Fees in Nigeria – A Perspective from Arc Roti Delano

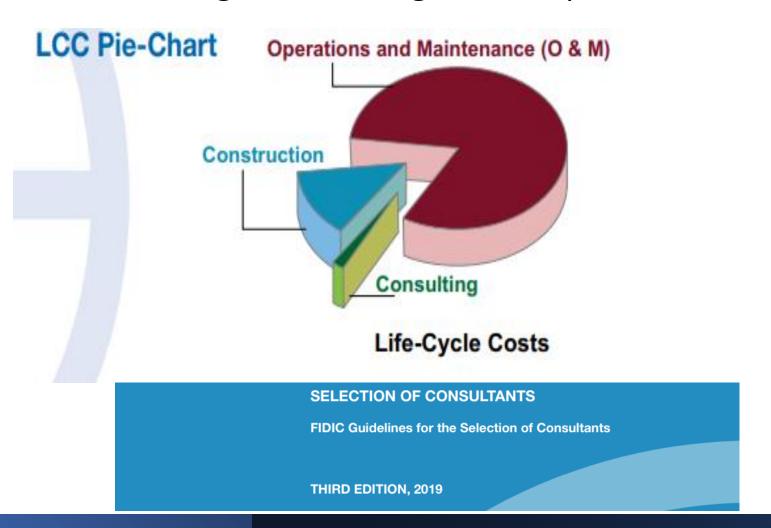
Phase	Key Features	Implications
Pre-1975 (Colonial to Post-Civil War)	Architects earned 6–10% based on RIBA rules (Commonwealth-wide) Other professions had individual fee scales. Foreign firms dominated practice.	The fee structure was high and based on foreign models. Rise of complaints from engineers and civil service insiders
1975 (Introduction of Regulated Fees)	The military government intervened First Federal Fee Scale issued. Triggered by inter-professional tension and the lavish architects' lifestyles	Standardization began Goal: Reduce internal conflict & stabilize consultancy charges
1978 (First Revision)	Architect's starting fee: 4.5% for \(\frac{\text{\tint{\text{\tiket{\texi{\text{\text{\text{\texi{\texi{\texi{\texi{\texi{\texi{\texi{\texi{\texi{\texi{\texi}\texi{\texi{\texi{\texi{\texi{\tex	Civil service uses it as a benchmark. Helped to unify public and private sector applications.

Summary Analysis: Evolution of Architects' Fee Regulation in Nigeria- An A.I Generated Analysis based on a Paper Delivered by Arc. Roti Delano FNIA on 25th March 2010, Architects' New Remuneration and Commensurate Professional Services: The Architects' Duties and The Clients' Rights

Phase	Key Features	Implications
1992 Revision	The base project cost was raised to ₩5 million.	Adjustment to economic inflation & project size
	The fee rate increased slightly to 4.75%	
	No change in % or bands	Codified broader application.
	Reaffirmed use in both public & private sectors	Still widely referenced today.
Post-1996 to Present	Scale no longer reflects market reality.	Growing disconnect between regulated
	Technological advances, economic shifts, and forex volatility.	
	Foreign consultants are charging higher fees.	Demand for fee reform and market
		alignment

Arc. Roti Delano FNIA (25th March 2010), Architects New Remuneration and Commensurate Professional Services: The Architects Duties and The Clients' Rights, A paper delivered to the Lagos State Chapter of the Nigerian Institute of Architects

How much of the development budget (LCC) rewards the minds behind the management, design, and supervision?



The Legal, Regulatory, Policy Frameworks & Standard Bidding Documents

- **□**Public Procurement Act, 2007 (Sections Amended by 2020 Finance Act)
- □ Extant Circulars See S. 5 (a-b)
- □ Public Procurement Regulations Before now, the regulation for Consultancy Services was separated from Non-Consultancy Services Ditto above
- **□**Procurement Procedure Manual
- □SBD'S for Consulting Assignments See S. 5(m) RFPs or

The Legal, Regulatory, and Policy Frameworks - Public Procurement Act, 2007 - An Overview of the Consultancy Service Provision

