

ADB

Consulting Services Operations Manual

Asian Development Bank

The logo of the Asian Development Bank (ADB), consisting of the letters 'ADB' in white serif font on a dark blue square background.

ADB

Consulting Services Operations Manual

Asian Development Bank

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A user's guide and practical aid to the process of recruiting and supervising consultants.

1. Consulting Services

I. Asian Development Bank.

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Preface

In April 2006, the Asian Development Bank (ADB) issued a revised edition of its *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers*, (the *Guidelines*), incorporating significant changes resulting from the harmonization of policies and procedures with those of the World Bank.

While the *Guidelines* set basic policies and procedures, further guidance on using consultants is provided to ADB staff through the project administration instructions (which are updated periodically). A third reference, which provides information on practices and procedures in even greater detail and to a wider audience, has been the *Handbook for Users of Consulting Services* (the *Handbook*). The last edition of the *Handbook* was produced in 2002. Thus, when the new *Guidelines* were issued, a substantial amount of updating was needed, both because of the changes to the *Guidelines* themselves and because of incremental changes in policies, practices, and procedures over the years.

In considering the type of document needed to replace the *Handbook*, it was decided to aim at a broader utilization and a wider audience than the *Handbook* had served, and to produce a publication that could be used for training purposes as well as a reference. It was thus decided to produce a somewhat different document with a more practical and pragmatic focus that would be aimed at all users and providers of consulting services for ADB. This current *Consulting Services Operation Manual* (the *Manual*) is the product of that decision.

This *Manual* sets out the policies, practices, and procedures for recruiting and using consultants by ADB and its borrowers, covering the range of activities for which consultants are recruited, the different types of consultants and when their services are used, the range of differing consultant selection methods, and the procedures for the administration of consulting services by both ADB and its client borrowers.

A unique feature of the *Manual* is a self-study questionnaire provided at the end of each chapter. This is to be used as a summary of the chapter, as a review of the material covered, and as a basis for testing during training sessions.

The *Manual* should be seen as a user's guide and as a practical aid to the complex process of recruiting and supervising consultants. Any comments or advice on the *Manual* are very much welcome and may be addressed to:

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Note

This *Consulting Services Operations Manual* supports the information contained in the *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers* and the project administration instructions on recruiting and using consulting services. In cases of uncertainty or ambiguity, users should consult the *Guidelines* as the official and primary source of reference on recruiting consultants under ADB-financed projects.

It should also be noted that “benchmark” or “threshold” values given in this *Manual*— such as the contract amount at which technical assistance is delegated to the user division¹ or the contract amount at which various types of proposals are required—were valid during preparation in 2007. These values may change over time and should be checked with the latest project administration instructions in case of doubt or uncertainty about their validity.

¹ The unit within ADB directly responsible for supervising consulting services.

Abbreviations

ADB	Asian Development Bank
ADF	Asian Development Fund
ADTA	advisory technical assistance
BTP	biodata technical proposal
CMS	consultant management system
COSO	Central Operations Services Office
CPS	country partnership strategy
CQS	consultants' qualifications selection
CRAM	consultant recruitment activity monitoring (system)
CSC	consultant selection committee
CSRN	consulting services recruitment notice
CV	curriculum vitae
DACON	data on consulting firms
DICON	data on individual consultants
DMC	developing member country
EA	executing agency
EOI	expression of interest
ETP	evaluated total price
FBS	fixed-budget selection
FTP	full technical proposal
GEFP	gross evaluated financial proposal
GFP	gross financial proposal
ICS	individual consultant system
LCS	least-cost selection
MDB	multilateral development bank
NEFP	net evaluated financial proposal
NGO	nongovernment organization
OAGI	Integrity Division of the Office of the Auditor General
PAI	project administration instruction
PPTA	project preparatory technical assistance
QBS	quality-based selection
QCBS	quality- and cost-based selection
RETA	regional technical assistance
RFP	request for proposals
RRP	report and recommendation of the President
SRC	staff review committee
SSS	single-source selection
STP	simplified technical proposal
TA	technical assistance
TOR	terms of reference
UN	United Nations

Chapter I

Overview of Consulting Services

A. What Are Consulting Services and Why Are They Needed?

1. The Asian Development Bank (ADB) defines consultants as individuals or entities able to provide special expertise in one or more technical fields. These services may be of an advisory, supervisory, or implementation nature and are provided by skilled experts with specialized knowledge and experience.

2. The services rendered by consultants are normally for a finite period of time and a well-defined scope of work described by clear terms of reference (TOR) and are generally of an intellectual nature. They cover a wide range of diverse activities, which may entail but are by no means limited to feasibility studies, advisory services, construction supervision, policy studies, strategy formulation, preparation of key documents such as tender documents, training, quality control, financial and accounting services, environmental or social impact studies, economic and financial analyses, professional editing, and public information provision.

3. Such services are provided from a range of sources. Traditionally, consulting services have been offered by such entities as engineering firms, financial advisors, accountancy firms, law firms, and management consultants. In recent years, the field has expanded to include firms with almost all kinds of expertise and orientation, from information technology through agricultural services to environmental technology. All these types of firms have found a market for their particular type of expertise and have, to a greater or lesser extent, been able to develop sufficient levels of business, experience, and knowledge to offer their services to a wide variety of clients. They range in size and nature from major, established companies with several thousand employees, covering a wide breadth of disciplines, to small, boutique-type outfits with small numbers of staff having a highly specialized focus. In addition, a large number of individual experts have entered the market and have provided their services either directly or, at times, through particular consulting firms. Nongovernment organizations (NGOs), institutes, universities, and international agencies also provide consulting services from time to time.

4. The main need for consulting services occurs when an organization or government does not have the required expertise of its own. This may occur for various reasons:

- The expertise may be needed only for a limited and clearly defined period.

- It may be highly specialized and not readily available within a particular organization or entity.
- It may be expensive and thus feasible only when outside resources are available to pay for it.
- It may not be available in a particular country.
- It may be required to support and develop the capacity of an agency and its personnel to ensure that a project is implemented to high standards and that the results of the project investment are sustainable.

5. Within the realm of ADB-funded activities, consulting services are normally used by

- recipients of ADB loans or technical assistance (TA) grants for project supervision purposes, training, preparation of loans and TA activities, policy advice, or special studies; and
- ADB itself to strengthen in-house technical capacity for a limited period, to substitute for expertise that is temporarily unavailable, to undertake special in-house studies, to provide technical advice or guidance, or to upgrade or improve in-house technology.

6. Such activities may occur at any part of the project cycle and may be funded by various sources including project loans,¹ TA grants,² and ADB's own administrative budget.

7. The value and scope of these services are considerable. In 2006, loan funds were used to recruit almost \$250 million worth of consulting services by various member country governments. TA grant funds are used to recruit about \$135 million in consulting services annually through about 1,650 contracts, while around \$20 million in consulting services is funded directly from ADB's administrative budget every year. This represents over \$400 million per year overall, which is a significant amount of business and procurement.

¹ The term "loan" in this manual covers loans provided by ADB and other cofinanciers. It also covers project grants from the Asian Development Fund and cofinanced project grant financing from other agencies for which the implementation and administration procedures are the same as loans.

² The term "technical assistance grant" in this manual covers grant funding from ADB's own Technical Assistance Special Fund, the Japan Special Fund, and other similar funds. These grants may be of three types: (i) project preparatory technical assistance, (ii) advisory technical assistance, or (iii) regional technical assistance.

B. Consultants and the Project Cycle

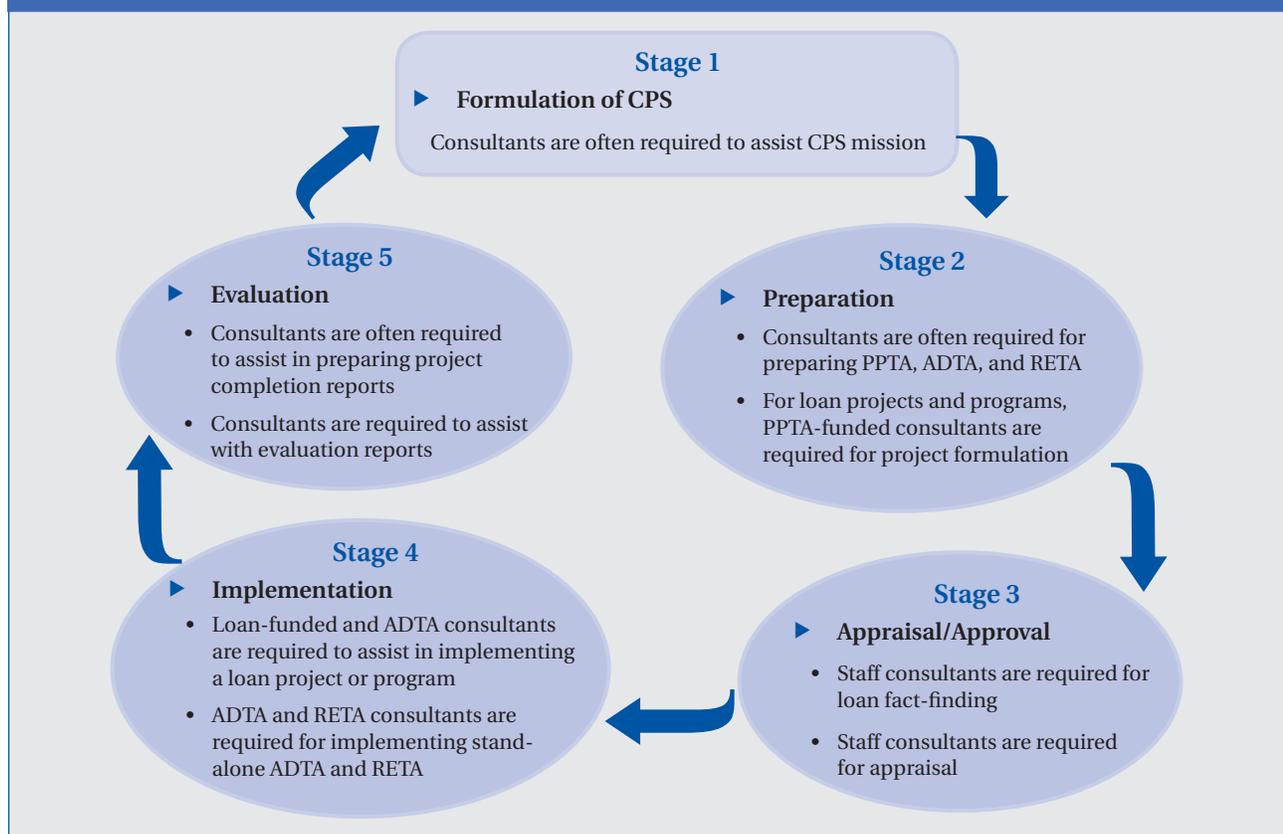
8. ADB's standard project cycle follows five basic stages: (i) country partnership strategy (CPS) formulation, (ii) TA and loan preparation, (iii) appraisal and approval, (iv) implementation, and (v) evaluation.

