**Quality-based under a Fixed Budget Selection**

This method is appropriate when the activities and expected results can be defined and when there is a high level of confidence regarding the accuracy of the budget. QB-FBS methodology implies that all proposals have the same maximum overall price (which cannot exceed a known fixed budget amount), focusing the selection on the quality of the proposal and the NGOs/ CSOs proposed approach and methodology.

The Call for Proposal (CFP) shall indicate the available budget and request institutions to provide their best proposal and financial breakdown (within the budget) in one single envelope (clearly stating proposed overheads. Evaluation of all proposals shall be carried out, in accordance with outlined evaluation criteria, and the institution which obtains the highest technical score shall be selected. Under this method, it is of outmost importance to ensure that the TOR reflects an adequate match between the expected activities/outputs and the budget provided. Situations where the budget provided is perceived as insufficient for the activities/outputs indicated under the defined TOR may result in limited participation due to lack of interested bidders. Situations where the budget provided is perceived as too generous for completion of activities/ outputs of the defined TOR may result in low value for money.

QB-FBS has the advantage of placing the responsibility of translating community needs into implementable activities to the NGOs who based on their development approach, constant interaction with community groups and in country structure/ networks are in an optimal position to offer solutions. Under QB-FBS, assessment of best value for money focuses on maximizing transfer of value to the beneficiary user. For these reasons, it is important that the ratio between the NGO operating cost (including capital and recurring cost) versus the implementation activity/output cost is assessed. It is necessary to clearly state in the CFP what is the maximum accepted percentage of overhead costs. The maximum overhead cost may vary depending on the type of assignment, size of the project component to be implemented, country or security situation among other factors.