□Consultancy Services is covered under Part VIII, from sections 44 to 52, covering matters such as:
☐ Expression of Interest – Ascertained and Unascertained Needs
☐Contents of RFPs
☐Clarification, modification, and submission of Bids
□Evaluation Criteria
□Selection Procedure – Price as a/not factor

- ☐ Punishment for Contravention Part XII, Section 58
 - □(1) Any natural person not being a public officer who contravenes any provision of this Act commits an offence and is liable on conviction to a term of imprisonment not less than 5 calendar years but not exceeding 10 calendar years without an option of fine.
 - □(5) Any person who while carrying out his duties as **an officer of the Bureau**, **or any procuring entity** who contravenes any provision of this Act commits an offence and is liable on conviction to a cumulative punishment of :
 - (a) a term of imprisonment of not less than 5 calendar years without any option of fine; and
 - (b) summary dismissal from government services.

- ☐ Punishment for Contravention Part XII, Section 58
 - (6) **Any legal person** that contravenes any provision of this Act commits an offence and is liable on conviction to a cumulative penalty of :
 - (a) debarment from all public procurements for a period not less than 5 calendar years; and
 - (b) a fine equivalent to 25% of the value of the procurement in issue.
 - (7) Where any legal person shall be convicted pursuant to subsection (4) of this Section, every director of the company as listed on its records at the Corporate Affairs Commission shall be guilty of an offence and is liable on conviction to a term of imprisonment not less than 3 calendar years but not exceeding 5 calendar years without an option of fine.

□ Place of Trial Part XII, Section 58 (2) now superseded by Part XIV, S.73 of Finance Act 2020

☐ "Any offence in contravention of this Act shall be tried by the Federal High Court or a tribunal set up by the Chief Justice of Nigeria."

Any reason for this development and Can this be a leverage for the establishment of Technology and Construction Tribunals/Courts?

- □What Constitute an Offence Part XII, Section 58 (4) and (8)-(11) which listed and defined inter alia:
 - (a) entering or attempting to enter into a collusive agreement, whether enforceable or not, with a supplier, contractor or consultant where the prices quoted in their respective tenders, proposals or quotations are or would be higher than would have been the case has there not been collusion between the persons concerned;
 - (b) conducting or attempting to conduct procurement fraud by means of fraudulent and corrupt acts, unlawful influence, undue interest, favor, agreement, bribery or corruption;
 - (c) directly, indirectly or attempting to influence in any manner the procurement process to obtain an unfair advantage in the award of a procurement contract;

- □What Constitute an Offence Part XII, Section 58 (4) and (8)-(11) which listed and defined inter alia:
 - (d) splitting of tenders to enable the evasion of monetary thresholds set;
 - (e) bid-rigging;
 - (f) altering any procurement document with the intent to influence the outcome of a tender proceeding;
 - (g) uttering or using fake documents or encouraging their use; and
 - (h) wilful refusal to allow the Bureau or its officers to have access to any procurement records

The Legal, Regulatory, and Policy Frameworks – Regulatory Framework – An Overview □Seven Parts; General Provisions on Negotiations & Award, and Seven Schedules. ☐General – Definitions and some general rules – a few salient issues highlighted ☐ Institutional & Regulatory Frameworks — Establishment Matters □Organisation of Procurement Operations – Establishment Matters □ Principles and Methods of Consultant Selection □ Common Elements of Selection Methods □Procedures for Proposals, Preparation, Submission, Opening, **Evaluation**, Negotiation, Award, and Contract Signature with Firms □ Selection of Individual Consultants

The Legal, Regulatory, and Policy Frameworks – Regulatory Framework – An Overview ■Seven Parts; General Provisions on Negotiations & Award, and Seven Schedules. ☐ Review and Approval of Consultants Selection — Establishment matter (BPP & P.Es) □ Types of Consulting Contracts – Lump sum & Time Based; Simple/ Complex – The current confusion □Information for Consultants on the Content of SDB ☐ Information to the Consultant on Selection Procedure ☐ Procurement Filing – Establishment Matter □ Selection Methods & Thresholds of Application – Conflicting with the existing circular □ Standard Procurement Processing Time