Consulting services may be used in each of these stages and are required in some of them. The links between consulting inputs and the project cycle are shown diagrammatically in Figure 1 and are summarized below:

- ❑ **Stage 1 Country Partnership Strategy (CPS) Formulation.** During the preparation of the CPS, consultants are often used to supplement ADB staff expertise.
- ❑ **Stage 2 Preparation.** Consultants may be required to assist the assigned ADB staff to prepare TA proposals for project preparatory technical assistance (PPTA), advisory technical assistance (ADTA), and regional technical assistance (RETA). After this, for projects and programs intended for loan financing, consultants will normally be required to prepare the loan proposal with funding from a PPTA.
- ❑ **Stage 3 Appraisal and Approval.** Consultants are often used during the fact-finding and appraisal missions for loan projects, when the project scope is being finalized and the results of the PPTA are being assessed.
- ❑ **Stage 4 Implementation.** Consultants are used to help implement loan-funded projects, carry out associated studies, and provide support such as capacity building under TA grants associated with loan projects. In addition, consultants are also used to implement stand-alone ADTA (not associated with a loan project or program) and RETA.
- ❑ **Stage 5 Evaluation.** Consultants are used to assist with the evaluation of the results of loans and TA activities both at project completion and subsequently during postproject evaluation.

9. Other consulting services may be required from time to time, for example to undertake internal studies, but the bulk of consulting services recruited by ADB and its borrowers are used during these five stages of the project cycle.

Figure 1: Consultants and the Project Cycle



ADTA = advisory technical assistance, CPS = country partnership strategy, PPTA = project preparatory technical assistance, RETA = regional technical assistance.

Source: ADB Operations Manual.

C. Types of Consultants and Their Use

1. Consulting Firms

10. The main source of consultants and the primary recipient of consulting services funding are consulting firms of diverse specializations that provide teams of consultants to either the borrowers of ADB funds or ADB itself. They are normally recruited to help undertake the mainstream activities of the borrower’s project executing agencies (EAs), implementing ADB-funded loans, and assisting ADB in providing support to these agencies through TA grants. These firms provide project preparation services, project implementation supervision services, training, advisory services, and policy guidance. They also undertake special studies and regional studies under RETA. Under loan funding they are normally recruited by the borrower, and under TA grant funding they are normally recruited by ADB.³

³ In recent years some TA grants have been delegated to EAs for implementation. In such cases, consultant recruitment is undertaken by the EA rather than ADB.

11. Consulting firms are normally classified as either international – firms that have international experience and are capable of undertaking work in any of ADB’s member countries at international rates – or national – firms that are registered in an ADB developing member country (DMC) but do not have international exposure and normally undertake assignments only within that country, usually at significantly lower rates.⁴

2. Individual Consultants

12. Individual consultants are recruited for similar activities as consulting firms when a full team is not considered necessary. They may be independent experts not permanently associated with any particular firm, or they may be employees of a firm recruited on an individual basis. They may also be employees of an agency, institute, or university. They are normally recruited for project implementation supervision, training, provision of specific expert advice on a highly technical subject, policy guidance, special studies, compliance supervision, or implementation monitoring. Individual consultants are not normally recruited for project preparation unless the proposed project is simple and, generally, a repeat of an already established and successful project. If more than three experts are required, then the assignment should normally be undertaken by a team from a firm. As with consulting firms, individual consultants are classed as either international or national, depending on their level of expertise and their international experience and exposure.

3. Staff Consultants

13. Staff consultants are also normally individual consultants but are funded directly from ADB’s administrative budget. (In rare cases, teams of consultants from a firm may be engaged as staff consultants for in-house studies such as improvement of the information technology system or a personnel policy review.) Most often staff consultants supplement ADB’s in-house staff with specialized, time-bound expertise and may be employed to help formulate a TA grant, prepare a specialized policy paper, design specialized information technology software, or participate in an in-house study. Limitations are placed on the amount of time any single person may be recruited as a staff consultant. At present an individual may be recruited for only 12 months out of any 24-month period without special dispensation.

4. International and National Agencies and Institutions

14. International and national agencies or institutions (including universities) may also from time to time be recruited to provide consulting services or “consulting-like” services. These services

⁴ Some firms that are established in DMCs have international experience and thus could be considered for either category depending on the particular assignment.

may be provided by individuals (as discussed above) or by teams. Special agreements exist with some agencies such as the Food and Agriculture Organization Investment Center to provide expertise on a cost-sharing basis. ADB's *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers*⁵ (the *Guidelines*) provide strict limitations within which such services can be used and the methods by which such expertise can be recruited. Nonetheless, there are at times distinct advantages to using such agencies. Experts and teams from international and national agencies and institutions may undertake a variety of roles across the whole field of possible consulting services. These may range from project preparation through project supervision and policy advice to project benefit monitoring and evaluation. Often, but not uniquely, international agencies are used for project preparation and policy advice, while national agencies or institutions may be used for project implementation activities and project benefit monitoring and evaluation.

5. Nongovernment Organizations

15. NGOs are increasingly becoming involved in the provision of consulting services for bilateral donors, multilateral agencies, and other development agencies. They are normally involved in the project implementation phase of the project cycle, where their strengths involving field-level experience and grassroots connections with beneficiaries and stakeholders can be best utilized. They are often involved in beneficiary mobilization; field training in health, agriculture, and education projects; implementation monitoring; and safeguard monitoring. NGOs are normally classified as international (registered in a developed country and working in a number of developing countries), national (registered in a particular country and working throughout that country), or local (registered in a particular country but working only in a limited geographic area). Normally the NGO itself is recruited as an entity rather than supplying individuals, as may sometimes be the case for consulting firms, since it is the expertise of the organization, not of a particular individual, that is required.

6. Resource Persons

16. Resource persons are persons of particularly high caliber or specific levels of experience, often distinguished in their field, who are hired to provide input and guidance during conferences, seminars, workshops, or policy sessions. They are generally recruited using TA grant funds or the ADB administrative budget, and the recruiting entity is usually ADB. Normally such experts are hired for periods of 10 days or less. Special procedures are used for their recruitment.

⁵ Asian Development Bank. 2006. Manila. Periodically updated.

7. Other Types of Consultants

17. Another class of consultants comprises agents or professionals recruited to provide standard professional services to the borrowers' EAs during project implementation. Whereas many consultants provide a service that requires initiative, innovation, and imagination, this group performs routine activities that are nonetheless important and of a professional caliber. These include such experts as procurement agents, inspection agents, and auditors. Special adaptations of normal procedures are often used for their recruitment.

18. Finally, a small group of consultants is normally hired directly by ADB for special in-house training and personnel development activities. These may be recruited either as individuals or as a team from a firm. Recruitment is normally done by ADB's Human Resources Division using special procedures.

D. ADB Policies on Use of Consultants

19. ADB's policies on the use of consultants are spelled out in the Guidelines and Project Administration Instructions (PAI) 2.01.⁶ Six basic principles apply:

- Consulting services should be of high quality.
- Engagements should be economical and efficient.
- All qualified consultants should have the opportunity to compete for assignments.
- ADB aims to develop and use consultants from its DMCs.
- The selection process should be transparent and should not involve a conflict of interest.
- Good governance and ethical behavior are especially important.

20. It is ADB policy that, in the majority of cases, these considerations can be best addressed through competition among qualified short-listed firms or individuals in which selection is based on the quality of the proposal and, where appropriate, on the cost of services to be provided.

21. A further aspect of ADB policy on the use of consultants is to progressively delegate the authority for consultant recruitment to regional departments, resident missions, and regional offices; also, where capacity exists, to delegate the recruitment of consultants under TA grants to borrower EAs.

⁶ Available for reference on the ADB website at <http://www.adb.org/Documents/Manuals/PAI/pai-201.pdf>

E. Roles and Responsibilities in Consultant Recruitment⁷

22. The responsibility for consultant recruitment using ADB financing and the oversight of the recruitment process vary depending on the type (and amount) of funding being provided. For consulting services recruited with ADB loan funds, recruitment is normally the responsibility of the borrower, although at times ADB may assist with the selection process. Actual recruitment activities will normally be undertaken by the project office within the borrower's EA, but oversight within the government will normally be the responsibility of the main agency coordinating with ADB. This may be the Ministry of Finance, the State Bank, or the Ministry of Planning, depending on the particular country.

23. For consulting services recruited using TA grant funds or ADB's administrative budget, recruitment is normally the responsibility of ADB, although for some TAs this may be delegated to the recipient government. Direct responsibility for recruitment is shared between the project user division and the Central Operations Services Office (COSO). For TA grants \$600,000 and under, the project user division undertakes recruitment activities, whereas for TA grants above that figure, COSO plays a more central role.

24. In addition, COSO also plays a major oversight role for all types of consultant recruitment (loans, grants, and ADB's administrative budget), while the ultimate oversight role is played by the Integrity Division (OAGI) of ADB's Office of the Auditor General.

F. Governance Considerations

25. The bulk of ADB-funded consulting services are related to the preparation or supervision of ADB loans amounting to around \$7 billion annually and TA grants amounting to \$200 million on an annual basis. Under such circumstances, good governance and ethical practices are a concern when recruiting and supervising consulting services.

26. Three topics need to be addressed in this context. The first is conflict of interest, which implies that a situation exists within which there is the potential for malpractice or inappropriate behavior. The second is unfair competitive advantage, which implies a situation where there is unequal access to knowledge and information about a consulting assignment. The third is fraud and corruption, which implies that malpractice or inappropriate, unethical, or criminal behavior has indeed taken place. These matters are discussed below.

1. Conflict of Interest

27. The *Guidelines* define conflict of interest as “a situation in which a party has interests which could improperly influence that party's performance of official duties or responsibilities, contractual

⁷ The term “recruitment” is considered to comprise the selection of consultants as well as their engagement through negotiation. *Guidelines*, op. cit., p.5

obligations, or compliance with applicable laws and regulations and that such a conflict of interest may contribute to or constitute a prohibited practice under ADB's anti-corruption policy.”⁸ Even the appearance of conflict of interest needs to be avoided so that there is no possibility of suspicion that malpractice might occur even if it does not occur.

28. Examples of conflict of interest would include

- the case wherein an individual in the borrower's EA has an interest or share in a national firm or NGO that is proposed for a consulting assignment within that individual's department;
- when a consultant recommends a type of process or equipment in which his or her firm has a proprietary interest or share;
- when a close relative of a staff member of either the borrower's EA or ADB is short-listed for a consulting assignment; or
- when a company submits a proposal for an assignment that involves the analysis of its own work or that of close associates, such as when a company submits a proposal to carry out an environmental impact assessment for a project designed by an associated firm, or when consultants are asked to certify the financial statements of an affiliate firm or parent company.

29. Conflicts of interest may best be avoided by following the rules set out in Section 1.11 of the *Guidelines*. These state that consultants shall not be recruited when

- there is a conflict between consulting activities and procurement of goods, works, or services;
- there is a conflict among consulting assignments; or
- there is a family relationship between the consultant and the borrower's or ADB's staff.

30. Government officials and civil servants are eligible to be hired under consulting contracts, either as individuals or as members of a team of a consulting firm, only if

- they are on leave of absence without pay,
- they are not being hired by the agency they were working for immediately before going on leave, and
- their employment would not create a conflict of interest.

⁸ Footnote 5.

2. Unfair Competitive Advantage

31. A similar issue to conflict of interest is that of unfair competitive advantage. This may be a problem if one firm submitting a proposal for a contract has preferred access to information that is not readily available to all firms wishing to express interest in the assignment or already selected for the shortlist. This may occur when a firm is already working with the EA or ADB on another assignment, and thus has access to internal information and documentation. It is to avoid unfair competitive advantage that firms or individuals are not allowed to submit a proposal for a project for which they have prepared the TOR.

32. Unfair competitive advantage is best avoided by full transparency so that all firms or individuals interested or involved have full information about a consulting assignment and its nature, scope, and background information. The publication on the ADB website of TA papers, reports and recommendations of the President (RRPs), consulting services recruitment notices (CSRNs), and PAIs has gone a long way in recent years to level the playing field among competing individuals and companies and thus to prevent unfair competitive advantage.

