

Proposed method for grading financial proposals

The grading of financial proposals should provide incentives for reasonable financial proposals and counter-incentives for unreasonably low financial proposals; this is perceived as vital for the provision of the required high standard of consulting services. Assuming that:

- the contract budget determined by the contracting authority is reasonable in relation to the requirements of the project, and
- the contract budget it is known to the candidates

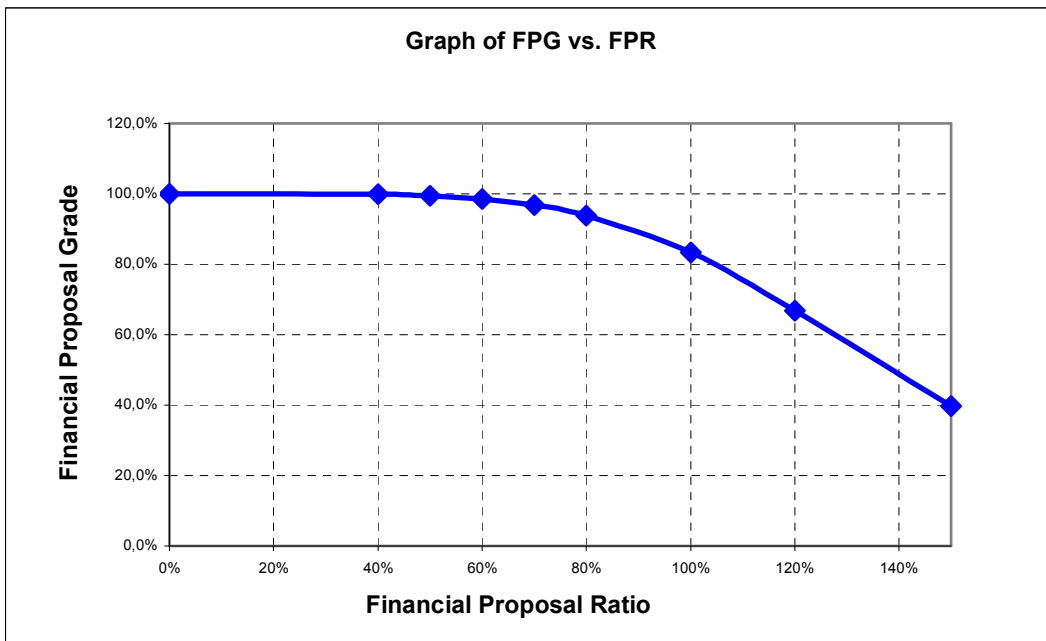
the following relationship is proposed for the grading of financial proposals:

$$FPG = \frac{5}{FPR^5 + 5}$$

where: FPG is the Financial Proposal Grade of the candidate, and

FPR is the Financial Proposal Ratio defined as the ratio of the Financial Proposal FP of the candidate over the Contract Budget CB, i.e.

$$FPR = \frac{FP}{CB}$$



Characteristic points of the above graph:

FPR	FPG	70%	96,7%
150%	39,7%	60%	98,5%
120%	66,8%	50%	99,4%
100%	83,3%	40%	99,8%
80%	93,8%	0%	100,0%