Consulting Services – Scope Part IV, S.30

Procuring Entities may need consulting services for a variety of needs in engineering, architecture, economics and finance, management of projects and procurement, or a combination thereof. Consulting services may be classified into the following categories:

- □Implementation or Supervision Services, to ensure execution of the project per the terms and conditions of the contract, manage expenditure control Separation of Design & Supervision/ D&B
- □ Project Management, where the Procuring Entity engages a Project Management Consultant to undertake the overall responsibility for planning, design, procurement, construction, and commissioning of a project A reflection Point

Consulting Firms – Types Part IV, S.31

Consultancy Firm: an independent for-profit firm (or a joint venture/consortium partnership) that provides Consultancy Services. (FIDIC Guidelines for Selection of Consultants)

Types of Consulting Firms (Revised BPP- Regulations for Services, Part IV, S.31)

- □ Independent consulting firms (business and/or professional partnerships, private companies or corporations operating internationally or nationally, financial institutions, and procurement agents)
- □ Autonomous/semi-autonomous government organizations, multilateral agencies, or non-governmental organizations (NGOs)

Consulting Firms – Types Part IV, S.31

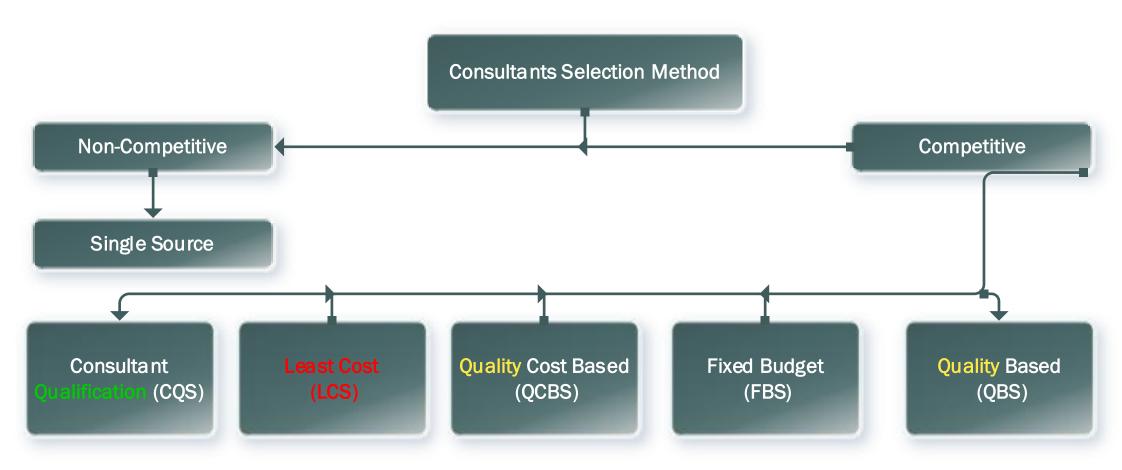
- ☐ Universities/Research Institutes
- □Consulting firms forming part of, or otherwise affiliated to, or associated with, or owned by contractors or manufacturers, or consulting firms combining the functions of consultants with those of contractors/manufacturers (conflict of interest); and
- ☐ Individual consultants.

The Regulations Procedure for Consultant Selection Part IV 33

The price shall not be the sole criterion for the selection of Bidders for the provision of consulting services;

The selection of consultants shall be based on the numerically weighted assessment of experience, performances, quality of personnel, price and methodology, such as to rank the Bids from highest to lowest in terms of their calculated ratings. The Bid with the highest calculated rating shall be the "Highest Rated/Evaluated Bid".

The Regulations – Selection Methods: Part IV,S43; Part VI (A-F) and Part VI



The Regulations Procedure for Consultant Selection Part IV S.34

Every Procuring Entity shall proceed to selection of consulting firms by conducting activity in the following order (11 STEPS):

- ☐ Preparation of the Terms of Reference.
- ☐ Preparation of the cost estimate (budget).
- □ Determination of the appropriate consultant selection method and the appropriate contract type for the assignment.

The Regulations Procedure for Consultant Selection Part IV S.34 contd.