3. Fraud and Corruption

33. The *Guidelines* (Section 1.23) define four types of fraud and corruption that constitute unethical practices:

- ❑ “Corrupt practice” means offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
- ❑ “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.
- ❑ “Coercive practice” means impairing, 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.
- ❑ “Collusive practice” means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

34. In response to such practices ADB has a stringent anticorruption policy.⁹ To prevent unethical practices and provide an opportunity to identify them, ADB includes a provision in consultant selection documentation that permits it or its representative to inspect accounts, records, and other documents relating to consultant selection and to the performance of the contract, and to have them audited by auditors appointed by ADB.

35. ADB also has a system, over and above its regular audit procedures, designed to allow groups or individuals to identify unethical practices. OAGI can be contacted directly through the ADB website, and instructions are provided as to what to report. An E-mail form is also provided. Allegations will be investigated by OAGI, and, if necessary, further investigations will be undertaken.

36. If corrupt, fraudulent, collusive, or coercive practices have been proven, the following steps (singly or in combination) may be taken:

- The award or a proposal for award of contract may be rejected.
- If the consultancy is loan funded, and if the situation is not remedied on a timely basis by the borrower, the portion of financing involved may be cancelled.
- Sanctions may be imposed any firm or individual, including declaring a consultant ineligible for recruitment under ADB financing either indefinitely or for a stated period of time, and any existing contract may be terminated.

Disciplinary action may also be taken by either the borrower or ADB against any of their personnel proven to have been involved in unethical practices.

37. ADB does not normally make public the names of consultants declared ineligible for recruitment, but they are informed that they have been sanctioned and that an attempt to participate in ADB-financed activities while ineligible will result in an extension of the sanction period and a notice on ADB's website, including the party's name.

38. These provisions are taken seriously. Between 1988 and the end of 2006, 182 firms and 179 individuals were declared ineligible to participate in ADB-financed activities.

⁹ ADB. 1998. *Anticorruption – Our Framework Policies and Strategies*. Manila.

G. Sources of Information on Consulting Services

39. A number of sources of information on ADB-funded consulting services are available. The two primary sources are the *Guidelines* and the PAI. The *Guidelines* are available in hard copy and on the ADB website at <http://www.adb.org/Documents/Guidelines/Consulting/>. The PAI is available on the website at <http://www.adb.org/Documents/Manuals/PAI/default.asp>. In addition, numerous other documents and services are available. These are accessible mainly through the “business opportunities” link on ADB website. They include the following:

- the consultant management system (CMS),¹⁰ where firms or individuals can register with ADB;
- a frequently asked questions link on the consulting services page on the website;
- a documents on consulting services link, which includes formats and templates for a number of key documents such as standard contracts, curriculum vitae formats, detailed descriptions of selection procedures, forms and templates for EAs, and forms and templates for contract administration (individual URLs and links to these documents are provided in Appendix 1);
- a link to proposed projects showing their scope, estimated cost, EAs, and processing schedules;
- CSRNs showing the recruitment timetable and the TOR for TA contracts about to be let; and
- procurement notices for loans, which document upcoming consultancies for approved loan projects.

40. Additional sources that require a bit more research include “early warning” information about lending (loans) and nonlending (TA) products provided through CPSs and CPS updates posted on the ADB website at <http://www.adb.org/Documents/CSPs/default.asp>, and detailed procurement information shown in the procurement plan for a loan project, which is appended to the RRP and attached to the schedule of the loan agreement dealing with procurement and consulting services.

¹⁰ The consultant management system (CMS) replaced the former DACON and DICON registration process.

Self-Study Questionnaire – Chapter I

1. **Q.** What are consultants?
A. ADB defines consultants as individuals or entities able to provide special expertise in one or more technical fields.
2. **Q.** What kinds of services do consultants normally provide?
A. Consultants provide professional and intellectual advice. They perform a wide range of diverse activities, which may entail but are by no means limited to feasibility studies, advisory services, construction supervision, policy studies, strategy formulation, preparation of key documents such as tender documents, training, quality control, financial and accounting services, environmental or social impact studies, economic analysis, professional editing, and public information provision.
3. **Q.** What are the main funding sources for ADB-financed consulting services?
A. Project loans, TA grants, and ADB's own administrative budget.
4. **Q.** What are some of the types of services provided by consultants?
A. Engineering expertise, financial advice, accountancy, management advice, information technology, agricultural services, and environmental technology, to name only a few.
5. **Q.** How large are the largest consulting firms? How small are the smallest?
A. The largest employ thousands of experts; the smallest consist of single individuals.
6. **Q.** When might the main need for consulting services arise?
A. When an organization or government does not have the required in-house expertise to perform specialized tasks.
7. **Q.** Among ADB-funded activities, when are consultants most likely to be used?
A. by the recipient of ADB loans or TAs for project supervision purposes, training, preparation of loans and TA operations, policy advice, or special studies; or
 by ADB itself to strengthen in-house technical capacity for a limited time period, to substitute for expertise that is temporarily not available, to undertake special in-house studies, to provide technical advice or guidance, and to upgrade or improve in-house technology.
8. **Q.** What is the approximate annual value of consulting services recruited using ADB funds?
A. Over \$400 million.

9. **Q.** What are the three main types of consultants recruited using ADB funds?
A. Consulting firms, individual consultants, and staff consultants.
10. **Q.** What are three less common types of consultants recruited using ADB funds?
A. Consultants from international and national agencies and institutes, resource persons, and consultants from NGOs.
11. **Q.** When are consulting firms normally used, and what type of services do they provide?
A. Consulting firms are normally recruited to help undertake the mainstream activities of the borrower's project EAs, i.e., implementing ADB-funded loans, and to assist ADB in providing support to these agencies through TA grants. These firms provide project preparation services, project implementation supervision services, training, advisory services, and policy guidance. They also undertake special studies and regional studies under RETAs.
12. **Q.** Under what circumstances is the borrower responsible for recruiting consulting firms, and under what circumstances is ADB responsible for their recruitment?
A. Under loan funding, consulting firms are normally recruited by the borrower; under TA grant funding, they are normally recruited by ADB, although there is an increasing impetus to delegate the recruitment of TA-funded consultants to the ultimate borrower and end user of ADB funds.
13. **Q.** When are individual consultants normally recruited?
A. For similar activities as consulting firms but when a full team is not considered necessary.
14. **Q.** Where might individual consultants come from?
A. They may be independent experts not permanently associated with any particular firm, or they may be employees of a firm recruited on an individual basis. They may also be employees of an agency, institute, or university.
15. **Q.** When should a team of consultants from a firm be recruited rather than individual consultants?
A. If more than three experts are required, then the assignment should be undertaken by a team from a firm.
16. **Q.** When are staff consultants most likely to be used?
A. To supplement ADB's in-house staff with specialized, time-bound expertise.
17. **Q.** Are there any limitations on the time individuals can be recruited as staff consultants?
A. Yes. At present any individual may be recruited only for 12 months out of any 24-month period without special dispensation.

18. **Q.** What are the six basic principles of ADB's consulting services policies?
- A. Consulting services should be of high quality.
- Engagements should be economical and efficient.
- All qualified consultants should have the opportunity to compete for assignments.
- ADB aims to develop and use consultants from its DMCs.
- The selection process should be transparent and should not involve a conflict of interest.
- Good governance and ethical behavior are especially important.
19. **Q.** How can these principles best be applied?
- A. In the majority of cases, through competition among qualified short-listed firms or individuals in which selection is based on the quality of the proposal and, where appropriate, on the cost of services to be provided.
20. **Q.** How can conflict of interest best be avoided?
- A. By insisting on full transparency and by following the rules set out in Section 1.11 of the *Guidelines*.
21. **Q.** Why is a firm or individual not permitted to submit a proposal for a project for which it/he/she has prepared the terms of reference?
- A. To avoid the situation wherein one proposer has an unfair competitive advantage over the others.
22. **Q.** What steps may be taken if fraud and corruption are proven in the recruitment of consulting services?
- A. The award or a proposal for award of contract may be rejected.
- If the consultancy is loan-funded, and if the situation is not remedied on a timely basis by the borrower, the portion of financing involved may be cancelled.
- Sanctions may be imposed on any firm or individual, including declaring a consultant ineligible for recruitment under ADB financing either indefinitely or for a stated period of time, and any existing contract may be terminated.
- Disciplinary action may be taken by the borrower or ADB against any borrower or ADB personnel proven to have been involved in unethical practices.

Chapter II

Preparing a Consulting Services Package

Part A: Work Plan, Staffing Schedule, and Terms of Reference

41. As described in Chapter I, borrowers of ADB loans, recipients of its TA grants, and ADB itself require a broad range of consulting services during different parts of the project cycle. Consulting services are also, at times, required for studies, special research, training seminars, publications, and conferences not directly related to project processing and implementation activities.

42. A critical part of the consultant recruitment process is preparing an appropriately staffed and budgeted consulting services package, with clear TOR directly related to the task to be undertaken. This process may vary somewhat, depending on the type of consultancy involved, but is normally undertaken through the following steps, each of which is discussed in detail in subsequent sections of this and the next two chapters:

- (i) The consulting services needs are identified within the perspective of the CPS and the project cycle.
- (ii) A consultancy output is clearly defined.
- (iii) The scope of work is defined and an implementation schedule is prepared.
- (iv) The expertise required to perform each task is identified.
- (v) A staffing schedule is prepared.
- (vi) TOR are formulated.
- (vii) The consultancy package, including remuneration, per diem, travel costs, support requirements, and contingencies, is costed.
- (viii) A selection method is chosen.
- (ix) The type of proposal is selected.
- (x) The consulting package is reviewed and firmed up.

This chapter deals with activities (i) to (vi); Chapter III focuses on activity (vii); and Chapter IV deals with activities (viii) to (x). Differences in the process, depending on the type of consulting services required (e.g., support to TA grants or to project loans), are pointed out in each section.

A. Identifying Consulting Services Needs

43. The starting point for identifying most consulting services needs of ADB and its clients is the CPS for each member country. It is while preparing and updating CPSs that proposed investment projects and programs as well as the need for ADTA and PPTA are identified,¹¹ and it is while preparing and implementing TA and loan projects that most consulting services are used. It is thus based on the CPSs that the major needs for consulting services are also first identified. These needs include consultants to help prepare TA, to implement TA (including preparing projects under PPTA), and to assist in implementing a project. Other consultancy services are required from time to time. These may include staff consultants for internal ADB activities, staff consultants to supplement project completion or postevaluation studies, and consultants for RETA. Most consulting services requirements, however, are first identified in the CPS for each member country.

44. Identifying specific consulting services requirements thus takes place when an ADB staff member, an ADB-recruited consultant, and/or an official of the borrower's EA begins to prepare or implement an activity within the CPS. This is when the specific expertise required and the length of the consultancy input need to be defined. An important first step in doing this is to specify the purpose of the consulting services clearly within the context of the CPS and the project cycle. In line with the diagram of the project cycle and consulting services needs illustrated in Chapter I, this will normally be one of the following:

- a staff consultancy to assist in preparing the CPS;
- a staff consultancy to assist in a TA fact-finding mission preparing a PPTA, an ADTA, or a RETA;
- a TA grant-funded consultancy to work with DMC officials to formulate a loan project proposal under a PPTA;
- a TA grant-funded consultancy to implement an ADTA or RETA;

¹¹ These TA grants are a unique modality of ADB and do not exist in other major multilateral development banks (MDBs). They allow the provision of significant services to DMCs. The closest equivalents in other MDBs are trust funds consisting of grant funds provided by various donor countries for specific activities.

- ❑ a staff consultancy to assist with loan fact-finding and/or appraisal;
- ❑ a loan-funded consultancy to help EAs implement a loan project, or a TA grant-funded consultancy to provide support to a DMC when implementing the loan project; or
- ❑ a staff consultancy to assist with project completion or postevaluation of a loan or TA, or other evaluation study; or at the start of the project cycle.

45. In simplest terms, the process of preparing a consulting services package either for ADB or for the borrower's EA thus begins with identifying consulting services needs as embodied in the statement:

“I/we need a package of consulting services to either (i) assist in preparing a CPS; (ii) help prepare a PPTA, ADTA, or RETA; (iii) formulate a loan project or program proposal through a PPTA; (iv) implement an ADTA or RETA; (v) help during fact-finding and appraisal of a project or program loan proposal; (vi) assist a DMC in implementing a loan project or program; or (vii) supplement ADB's in-house expertise.”

46. Making such a statement is important to put the need for consulting services in clear perspective. It may seem elementary, academic, or unnecessary, but putting a consultancy in the perspective of the CPS and the project cycle is a critical first step in properly designing a consulting services package.

B. Defining Consultancy Output

47. Once the reason for the consulting services requirement has been clearly defined, the next step is to define the ultimate output of the consultancy as a basis for determining the scope of work to be undertaken to achieve it. This can best be done by preparing an output statement on what is expected from the consulting services package.

48. An output statement should provide a concrete basis for defining the type of work that needs to be done by consultants and the amount of work involved. Some examples of clearly expressed consultancy output statements are the following:

- ❑ **For a staff consultancy to prepare a PPTA** – “Provide, as a staff consultant, food policy expertise and guidance during the formulation of a PPTA proposal for an agriculture program loan in the Kyrgyz Republic.”
- ❑ **For a PPTA** – “Build on past external investments by preparing a water supply project for 50,000 households in Gujarat, India, with a focus on improving household connections from the main system constructed under an earlier project.”

- ❑ **For a capacity-building ADTA accompanying a loan project** – “Train 30 members of the provincial government of Nghe An Province in Viet Nam in the operation and maintenance of rural infrastructure with a focus on rural roads and markets.”
- ❑ **For implementation assistance under a loan project** – “Assist the Government of Bangladesh to implement the Agribusiness Development Project by setting up and staffing 25 agribusiness advisory offices in rural areas known for the production of high-value agricultural crops.”

49. At its simplest, the output statement will contain the type of activity to be undertaken and the amount of money involved, for example: “Prepare a participatory livestock project in Nepal to be financed by a loan from ADB in the neighborhood of \$25.0 million.”

50. Preparing the output statement may be a simple or a complex task, depending on the nature of the consulting services required. At its simplest (for example, when recruiting a staff consultant), the statement will be prepared by the ADB staff member concerned. For larger and more complex consulting assignments, preparing the output statement may require the input of the concerned ADB staff member, representatives of the end users of the services (i.e., the borrower or EA), and PPTA or staff consultants through an iterative and consultative process.

C. Defining the Scope of Work and Preparing an Implementation Schedule

1. Identifying and Listing Tasks to be Performed

For this step and the next few steps, technical expertise and experience are necessary. If the ADB or EA officer does not have this expertise, then this is an appropriate time to provide it through a staff consultancy (in the case of ADB) or a small-scale TA grant (in the case of an EA).

51. Once the consultancy output statement is agreed upon and clearly spelled out, the next step is to list the tasks to be performed to achieve the agreed-upon output and scope of work. These tasks will then be outlined in an implementation schedule or work program. The process normally followed is a deductive one using the following pattern:

- ❑ **Question:** “What do the consultants need to do to achieve the stated output?”
- ❑ **Answer:** “They need to do “a,” “b,” and “c.”

- ❑ **Next Question:** “What do they need to do to achieve “a”?”
- ❑ **Answer:** “They need to do “x,” “y,” and “z.”
- ❑ **Next Question:** “After “x,” “y,” and “z” are done and “a” is completed, what do they need to do to achieve “b”?”
- ❑ **Answer:** “They need to do “l,” “m,” and “n.”

...and so on until the output is broken down into a discrete number of interrelated tasks. For example, in providing training for provincial government staff in infrastructure operation and maintenance, the deductive process in Box 1 may be followed. These same principles apply to individual and staff consultancies as much as to large, complex feasibility and design studies.

Box 1: Deductive Reasoning in Determining Consulting Tasks for Provincial Government Staff Training

Training provincial government staff requires (i) a prior needs analysis, (ii) formulation of training programs and courses, (iii) implementation of training activities, and (iv) monitoring of the training program.

To undertake a needs analysis, a decision must be taken about who will receive training. To make a decision about who will be provided training, the provincial governments need to be informed about the training program and asked to name candidates. The tasks involved in the needs analysis will thus include (i) informing the provincial governments of their participation in the project, (ii) requesting the nomination of candidates, (iii) interviewing candidates, and (iv) assessing candidates’ training needs.

The next step will be the formulation of training courses. This requires not just a prior needs

analysis but also an assessment of what facilities are available to provide the training and what type of training expertise is available in the country or the provinces concerned. Further activities to be undertaken will thus include (i) assessment of the available training facilities, and (ii) assessment of the capacity and qualifications of potential trainers. The process then continues through the implementation of training, monitoring and evaluation of the training program, and final post-training assessment.

Each of the tasks needed to complete the scope of work must be identified so that a logical flow and network of activities may be identified as the duties of the consultants. In the end, a list of perhaps 20-30 activities (in this particular case – but possibly as many as 100, depending on the overall scope of work) will be identified as tasks to be undertaken by the consultants.

52. In many cases, especially for PPTA, identifying consultants’ activities is guided largely by the requirements of ADB. For preparing a project, there are stringent requirements in terms of technical appraisal and design, social and environmental safeguards, and

economic and financial analyses.¹² In other cases, the tasks to be undertaken will depend on technical requirements or identified areas of weakness in capacity, policy, or expertise.

2. Determining the Time Frame and Logical Sequencing of Activities

53. Once identified, the tasks to be undertaken by the consultants should be presented in a list and an estimate made of the time required for each. This is only an initial estimate, since it may change, depending on the available budget and the eventual staffing schedule.

54. For PPTA, the time frame is often limited by either the availability of funding or ADB's processing schedule. For loan projects, the amount of time provided may be limited by the willingness of the government to borrow funds for international and national consulting services.

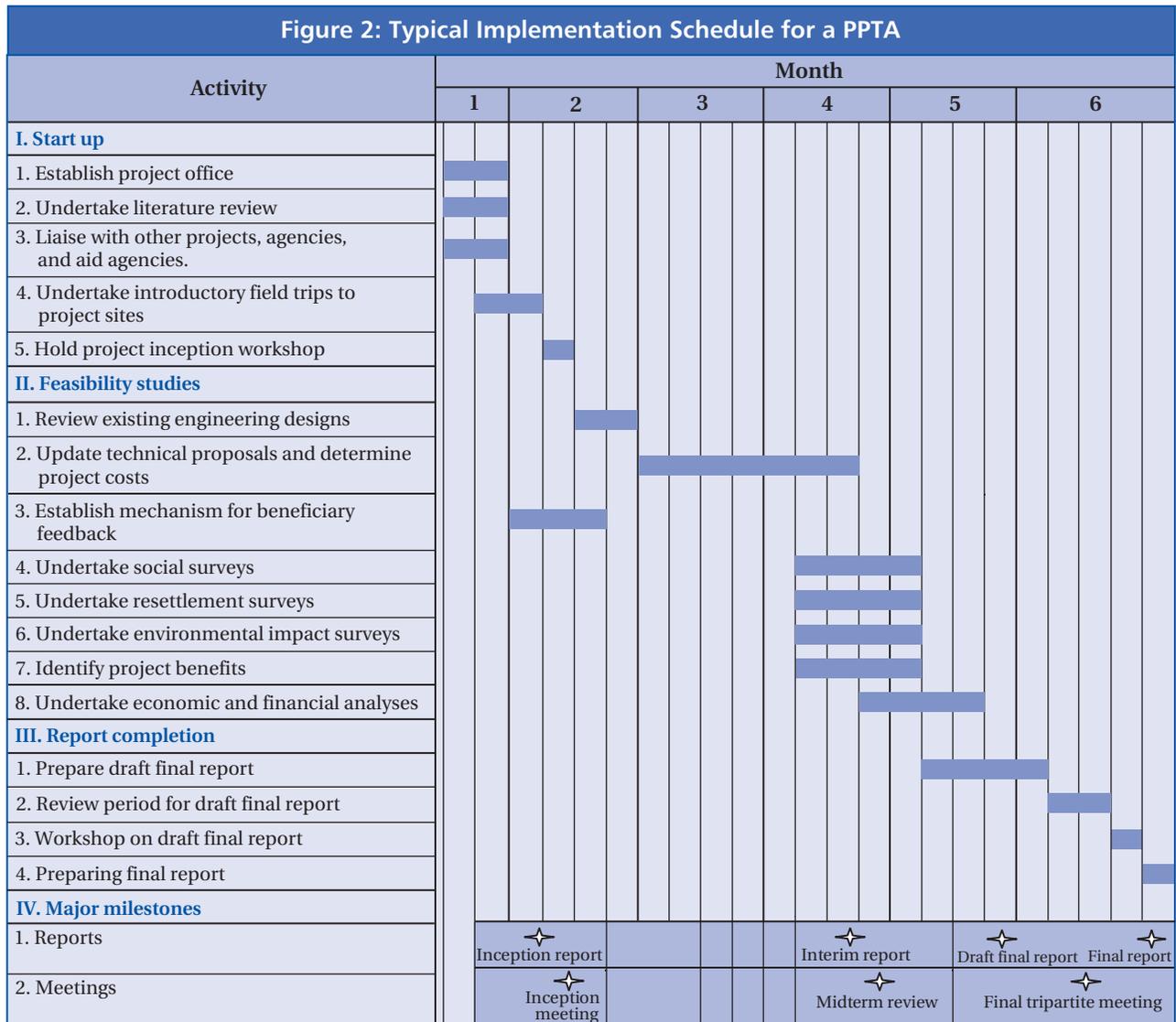
55. The time required may be expressed in days, weeks, or years, depending on the overall length of the consulting input. For a loan consultancy, the unit normally used is months or fractions thereof (usually a quarter-month). Often for ADTA and PPTA, which may be of relatively short duration, the unit used is weeks; and for individual or staff consultancies, days, weeks, or months, depending on the overall period involved. However, for ease of management, it is often better to use months or portions of months so that, for costing and subsequent contracts, one standard measure is used.

56. After the tasks are identified and a time frame for each task is assigned, a logical sequencing of the tasks must be determined. Several tools such as flow charts and logical frameworks as well as a number of computer programs can be used for this purpose, depending on the complexity involved. Usually, though, for the type of consultancy undertaken with ADB funding, a simple bar chart is the best way to illustrate required outputs over time and their relationship to each other. This can then be transformed directly into an implementation schedule or work program.

3. Preparing the Implementation Schedule

57. Once the consulting tasks have been identified and the time line has been allocated to them as well as their sequencing determined, an implementation schedule can be prepared. An example of an implementation schedule is given in Figure 2. While preparing such a bar chart may be unnecessary for staff consultancies and individual TA consultancies, it is usually useful, nonetheless, to go through this process, especially to ensure that sufficient time has

¹² Many DMCs now have very similar safeguard requirements to those of ADB, and consulting services designed for PPTAs need to take these into account as well.



been allowed to do the required tasks. Normally, an implementation schedule includes not only the time inputs for individual tasks, but also tangible outputs and activities such as reports, workshops, or seminars as shown in the example in Figure 2.