- ☐ Preparation and publication of a Request for Expressions of Interest for the consulting assignment.
- ☐ After completion of the analysis of the Expressions of Interest, preparation of a short-list of qualified consultants.
- ☐ Preparation of a Request for Proposals (RfP) with the selection criteria in the Specific Instructions, and the draft contract, in particular the Special Conditions of Contract, and issuing the package to the short-listed consultants.
- ☐ Evaluation of the technical proposals.

The Regulations Procedure for Consultant Selection Part IV, S. 34 contd.

- ☐ Public opening of the financial proposals.
- ☐ Evaluation of the financial proposals.
- □ Selection of the best-ranking proposal, followed by negotiations with the selected consultant, and.
- ☐ Awarding the contract to the selected consultant and signing it.

The Regulations- The Terms of Reference (TOR) – Part IV, S. 35

The TOR shall define the work that the consultant is required to perform.

Every TOR shall indicate:

- ☐ the scope and objective of the project;
- ☐ the relevant background, including available studies, of the project and institutions concerned;
- ☐ the type of services required, and objectives sought

The Regulations- The Terms of Reference (TOR) – Part IV S.35

- □the schedules of implementation and expected outputs (periodic reports, documents and end products);
- ☐ the scope and nature of transfer of technology and training, if required;
- ☐ the method of remuneration for the services;
- ☐ the responsibilities of the Procuring Entity (client) and those of the consultant

The Regulations- The Terms of Reference (TOR) – Part IV S. 35

- □ information on the Procuring Entity's counterpart staff to be associated with the service and the facilities that will be provided to the consultant;
- ☐ a description of the main terms and conditions of appointment;
- ☐ the approximate number of staff-months that may be required;
- □ an indication if "supplementary work" will be required (such as detailed engineering after the feasibility study, or supervision of implementation after detailed engineering),

The Regulations- Cost Estimates (Budget) See Part IV, 39

The Procuring Entity shall estimate the cost of a proposed consulting assignment, including:

- □ the estimated resources needed for the assignment (level and type of personnel, realistic staff time, physical outputs and logistical support, if needed (such as vehicles, office supplies and computer equipment);
- Cost estimates covering the technical requirements of the TOR to ensure that the financial commitments of the consultants fully reflect their technical proposals, which, if inaccurate, could result in deficient proposal evaluation and contract award, and unsatisfactory contract implementation;

The Regulations- Cost Estimates (Budget). Part IV S.39

costs divided in two separate categories :

☐ remuneration (fees) and ;

☐ reimbursable cost items (travel and transport, communications, production of reports, office rent, local staff salaries, local taxes, etc.);

☐ local taxes (indirect and direct) and customs duties on imported equipment and supplies, which shall be identified separately from the base cost.

The Regulations- Cost Estimates of the Assignment. Part V, S.70

Except in the case of the Fixed Budget selection method, the RfP does not provide the estimated budget cost, only the estimated input of professional staff time.

The Procuring Entity shall always prepare its own detailed cost estimate for the assignment, taking into account the estimated staff time and prevailing market rates for consultants, and the likely reimbursable costs such as travel, per diem, office rent, communication costs, computer costs, report production, printing and dissemination, and insurance.

It will need this cost estimate to compare with the financial proposals. Consultants shall be free to submit their own estimates.

Who is Responsible for the Preparation/Management of this Complex Document and Processes?

Appointment or Evaluation Committee(s). Public Procurement -Consultancy Services- Regulations 2007, Part VI (S.101) – Amplification of S21(f) of PPA

No later than two weeks before the proposal submission date, the Procuring Entity shall constitute an evaluation committee of at least 3 experts in the subject of the assignment, headed by a chairperson, to carry out the technical and financial proposal evaluation.

The Procuring Entity shall ensure that the members of the evaluation committee possess the necessary technical and financial competence to evaluate the proposals and include the person who drafted the TOR and the selection criteria for the RfP.

The technical and evaluation committees may consist of the same members or be supplemented by professionals specialized in each field of evaluation.

The Regulations – Payment Arrangement

Payments may be on a lump sum basis (lump-sum contracts based on outputs) or monthly ("time-based" contracts based on actual time spent but limited to a ceiling, which is the contract price);

 Design and Detailed Engineering shall normally be remunerated on a lump sum basis.

ii. Supervision services are time-based contracts.

The Regulations – Payment Arrangement

Lump Sum (Fixed Price) Contract

- As a general rule, contracts for assignments that provide for the production of regular reports are lump-sum based. Feasibility studies, design and detailed engineering services or standard accounting services are also contracted on a lump sum basis.
- ☐ The contract includes the agreed breakdown of the cost components.
- If the lump-sum contract is subject to price adjustment, the financial forms of the RfP should include the table asking for the detailed breakdown of the remuneration of the consultant, which shall be used to calculate the increase in the remuneration according to an agreed price adjustment formular which takes into consideration inflation rates local/international price adjustment formular should be included in all contracts with a duration of over 18 months.

Lump Sum (Fixed Price) Contract

- The candidate firm includes its total remuneration (fees) on the basis of the estimated input of its personnel, along with the cost of the inputs (reimbursables) to carry out the services.
- Agreed payment schedule in accordance with set milestones (deliverables) of the progress of the services, usually associated with reports.
- Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined.
- ☐ Easier to administer.

Time-Based Contract

- Time-based contracts are used when the scope and length of services are difficult to determine, either because the services are linked to activities of other parties in the project or because the inputs by the consultants to reach the objectives are spread over time.
- □As a consequence, even though the contract may provide for periodic reports, the time spent is subject to variables that cannot be precisely estimated for the whole assignment.
- ☐ Therefore, the actual time spent becomes the main measurable cost element of the assignment.

Time-Based Contract

☐ Payment is based on the agreed time-based rates for the consultant's staff as detailed i remuneration schedule of the contract, complemented by the agreed reimbursable items.	n the relevan
The time-based rates concern the staff month rates including all salaries, social benefits, co and profits.	sts, overhead
☐ The reimbursable costs are separate and will be paid according to unit rates and/or actuals.	
Consultants are required to keep time-sheets of the actual time spent and submit their in basis, which may be audited accordingly.	voices on tha
☐ Time based contracts are mostly suited for supervision services of works, lengthy studies components and inputs, longer term technical assistance or training, and management cont	•

The Regulations – Qualifications

Consultants qualifications and experience relevant to the assignment

5-10 points

Methodology, Approach (understanding of the TOR), Work Plan,

20-50 points

Qualifications of key personnel

30-60 points

Transfer of Technology (training) (if asked for in the RfP)

0-10 points

Use of Domestic Consultants

0-10 points

Total (not to exceed) 100 points

Other Payment methods specified/mentioned in the Document: Percentage fee, Retainership, Contingency?

Treatment of Abnormally Low/High proposal and Unbalanced and/or front-loaded proposal

The use of the cost breakdown of Remuneration and Reimbursables as the basis for payments under the Lump Sum Contract arrangement

FORM FIN-3 BREAKDOWN OF REMUNERATION

When used for Lump-Sum contract assignment, information to be provided in this Form shall only be used to demonstrate the basis for the calculation of the Contract's ceiling amount; to calculate applicable taxes at contract negotiations; and, if needed, to establish payments to the Consultant for possible additional services requested by the Procuring Entity. This Form shall not be used as a basis for payments under Lump-Sum contracts.

For all selection methods (except CQ and SS, when only a simplified SBD is necessary), the Procuring Entity shall prepare a solicitation documents, using the Standard Bidding Document and contract documents approved by the BPP.