D. Identifying the Expertise Required for Each Task

58. To determine consulting services inputs, it is first necessary to determine exactly what expertise is required to perform each task listed in the implementation schedule. In some cases, this is quite clear: an environmental analysis requires an environmental specialist, a resettlement framework requires a resettlement specialist, and an economic analysis requires an economist. In other cases, especially with ADTA or RETA, determining the exact expertise required may take more time and discussion and should

are required, the two requirements might be combined into one consultant position, resulting in time and budget savings. It is, nevertheless, useful to double check the draft implementation schedule to determine whether the need for expertise will overlap at critical periods, making this a less than optimal solution.

61. Once a preliminary list of experts is prepared, refinements are possible. The EA can be asked what expertise it can provide, and this can be documented and removed from the consulting services package. More importantly, the need for international versus national expertise can be assessed.

62. In terms of economy, and following ADB policy, it is often best to maximize national inputs. In terms of efficiency, a basic international presence on the consulting team is often required. In most cases, maximum economy and efficiency are achieved through an appropriate balance of the two, with national experts providing local knowledge and international experts providing a broader international perspective and generally more advanced levels of technical expertise.

63. In addition, a decision may need to be made as to which particular expertise requirement to combine with the team leader responsibilities. For PPTA, this is often a technical expert like an engineer, but there are often good reasons why a more generalist type of expert should be the team leader, and a team leader position may be created with only a minor number of technical duties. Just managing a large team of diverse experts over an extended period is a challenging enough job in itself, often requiring a range of expertise and experience.

64. Once these steps are taken, a preliminary staffing schedule of the consultant team showing the experts required, the split between international and national expertise, and the estimated person-months requirement can be prepared.

N.B. The preliminary staffing schedule should remain a draft until a cross-check is possible with the financing available and the TOR (see next section).

F. Preparing Outline Terms of Reference¹³

65. The TOR describe in detail what the overall duties of the consulting team will be and what the duties of each consultant team member or individual consultant will be to achieve the intended

¹³ For a broader discussion on this topic pertaining mainly to loan projects, see: ADB. 2005. *User Guide for Preparing Terms of Reference*. Manila.

output of the consultancy. For loan projects, outline TOR are normally prepared as an appendix to the RRP, with more detailed TOR sometimes provided in a supplementary appendix. For ADTA, PPTA, and RETA, outline TOR are prepared for inclusion in the TA paper, normally as Appendix 4. The template for ADB's standard TA Board paper allows only five pages of single-spaced type, so the outline TOR for a TA must be both focused and succinct. More detailed TOR may be prepared separately for inclusion in the request for proposals (RFP) later. Nonetheless, preparing the outline TOR for the TA paper is an important step, since it describes, in essence, what consulting services are expected. The steps outlined below may be followed:

1. Describe the Output Expected from the Consultancy as a Whole

66. To give consulting firms an idea of the services they will be expected to provide, the outline TOR should begin with a brief but comprehensive paragraph on

- what the TA output is expected to be;
- how long is allowed for the work;
- what the counterpart agency, if any, will be;
- what reports and workshop or seminar activities will be required during the implementation period;
- the experts required; and
- their estimated time inputs.

The basis for this should be the output description, the implementation schedule, and the preliminary staffing schedule as already described.

2. Prepare Lists of Tasks or Duties for Individual Experts

67. Identifying the tasks for each individual expert on a team is the nub of any set of TOR and often the basis for the success or failure of a TA grant or loan project.

68. The guide for preparing the list of tasks or duties should be the output statement, the implementation schedule, and the preliminary staffing schedule as well as the technical input of the team preparing the TOR.¹⁴ Just as the expertise required for a TA or loan consultancy can originally be derived from the implementation schedule, the duties or tasks of each expert can also be derived by referring back

¹⁴ This would, under varying circumstances, include different combinations of the ADB project officer, ADB mission members, staff consultants, PPTA consultants, and representatives of the EA.

to it. These will, of course, need to be expanded, especially for specialized disciplines. It is for this task that staff consultants often make a major input during TA preparation, and PPTA consultants make a major input during loan preparation.

69. Each list of duties should be both succinct and comprehensive (taking into account the five-page limit in the case of TA). For example, the outline TOR for an environmental specialist should go beyond a simple statement that the expert must prepare an initial environmental examination and should list at least 5—and probably no more than 15—detailed tasks to be undertaken. Excessive detail should also be avoided. It should be assumed that an expert knows the basic practices of his/her field but needs to be told what is required in specific circumstances. Thus, the TOR for an economist, for example, may state specifically that a particular computer program must be used for estimating project costs, but need not describe in detail how to undertake a standard benefit/cost analysis or calculate an economic internal rate of return.

70. The TOR for national consultants may be prepared in greater or lesser detail, depending on how much their tasks will differ from those of the counterpart international experts. If the tasks are more or less the same, there is no point in duplicating TOR. An indication can be made on the list of tasks that these will be implemented, e.g., by “one international economist for a period of 3 person-months and two national economists for a total period of 6 person-months.” On the other hand, if the tasks differ substantially, separate TOR are warranted.

71. Some project officers prefer not to distinguish the tasks of individual experts but instead to prepare a longer and more detailed description of what the consulting team, as a whole, will provide without splitting up tasks. These are generally known as “activity-based” TOR as opposed to “position-based” TOR. Such general TOR would indicate, for example, that “the consultants will identify and prepare a rural development project in such-and-such a province in such-and-such a country, taking into account available natural resources, present land use, environmental and social considerations, economic and financial viability, etc.” The TOR would then list a range of tasks without regard to who will have the responsibility to undertake them. In a few cases, especially ADTA or RETA and some project implementation consultancies—where the work to be done is not clearly defined, the number of experts is small, and a degree of flexibility is required—this may be acceptable. Normally, however, it is not, for several reasons:

- It is necessary to know that each task required for a consultancy will be done and, therefore, it is advisable to designate a specific expert to be responsible for it even if other experts will also be involved.

- ❑ Individual experts need to know exactly what their responsibilities are so that they can determine their personal work programs and decide when their inputs have been completed.
- ❑ To properly manage the combined output of the team, the team leader needs to know exactly who is responsible for each task and needs to be in a position to monitor the output of each expert against a measurable baseline, especially when time is short and deadlines are tight.
- ❑ There is a need for a baseline against which to measure the completion of TA outputs if and when disputes or disagreements arise either within the team, with the EA, or with ADB.
- ❑ Finally and most importantly, during the proposal evaluation process, it is necessary to indicate the duties assigned to each expert so that his/her experience can be properly assessed. Section 12 of ADB's standard biodata form requires a list of tasks against which a consultant's experience is assessed. Unless each consultant's duties are clearly indicated in the TOR, it is very difficult for the consultant to complete this section and also difficult to make an assessment of each candidate's suitability. If only a general or generic list of duties is given for the team as a whole, each individual firm is likely to list the tasks of particular experts differently in this section of the biodata form, and a comparison of experts among firms may not allow a true assessment of each expert's capabilities.

3. Indicate Basic Qualifications for Each Expert

72. Some ADB officers and EAs prefer to indicate the minimum qualifications for experts for each position. (This is more often done in preparing TOR for a loan project than for a TA, or during expansion of the TOR for a TA when preparing the request for proposals [RFP].) Caution is advised in doing this. Setting the bar too high could result in well-qualified experts being excluded or downgraded simply because they have, for example, only a bachelor's degree rather than a master's degree, despite many years of practical experience, or because they have not worked in a particular country despite a wealth of other experience. Furthermore, it is not unusual to find experienced consultants whose original training is quite different from their specialist expertise. For example, one highly effective water resources planner recruited by ADB had his original degree in theology. Of course, qualifications can be included at the discretion of the individual project officer, but they should be carefully thought out and reasonable. They should also be pointed out as being "preferred" rather than "minimum cutoffs."

Self-Study Questionnaire – Chapter II

1. **Q.** What is the step in ADB's project cycle when major consulting services requirements are first identified?
A. Preparing the CPS.
2. **Q.** What types of consulting services are needed at the various stages of the project cycle?
A. Staff consultants are often required when preparing CPSs.
 Staff consultants are often required when preparing PPTA, ADTA, and RETA.
 Teams of consultants from firms or individual consultants are required when implementing ADTA and RETA.
 Teams of consultants from firms and individual consultants are required when preparing a project through the implementation of a PPTA.
 Staff consultants are often required to support ADB staff during loan fact-finding and appraisal.
 Individual consultants and teams of consultants from firms are usually required to provide support during project implementation.
 Sometimes staff consultants are also used for in-house studies and to help with various tasks, such as project evaluations.
3. **Q.** Why is a specific "output statement" necessary when formulating a consulting services package?
A. To focus discussions and to help reach an agreement between ADB and government authorities on the scope of consulting services.
4. **Q.** What should an output statement contain?
A. A concrete basis for defining the type of work that needs to be done by consultants and the amount of work involved.
5. **Q.** What is the best way to determine the tasks to be performed to achieve the agreed-upon output and scope of work?
A. A process of deductive reasoning based on the output statement.
6. **Q.** Once the steps to achieve the consulting services output are defined, what should be done next?
A. A preliminary time frame for implementation should be determined, and the activities required listed in a logical sequence.

7. **Q.** What does an implementation schedule normally show?
 - A. The phased time inputs for individual tasks as well as tangible outputs and activities such as reports, workshops, and seminars.
8. **Q.** What is the best way to identify the expertise required for the consulting services?
 - A. For each task listed in the implementation schedule, ask the question “Who will do this?”
9. **Q.** In terms of staffing, what is the best way to achieve a maximum of economy and efficiency while furthering ADB’s policies of promoting national consulting capabilities?
 - A. Aim for an appropriate mix of international and national expertise in the consulting team.
10. **Q.** What is the core of a set of TOR?
 - A. A list of tasks and duties for each consultant.
11. **Q.** How is it derived?
 - A. By referring to the output statement, the list of tasks to be performed, and the staffing schedule.

Chapter III

Preparing a Consulting Services Package

Part B: Budget

A. Budgets for TA-Funded Consulting Services vs. Budgets for Loan-Funded Consulting Services

73. Providing adequate funds based on realistic cost estimates is a key to the effective use of consulting services. There is no point in fielding an individual expert or a team of experts without either sufficient time or support to allow them to undertake the task assigned to them. This is much more critical in a TA than in a loan. A loan project typically has a large, built-in physical and price contingency covering the whole of the project investment. Any underestimate in the need for consulting services and their support can thus be made up by reallocations from the overall project budget or the contingencies. This is not the case for a TA, where contingencies are not only limited but also often needed to cover currency fluctuations. A careful estimation of the costs of a TA consultancy is thus a critical part of designing the consulting services package.

74. The steps to be undertaken to determine a consultancy budget are similar for all types of consulting services, although the results may be presented in different ways. The costs for consulting services under loan projects are normally part of the overall project cost and are often displayed in the project cost table as such, without specific allowances for support or contingencies. Also, items such as vehicles, office space and equipment, and office staff may be considered part of the overall project support or management costs and not specifically in support of the consulting services. Similarly, price and physical contingencies will normally be applied across the whole project and not necessarily just to the consulting services. It is critical for this to be taken into account when preparing the RFP during the consultant selection process. All costs of the consulting package need to be included in the data sheet that is sent to short-listed consulting firms as part of the RFP, not just the fees of the consultants taken from the project cost table. A further issue is that of taxes on consultant fees. While ADB does not, under normal circumstances, fund duties and taxes, it may be necessary to include an allowance in the remuneration for international consultants if the consultants will be expected to pay local taxes from their remuneration.

75. By contrast, the standard template for TA Board papers includes a table for the Cost Estimates and Financing Plan that details all these items as one TA grant package. This lists not only the consulting services but also the government’s contribution and other expenses (such as an allowance for attendance of a government observer at contract negotiations, or the recruitment of resource persons), but the core of the budget is the cost of consulting services and their support. A standard TA Cost Estimates and Financing Plan is shown in Table 1.

Table 1: TA Cost Estimates and Financing Plan (\$'000)	
Item	Total Cost
A. Asian Development Bank Financing	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	
ii. National Consultants	
b. International and Local Travel	
c. Reports and Communications	
2. Equipment	
3. Training, Seminars, and Conferences	
a. Facilitators	
b. Training Program	
4. Surveys	
5. Miscellaneous Administration and Support Costs	
6. Representative for Contract Negotiations	
7. Contingencies	
Subtotal (A)	
B. Government Financing	
1. Office Accommodation and Transport	
2. Remuneration and Per Diem of Counterpart Staff	
3. Others	
Subtotal (B)	
Total	

76. Because of its comprehensive nature, reference to this table is useful in costing all types of consulting services, not just those for TA, and as a basis for preparing the data sheet provided to consultants when proposals are requested. When used for loan projects, the results can be used as a cross-check to ensure that all consulting services costs have been included in the overall project costs.

77. With the TA Cost Estimates and Financing Plan as a guide, a consulting services budget can be readily prepared using the staffing schedule and implementation schedule derived earlier as the basis for determining the length and nature of each consultant's input. The process is outlined in the next section.

B. Steps in Preparing the Budget

1. Estimating Remuneration and Per Diem for International Consultants¹⁵

a. International Consultants' Remuneration

78. The number of person-months for each consultant is shown in the preliminary staffing schedule. COSO calculates different monthly rates for particular types of international expertise. These are updated regularly, and available from COSO for ADB staff and staff of EAs. They may be provided upon request by the ADB project officer to the consultants preparing projects under PPTA and to the EAs preparing data sheets for RFPs. The rates are shown in terms of person-months.¹⁶

79. Multiplying the number of person-months of each expert by the rates given provides an estimate of the total cost of international consultant remuneration. A typical calculation would look something like this:

3 person-months for a transport engineer @ \$19,000	= \$ 57,000
1 person-month for an agronomist @ \$18,500	= \$ 18,500
1 person-month for an economist @ \$19,000	= \$ 19,000
1 person-month for an environmentalist @ \$18,500	= \$ 18,500
1.5 person-months for a social impact specialist @ \$16,500	= \$ 24,750
Total international remuneration	= \$137,750

This then needs to be added to the estimated cost of per diems for international consultants.

¹⁵ In some cases the TA budget includes provisions for both a consulting team and, in addition, individual consultants to be recruited separately. In these cases separate cost estimates should be prepared for each grouping.

¹⁶ In its contracts with consultants ADB officially uses a "calendar day month" of 30 days for fieldwork and a "working day month" of 22 days for home office work. Because of the complexity of these allocations, which are used mainly for costing contracts, it is usually best to estimate inputs in months or decimal fractions thereof when preparing estimates for consultant time inputs. Thus inputs could be for, for example, 3.5 months or 2.25 months. This will give the level of detail needed for scheduling and cost estimates without reverting to the issue of calendar days or working days.

b. International Consultants' Per Diem

80. Updated per diem costs are also available from COSO. Per diems are provided only for work in the country of operation or for travel to and from the duty station (i.e., not for home-office work), but a distinction needs to be made between time spent in different locations within the country.

81. Typically, per diems in a capital or major city are higher than for time spent in the field. To arrive at a reasonable estimate of per diems, the time spent in the field or at the project site, the time spent on international travel, and the number of days spent in the country's capital or major city must be estimated for each expert. These are then multiplied by the appropriate per diem allowance, and an estimate of total per diems for international experts is arrived at.

82. For consultants staying for extended periods within the country (over 6 continuous months), per diems may be reduced on the understanding that it will be possible for them to find rental accommodation. On the other hand, long-staying consultants working on loan projects may wish to have their dependents with them and may request supplements for education and dependent travel. Most TA-financed consultant inputs—but not all—are relatively short, and these contingencies do not often arise. Thus, it is generally better to calculate per diem requirements for TA grant consultancies based on the standard rates without worrying too much about special cases. These can better be dealt with during contract negotiations.

83. A typical calculation of international consultants' per diems would look like Table 2.

Expertise	Person-Months	Total Days	International Travel Days	Days in Field	Days at Executing Agency Headquarters
Transport engineer	3	90	2	60	28
Agronomist	1	30	2	20	8
Economist	1	30	2	10	18
Environmentalist	1	30	2	20	8
Social impact specialist	1.5	45	2	30	13
Cumulative total (days) (A)	7.5	225	10	140	75
Per diem allowance (\$) (B)			120	75	150
Per diem cost (\$) (C) (C= A X B)			1,200	10,500	11,250
Total per diem cost = \$22,950					

The total international per diem cost would thus be the cost of international travel days + days in field + days at EA headquarters, or in this example: \$1,200 + \$10,500 + \$11,250 = \$22,950.

c. Combining International Consultants' Remuneration with Their Per Diem

84. A simple addition of the two costs, remuneration and per diem, provides the estimate for international consultants' remuneration and per diem. It then becomes possible to fill in the first item in the TA Cost Estimates and Financing Plan table—viz., remuneration and per diem for international consultants. This is typically the largest cost of the total consulting services package. (In the case of the above examples, it is $\$137,550 + \$22,950 = \$160,500$).

2. Estimating Remuneration and Per Diem for National Consultants

85. Estimating remuneration and per diem costs for national consultants follows a similar process with a few variations. In the case of the preparation of loan projects, most EAs are familiar with national consultant rates and can provide these for the PPTA consultants. For ADB staff preparing ADTA or PPTA, and for staff consultancies, guidance on national consultant costs can also be obtained from COSO, but it is worthwhile to check with sources with local knowledge such as the EA and the resident mission. The costs used in recent TA activities are also a good source of information. National consultants generally receive per diems only during fieldwork, but in some cases, if they will need to change their residence temporarily, they may also qualify for per diem. For example, a national consultant who is normally a resident of Ho Chi Minh City in Viet Nam may be eligible for a per diem if moving to Ha Noi for the consultancy assignment. Since there is no way of knowing this when preparing the TA, it is best to err on the side of prudence when estimating local per diems and to ensure that sufficient funds are budgeted for them.

3. Estimating International and Local Travel

86. Adequate funds should be budgeted for international travel to allow firms from all ADB member countries the opportunity to participate equitably in the proposal. This means airfare estimates should be sufficient to allow companies farthest from the project site to cover airfares without drawing from other budget items. COSO now advises the use of one standard airfare for international travel. ADB staff can refer to COSO for the latest recommended rates. EAs and consultants preparing projects can request these rates from the project officer concerned. Care should be taken in determining the number of international flights, since, in many cases, one per expert will not be enough. The staffing schedule should be consulted, and care should be taken to ensure that sufficient international flights are budgeted to allow consultants to return for key activities such as attendance at midterm or wrap-up workshops.

87. The amount of funds budgeted for local travel depends very much on the situation of the particular consultancy. Besides local airfares, in some cases it may be considered more efficient to provide funds for vehicle purchase and in others for vehicle rental. Both have their advantages, depending on the nature of the work to be carried out, the amount of time involved, and the number of personnel involved. Typically, importing vehicles may take time; thus, for cases in which time is a constraint (such as ADTA and, particularly, PPTA as well as staff consultancies) the provision of funds for car rentals, as well as internal airfares is generally more appropriate than vehicle purchase. On the other hand, upon completion of the consulting services contract, equipment and vehicles are handed over to the EA, which may be an important consideration in some cases.

4. Estimating Other Costs

88. Other costs associated with the consultancy (e.g., report preparation, equipment, field surveys, interpreters and translators, workshops, communications, and miscellaneous support costs) will vary with the particular consultancy. If there is any doubt, it is best to consult previous TA papers or RRP for similar projects in the same country prior to finalizing costs. It is critical that sufficient funds be budgeted so that the consulting team can have the full support it needs; otherwise, the work and the output will suffer. Three special items need mentioning:

- ❑ For ADTA and PPTA, \$5,000 or so is normally budgeted to allow the attendance of an observer from the EA during contract negotiations.
- ❑ Contingencies for ADTA, PPTA, and RETA operations are normally estimated at 10%. As previously noted, contingencies for loan projects will be calculated separately for the whole project.
- ❑ For ADTA and PPTA, a minimum contribution by the government or TA recipient is normally expected. In 2007, this was at least 15% of the total TA cost for group A DMCs, 20% for groups B1 and B2, and 30% for group C.¹⁷ Guidelines and updates on this can be found in Section D12/BP of the *Operations Manual*. This contribution is usually made in kind through the provision of staff, translators, office space, and in-country transport.

¹⁷ ADB classifies its DMCs into four groups depending on their eligibility to borrow from the Asian Development Fund (ADF) and ordinary capital resources (OCR). These groups are (i) ADF only (Group A), (ii) ADF with limited amounts of OCR (Group B1), (iii) OCR with limited amounts of ADF (Group B2), and (iv) OCR only (Group C).

5. A Check with Reality

89. Once the cost estimates for the consulting services and their support are prepared, a check with reality is needed. Ideally, budgeting for consultancy services should be based on a bottom-up process, and funding should be adjusted to accommodate the perceived and costed needs for expertise and support. However, this is not always possible. If the consultancy is for a loan, the amount proposed may not be acceptable to the government. If, for example, the estimated consulting package will cost 20% of the total loan amount, there may be some resistance. Many governments set a ceiling on the portion of the loan amount that may be allocated to consultancy and training versus physical investment—usually 5% or 10% of the total loan amount. If, on the other hand, the consultancy is for ADTA, PPTA, or RETA, the cost will normally have to be kept within the TA budget provided in the CPS. In many cases, the original estimate will exceed this amount, since costs tend to expand as more and more items that were not originally considered are added into the cost table. Every effort should be made to ensure that the funds available are sufficient to implement the consulting assignment properly.

90. If the allocation of additional funds does not seem likely, adjustments may have to be made to the cost estimates. Normally, the first place to look for savings is in the support costs. Ultimately, however, adjustments may have to be made not only in the support costs but also in the time inputs of the experts themselves. This must be done carefully. At what point will reducing the support costs diminish the effectiveness of the consulting team? At what point would reducing the inputs of the consultants result in not achieving the desired output? One common place to look for savings is in the number of person-months of international expertise. These are usually the most expensive item on a unit cost basis and may be substituted with national expertise up to a certain point. Again, the question arises: How much will the substitution of international expertise by national expertise affect the quality of the TA or project implementation results? A balance of all three measures—reduced support costs, reduced international expertise inputs, and substitution of national expertise for international expertise—will often resolve any underbudgeting during TA identification. If not, serious consideration will need to be given to insisting on additional funds for the consultancy or to lowering the expectations of what can be achieved with the funds available.

Self-Study Questionnaire – Chapter III

1. **Q.** What is the difference in the presentation of consulting services costs between loan-funded consulting services and TA grant-funded consulting services?
 - A. In cost presentations for loan-funded consulting services, the costs are shown as part of the overall project cost. Consultants' remuneration is thus normally shown as a line item, separate from support costs such as transport, office equipment, and—even in some cases—per diems. By contrast, under the standard TA Cost Estimates and Financing Plan, all costs are shown for the TA as well as for the government's counterpart contribution.