- Standard Bidding Document for Procurement of Consulting Services (Lump Sum and Time Based)
- The Standard Bidding Documents (Request For Proposals) for Procurement of Consulting Firms Small Assignments (Lump Sum and time Based) second edition 2011 continues to apply to procurement below a threshold set by the Bureau.
- The Standard Bidding Documents (Request for Proposals) for Selection of Individual Consultants (Lump sum and Time Based) second edition 2011 continues to apply to procurement of individual consultants below a threshold set by the Bureau

The Standard Bidding Documents for Consulting Services includes the following documents (3 Parts/9 Sections):

Section 1 – Standard Bidding Documents Letter

Section 2 - Instructions to Consultants and Data Sheet

Section 3 - Technical Tender ([select: FTP or STP]) - Standard Forms

Section 4 - Financial Tender - Standard Forms

Section 5 – Eligible Countries

Section 6 – Fraud and Corruption

Section 7 - Terms of Reference

Section 8 - Standard Forms of Contract ([select: Time-Based or Lump-Sum])

Section 9 - Notification of Intention to Award and Beneficial Ownership Forms

Consultant's Representations Regarding Costs and Charges

(Model Form I)

(Expressed in {insert name of currency*})

Personnel		1	2	3	4	5	6	7	8
Name	Position	Basic Remuneratio n Rate per Working Month/Day/Y ear	Social Charges	Over head	Subtot al	Profit ²	Away from Home Office Allowance	Proposed Fixed Rate per Working Month/Day/H our	Proposed Fixed Rate per Working Month/Day/H our ¹
Home Office									
Nigeria									

{* If more than one currency is used, use additional table(s), one for each currency}

1. Expressed as a percentage of 1

2. Expressed as a percentage of 4

Consultant's Representations Regarding Costs and Charges – Could this be the game changer? We hereby confirm that:

the basic fees indicated in the attached table are taken from the firm's payroll records and reflect the current rates of the Experts listed which have not been raised other than within the normal annual pay increase policy as applied to all the Consultant Experts;

attached are true copies of the latest pay slips of the Experts listed;

the away- from- home office allowances indicated below are those that the Consultant has agreed to pay for this assignment to the Experts listed;

the factors listed in the attached table for social charges and overhead are based on the firm's average cost experiences for the latest three years as represented by the firm's financial statements; and

said factors for overhead and social charges do not include any bonuses or other means of profit-sharing.

The Legal, Regulatory, and Policy Frameworks – Regulatory Framework – A charge to Regulators

Domestic firms/Tenderer" means a business or professional organization.

- a. incorporated or otherwise organized in Nigeria, and
- b. having its principal place of business located in Nigeria and
- c. having at least 51% of its equity held by nationals of Nigeria; and
- d. not having its assets controlled by foreign national or organization incorporated or organized outside Nigeria, and
- e. with more than 50% of persons who will perform services under the contract whether employed directly or by a subcontractor being nationals of Nigeria.
- f. Which does not intend to or subcontract 30% percent or more of the value of its contract excluding provisional sums to foreign contractors.
- g. Any other firm outside the foregoing is a foreign firm or Tenderer

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The Legal, Regulatory, and Policy Frameworks – Regulatory Framework – A charge to Regulators

Foreign Tenderers

Joint Ventures (JVs) are considered foreign tenderers if the individual member firms are not registered in Nigeria or if they are registered in Nigeria and have less than fifty-one (51) percent ownership by Nigerian citizens. The JV shall not subcontract to foreign firms more than ten (10) percent of the contract price, excluding provisional sums.

Foreign Tenderers shall source at least forty (40%) percent of their contract inputs (in supplies, local subcontracts, and labor) from citizen suppliers and contractors, and shall provide in its tender documentary evidence that this requirement is met. Foreign tenderers not meeting this criterion will be automatically disqualified.

All foreign Tenderers shall be registered with the relevant Nigerian authority and be issued with a Registration Certificate before they can enter into a public procurement contract in Nigeria. Registration shall not be a condition for tender, but it shall be a condition of contract award and signature. A selected tenderer shall be allowed to register before such award and signature of the Contract. Application for registration with the relevant Nigerian authority may be accessed from www. https://www.bpp.gov.ng/

Concluding Thoughts

The Scale of Fees and the Construction Consulting Sector

Research and literature on the Construction Consultancy Services Sector in Nigeria

FIDIC & World Bank Group and other Multilateral Development Banks

The likely challenge with the current regime

QSRBN Quantity Surveying and Project Management Consultancy (Agreement, Charges and Conditions of Engagement)

Lessons: Capacity, Coopetition, Collaboration, Connection, and Campaign

THANK YOU FOR LISTENING