2. **Q.** Why is it important to know this?
 - A. When preparing an RFP for loan-funded consulting services, especially the data sheet, all costs should be included. For loan-funded consulting services, this means provision should be made for support costs as well as for remuneration in the cost estimates.

3. **Q.** What is the difference between the way contingencies are handled in costing loan-funded consulting services and TA grant-funded consulting services?
 - A. For loan-funded consulting services, a large contingency normally covers the whole project cost, which can be used for consulting services if necessary. For TA grant-funded consulting services, contingency costs are limited to about 10% of the TA cost. This means that costings for TA grant-funded consulting services need to be much more precise.

4. **Q.** Why is it helpful to use the TA Cost Estimates and Financing Plan table for costing all types of consulting services from staff consultants to loan-funded consultants?
 - A. Because of its comprehensive nature.

5. **Q.** What is the largest single-cost item for consulting services?
 - A. Remuneration and per diem of international experts.

6. **Q.** How is it calculated?
 - A. Based on the staffing schedule, the time input in person-months for each expert is multiplied by the standard monthly rate for each type of expertise. The time inputs for all experts are then totaled. The days spent in the field and home office for each expert are then calculated, and these are totaled. The two totals are then added together. A separate exercise is normally done for national experts.

Chapter IV

Preparing a Consulting Services Package

Part C: Method of Selection, Type of Proposal, and Finalization of the Package

A. Deciding on the Method of Selection

91. For loan-funded consultants or TA consultants (PPTA, ADTA, and RETA), the RRP or TA paper must indicate the method of selection for consulting services. For loan projects, this is normally decided when preparing the procurement plan in conjunction with the borrower's EA during the loan fact-finding or appraisal mission. Preparation of the procurement plan is normally preceded by an assessment of the capacity of the borrower to recruit and supervise the implementation of consulting services. The selection method chosen, as well as the degree of ADB supervision of the selection process, depends to some extent on this assessment. For TA consultants, the method of selection is chosen by the project officer, in conjunction with COSO.

92. Consultants may be selected as individuals¹⁸ or as a team, normally recruited from a firm but sometimes from an institute or international agency. The following discussion refers to teams of consultants selected from a firm. Chapters VIII and IX deal with other types of consultants.

93. ADB uses six methods for selecting teams of consultants:

- quality- and cost-based selection (QCBS),
- quality-based selection (QBS),
- fixed-budget selection (FBS),
- least-cost selection (LCS),
- consultants' qualifications selection (CQS), and
- single-source selection (SSS).

¹⁸ Staff consultants are almost always recruited as individuals.

These are described in detail in PAI 2.02A (available at www.adb.org/Documents/Manuals/PAI/default.asp on the ADB website). The normal selection method for TA and loans is QCBS. Flexibility exists to use other methods if they appear more appropriate to the circumstances within which the consultancy will be implemented. Justification must be provided in the TA paper or RRP, and agreement received from (i) COSO in the case of TA (where recruitment is by ADB), or (ii) the user division and COSO (for loans where recruitment is undertaken by the borrower) if a selection method other than QCBS is to be used. The three methods most commonly used to date have been QCBS, QBS, and SSS. All six methods are discussed below.

1. Quality- and Cost-Based Selection

94. QCBS is ADB's preferred method of selection, since it allows for both efficiency and economy. It allows a sorting mechanism for technical quality as well as a weighting mechanism for cost. Consultants submit both a technical proposal and a financial proposal at the same time. The technical proposals are opened first and evaluated against a maximum of 1,000 points. Any firm scoring less than 750 points is considered technically nonresponsive and is dropped from the list. Financial proposals are then opened and ranked. The lowest proposal is allocated a financial score of 1,000, and the financial proposals of other firms are prorated and provided a score according to their value relative to the lowest proposal. A final score incorporating a cost factor is then calculated, based partly on the technical scores and partly on the financial scores. The ratio normally used is 80% for technical score and 20% for financial score, but this may, at the discretion of the project officer (with appropriate justification and the agreement of COSO), be set at either a ratio of 90:10 or 70:30 if circumstances warrant. For consultancy services with a high level of complexity or impact, the ratio chosen may be 90:10. For those with a lower level of risk and where cost is a factor, 70:30 may be chosen. (The mechanics of the selection process are described in detail in Chapter VI.)

95. As noted above, QCBS provides efficiency (qualifying firms must attain a minimum technical score) as well as economy (firms with lower priced proposals may still have an advantage). QCBS is considered suitable for recruiting consultants from firms in most situations. It is important, though, to ensure that the initial technical selection process is rigorous enough to ensure that only technically qualified firms are selected for financial proposal opening.

2. Quality-Based Selection

96. In certain cases, the importance of technical quality may be overriding to the extent that it is counterproductive to consider cost

factors in the selection. In the *Guidelines*, these situations are listed as

- ❑ assignments that are complex or highly specialized, making it difficult to define precise TOR and the required input from the consultants;
- ❑ assignments where the downstream impact is so large that the quality of services is of overriding importance for the outcome of the project, since there may be a high negative impact or cost if the services fail; and
- ❑ assignments that can be carried out in substantially different ways such that financial proposals may be difficult to compare.

97. In such cases, it is possible to use QBS rather than QCBS. Another case when QBS might be used is when recruiting expertise from a United Nations (UN) agency, NGO, or academic institute. Such organizations may have an undue cost advantage vis-à-vis commercial firms and—to present a more level field of competition—proposals based purely on technical criteria may be considered more appropriate than QCBS.

98. In QBS, initially only technical proposals are submitted. After these are evaluated, the highest ranked firm is asked to submit a detailed financial proposal. This is then subject to negotiation and, if unsuccessful, the next ranked firm is asked for a financial proposal. This process continues until a contract is successfully negotiated. In view of the need for lengthy and detailed negotiations and the greater possibility that negotiations will be unfruitful, QBS tends to be a longer process than QCBS. Thus, in the interest of effective work scheduling and project implementation, using QCBS may be preferable even if technical quality is an overriding factor, but with a 90:10 weighting ratio so that the technical aspects of the proposal are not influenced by anomalous, low financial proposals. Another possibility would be to use FBS (see next subsection).

3. Fixed-Budget Selection

99. FBS follows a similar process to QCBS but does not include a weighting for cost. Firms are informed of the maximum possible contract amount at the time proposals are requested. Technical and financial proposals are submitted, and an evaluation is first made of the technical proposals. Those scoring less than 750 points out of 1,000 are considered technically nonresponsive, and the firms are dropped from the evaluation. Financial proposals are then opened. Any proposals exceeding the maximum contract amount (which has been specified in the data sheet in the RFP) are also rejected. The firm that had submitted the highest-ranking technical proposal among the remaining firms is then invited for negotiations.

100. FBS may be appropriate when

- the outcome or impact of the consultancy is important enough to favor technical soundness over potential cost savings possible through QCBS;
- the TOR are detailed, specific, precise, and position based; and neither ADB nor the EA will change them during implementation;
- the experts' inputs in person-months are adequate to complete the TOR and unlikely to need revising;
- the budget is sufficient for all the requirements in the TOR; and
- the funding available is fixed and cannot be exceeded.

101. Examples of assignments for which FBS may be appropriate for loan and TA grant funds include sector studies, market studies, and surveys with limited scope; field studies during project preparation; prefeasibility studies and reviews of existing feasibility studies; social, land acquisition, or environmental surveys; reviews of technical designs and proposal documents; and project benefit monitoring.

102. FBS may be more appropriate for TA grants than QBS in situations when a decision has been taken not to use QCBS. Under TA grants, the maximum budget is fixed, having been approved by the President or the Board of Directors based on the TA paper. It is not possible to disburse funds in excess of this amount without going through a cumbersome process of requesting additional funding from the President or the Board. In effect, there is little possibility of exceeding the level of funds approved in the TA paper. FBS would allow, in these circumstances, a rigorous technical evaluation while ensuring that the financial proposals remain within budget. Most firms submitting proposals for TA operations already know the budget in any event, since the TA papers are now public documents published on the ADB website.

103. One advantage of FBS is that negotiations with a first-ranked firm are simpler than QBS and are similar to QCBS. No detailed negotiations about individual salaries, rates, or markups are necessary, and the process is mainly a matter of verifying that all costs will be adequately covered.

4. Least-Cost Selection

104. LCS uses procedures similar to QCBS and FBS. Firms submit both a technical and a financial proposal as in QCBS and FBS. The technical proposals are evaluated first. The firm with the lowest financial proposal of those scoring 750 points or more on the technical proposal is then chosen.

105. LCS may be suitable for use under loan projects if
- contracts are small, with a consulting services budget usually \$100,000 or less;
 - services are standard and routine;
 - well-established practices and standards exist;
 - outcomes are clearly defined;
 - there is a low risk of failure; and
 - the assignment can be completed for different costs.

106. Examples of assignments for which LCS may be appropriate include audits, simple surveys, engineering design and/or supervision of simple construction projects, and routine operation and maintenance work and inspection. Most LCS contracts will be for lump sums.

5. Consultants' Qualifications Selection

107. CQS is usually used when specialized expertise is required; recruitment time is critical; few consultants would be qualified for the assignment; or because of special circumstances, the competitive preparation and evaluation of proposals is not justified. Firms are chosen from amplified expressions of interest (EOIs)¹⁹ submitted in response to a detailed advertisement. The three top-ranked firms are identified. The first-ranked firm is then requested to submit a combined biodata technical proposal (next section) and financial proposal as a basis for negotiations with the EA or ADB. Biodata are evaluated and, if considered of sufficiently high caliber, the firm is invited for negotiations. If this firm cannot submit an acceptable proposal (in terms of personnel), then the second-ranked firm is invited to submit a proposal. The upper contract amount limit for this type of selection is usually \$200,000, and the normal contract used is for a lump sum.

108. CQS may be used for brief evaluation studies, high-level and short-term legal assignments, participation in expert panels to review projects, advisory assignments that are highly specialized and narrow in scope, assignments that require the best available qualifications, assignments for NGOs, simple safeguard studies such as the preparation of an environmental impact assessment or resettlement plan for a subproject, and emergency relief.

¹⁹ These will vary on a case-by-case basis but might include references from previous clients, a detailed indication of staff qualifications, and an indication of the continuity of senior management personnel in the firm.

109. Using CQS can save time, since, normally, only one proposal is evaluated. The technical proposal is based on biodata, and the negotiations may be carried out by e-mail and/or facsimile. If a lump-sum contract is used, administration and supervision are simplified.

6. Single-Source Selection

110. SSS entails the selection of a firm without competition from other firms. The *Guidelines* state that, since SSS does not provide the benefits of competition, it should be used only in exceptional cases. These are described as

- tasks that represent a natural continuation of previous work carried out by the firm,
- emergency cases such as in response to disasters,
- very small assignments (i.e., less than \$100,000), and
- when only one firm is qualified or has experience of exceptional worth for the assignment.

At times, UN agencies are used to provide technical expertise (commonly the International Labour Organization or the Food and Agriculture Organization Investment Center). It is possible to use the expertise of such institutions on a single-source basis, but only if they meet the criteria laid out in paragraph 2.29 of the *Guidelines*, which states:

“The justification for SSS shall be examined in the context of the overall interests of the client and the project, and ADB’s responsibility to ensure economy and efficiency and provide equal opportunity to all qualified consultants. Justification for the use of SSS must be given in the TA paper or RRP.”

B. Deciding on the Type of Proposal

111. ADB uses three types of proposal: (i) full technical proposal (FTP), (ii) simplified technical proposal (STP), and (iii) biodata technical proposal (BTP). FTPs include information on the firm’s experience, a proposed approach and methodology that can be quite lengthy (up to 50 pages), and a section containing the biodata of proposed experts. STPs include only a short approach and methodology section (up to 10 pages) along with a biodata section, while BTPs contain only a graphic work plan, a staffing schedule, and the biodata of each proposed expert. The normal time required for submission of a proposal by a short-listed firm for an FTP is 45 days; for an STP, 35 days; and for a BTP, 21 days. These intervals can be changed if there is a compelling need to do so.

112. Unless special considerations prevail, choosing a proposal type is straightforward:

- FTPs are normally used for contract budgets over \$1,000,000.

- STPs are the normal type chosen for contract amounts between \$600,000 and \$1,000,000.
- BTPs are normally used for contracts below \$600,000.

113. If adequately justified, it is possible to require a proposal type more complex or simpler than the norm. Thus, it is possible to use an FTP for a contract of less than \$1,000,000 if more detail on the methodology is required, or a BTP for a contract of more than \$600,000 if there is a justifiable need to do so. The project officer must indicate in the TA paper or the RRP which type of proposal is being recommended. More information on the types of proposal and how they are used is contained in PAI 2.02G.

C. Finalizing and Confirming the Consulting Services Package

114. Finalizing the consulting services package entails a final review of the implementation schedule, staffing schedule, cost estimates, and TOR. The most important step is to determine whether all tasks required to achieve the desired output have been included in the outline TOR. The next step is to ensure that sufficient time has been allocated in the staffing schedule to implement the TOR. The last is to determine whether adequate budget has been allocated to implement the TOR as designed. Since the budget may be fixed or limited, a series of iterations may be required before a final, acceptable package is formulated. For loan-funded consultancies, the selection method decided upon and the type of proposal will be included in the procurement plan.

115. Once finalized, the consulting services package needs to be confirmed. Consulting services packages, except for staff consultancies, are normally prepared during a TA or loan fact-finding mission. For a TA, they are normally prepared by the ADB project officer (and/or possibly a staff consultant) in conjunction with the proposed EA. For a loan, they are normally first prepared by a team of PPTA consultants in consultation with the EA, and then firmed up by the ADB project officer in conjunction with the EA. Further refinements of the proposal are possible in both cases. During the final meeting of the TA or loan fact-finding mission, other government departments will have a chance to comment on the proposed consulting services package. Then, upon the return of the mission to ADB headquarters, the proposal will be reviewed by a number of departments. Changes in cost, implementation arrangements, staffing, and TOR are often made during this process. In the case of loan projects, the EA and other government departments/agencies have a final chance to review and comment on the consultancy package during the appraisal mission. The final version of the consulting services package is produced during preparation of the RFP during the consultant selection process and as outlined in Chapter V.

Self-Study Questionnaire – Chapter IV

1. **Q.** What are the six methods of selecting consultants used by ADB?
A. QCBS, QBS, FBS, LCS, CQS, and SSS.
2. **Q.** Which method does ADB prefer?
A. QCBS.
3. **Q.** Why is it preferred?
A. It allows for both efficiency and economy by selecting first for technical competence and then adding a cost factor into the selection system.
4. **Q.** When might QBS be used?
A. When the importance of technical quality may be overriding to the extent that it is counterproductive to consider cost factors in the selection.
5. **Q.** Instead of QBS, what other type of selection method could be considered if quality is overriding and the budget is fixed?
A. FBS.
6. **Q.** What are the normal upper budget limits for CQS and LCS?
A. \$200,000 and \$100,000, respectively.
7. **Q.** What are the three types of proposal and when are they normally used?
A. FTPs are normally used for contract budgets over \$1,000,000.
 STPs are normally used for contract amounts between \$600,000 and \$1,000,000.
 BTPs are normally used for contracts less than \$600,000.

Chapter V

Preparing Requests for Proposals

116. As noted in earlier chapters, consulting services financed with ADB funds may be either (i) services of teams of consultants from eligible consulting firms, agencies, or organizations;²⁰ or (ii) services of individual consultants recruited from a variety of sources. These services may be recruited either directly by ADB or by the end-user of ADB funds (i.e., the borrower in the case of loan funds or the recipient in the case of grant funds). Normally, consulting services funded by loans are recruited by the borrower, and consulting services funded by TA grants or ADB's administrative budget are recruited directly by ADB.²¹ For loan-funded consultancies, the procurement plan prepared at the time of loan fact-finding or appraisal will indicate the precise method of selection. For TA-funded consultancies, the method of selection is included in the TA Board paper.

117. The bulk of consulting services are recruited as teams from consulting firms. Whether recruitment is done by ADB directly or by the borrower, the procedures for recruiting consulting teams are similar:

- The RFP is prepared and sent to a selected short list of consulting firms.
- Proposals submitted by the firms are evaluated.
- Negotiations are undertaken with the highest ranked firm.

These procedures are the main focus of this chapter on preparing RFPs as well as Chapter VI on evaluating proposals and Chapter VII on negotiating a contract. The procedures for the recruitment of individual and staff consultants funded either by loans, TA grants, or ADB's administrative budget are described in Chapter VIII. Procedures for recruiting other types of consultants are described in Chapter IX.

²⁰ Consulting assignments are classified as national or international. National assignments are open only to consulting firms registered in the project country or individual consultants who are citizens of the project country. International assignments are open to consulting firms and individual consultants from all ADB member countries, including the project country.

²¹ Recently there has been some variation in this pattern. Consulting services for some delegated TA grants are being recruited by the borrower, while some loan-funded consulting services are being recruited by ADB.

118. In the case of a loan-funded consultancy, the recruitment of consulting services is normally undertaken by the EA's project office under the supervision of a consultant selection committee (CSC). The RFP for a loan-funded consultancy is prepared by the EA's project office under the guidance of the responsible ADB division and COSO.

119. In the case of a TA-funded consultancy, recruitment is undertaken by ADB's user division in coordination with COSO. The RFP is prepared by the user division, but when the contract budget for a TA-funded consultancy exceeds \$600,000, the proposal evaluation process is undertaken within ADB by a CSC chaired by COSO. For contract budgets of this amount and below, the user division undertakes the proposal evaluation.

120. The steps to be followed in requesting proposals for consultant teams from qualified firms or other agencies are as follows:

- For a loan-funded consultancy or a delegated TA grant, an assessment of the capacity of the borrower's EA is undertaken, and a procurement plan is prepared during fact-finding or appraisal.²²
- For a loan or delegated TA, a CSC is established by the borrower.
- The consulting services needs are advertised.
- EOIs from consulting firms are received and catalogued.
- A refined long list of candidate consulting firms is prepared.
- Short-listing criteria and evaluation criteria are prepared.
- The short list is selected, and evaluation criteria are approved.
- A consultant recruitment activity monitoring (CRAM) system is set up.
- For ADB-funded TA, clearance of the short list is received from the recipient government.
- RFP documents are prepared.
- Key documents are reviewed, and the RFP is issued.
- The queries of short-listed consultants are addressed.

Each step is discussed separately in this chapter.

²² This step is not normally undertaken for TA grants or individual consultancies for which ADB will be the recruiting agency.

A. Undertaking a Capacity Assessment and Preparing a Procurement Plan²³

121. During project preparation, fact-finding, or appraisal for a loan project, the ADB mission is expected to undertake (in close conjunction with the borrower) an assessment of the borrower's capacity to undertake procurement and consultant recruitment activities.²⁴ Based on this assessment, the borrower (with the assistance of ADB) is required to prepare a procurement plan covering the first 18 months of procurement activity. The procurement plan is expected to be annexed to the minutes of loan negotiations, and it becomes part of the procurement schedule of the loan agreement.

122. The purposes of the assessment are to identify the capacity, procurement, and organizational constraints that might hinder effective project implementation and to determine the overall recruitment risk; to define training needs; and to define the level of oversight required. The purposes of the plan are to address the identified constraints, put in place appropriate review and supervision processes to mitigate the risks, and build up the borrower's capacity to undertake recruitment and procurement activities beyond the project's life cycle.

123. The procurement plan should finalize the recruitment arrangements for consultants and detail the prior review, post review, and supervision arrangements for the recruitment process. This includes determining the degree of supervision and guidance by ADB during project implementation, and the nature and number of submissions that the borrower requires. The plan should include a brief description of the consulting services packages, selection methods, types of technical proposal, budget for each package, definition of prior review and post review, and recruitment schedules. For sector projects, multitranches financing facility programs, and other projects that include subprojects to be finalized during project implementation, the plan should provide indicative consulting packages and threshold values. The procurement plan should be updated at the end of the first 18 months and, thereafter, once a year.

²³ For loan-funded consultancies; not done for TA grant-funded consultancies unless they are delegated.

²⁴ For a full description, refer to COSO's *Guide to Procurement Capacity Assessment*. An assessment may also be required where TA consultant recruitment is delegated to an EA.

B. Establishing the Borrower's Consultant Selection Committee²⁵

124. The borrower's CSC is the body that oversees the consultant selection process for loans and delegated TA. It is responsible for ensuring that proper procedures are followed and that the selection is fair, transparent, and impartial.

125. Given the wide variety of partner governments and agencies and their diverse institutional arrangements, the CSCs set up by them for loan-funded projects will have a variety of arrangements. Three principles should, however, be followed: A CSC should consist of (i) a knowledgeable but impartial chairperson; (ii) an informed official of the user agency, probably the project director; and (iii) a neutral but knowledgeable member with no vested interests.

126. Depending on the country and its institutional structure, in some cases, the chairperson may be from a different ministry (for example, the Ministry of Finance); in others, a senior official in the ministry or agency concerned may fill the position. ADB should be informed of the composition of the borrower's CSC as soon as it is established.

C. Advertising Consulting Services Requirements

127. To ensure that qualified firms have the opportunity to submit proposals for ADB loan and TA grant consultancy assignments, ADB posts an outline of each project and the consultancy package under "proposed projects" in the business opportunities section of its website at www.adb.org/Business/Opportunities/prprjcs.asp. In the case of TA grants, this is posted, at the latest, after the return of the fact-finding mission, but it is often done earlier if sufficient details are known.

128. In addition, for TA grants, the ADB project officer is responsible for posting a CSRN on the ADB website (www.adb.org/Documents/ADBBO/CSRN/default.asp) after the staff review committee (SRC) meeting or if a waiver of the SRC is received. The CSRN describes the consulting assignment in detail and includes the draft TOR. Posting the TA or loan consultancy package description is the responsibility of the project division and must be done at least 30 days before short-listing.

129. Loan-financed project consultancy requirements are usually posted under the "proposed projects" link in the business opportunities section around the time that PPTA preparation is under way. Further details are updated as the project proposal

²⁵ It is no longer normal practice for ADB to establish a CSC during the process of requesting proposals; CSCs within ADB are, currently, normally convened only to evaluate proposals for TA-funded contracts valued at more than \$600,000 or when there are major issues or problems to be resolved concerning either loan-funded or TA grant-funded consultancies. When convened, the ADB CSC consists of (i) a director of COSO or a professional staff delegated to represent COSO as chairperson; (ii) the project officer; and (iii) a third staff member with a background in a technical area similar to that of the project, who acts as a neutral party.

is firmed up, and the material provided is generally in final form upon the return of the loan fact-finding mission. At that time, the consultancy package will normally have been finalized, TOR will have been prepared, an assessment of the borrower's recruitment and implementation capacity will have been undertaken, and a procurement plan will have been agreed upon with the borrower. After approval by the Board of Directors, loans are no longer shown in the "proposed projects" section of the ADB website or through a CSRN. Instead, they are published as part of the general procurement notice for the project as a whole (see www.adb.org/Documents/ADBBO/procurement.asp).

130. In addition to the website postings, and if considered necessary to get a full range of responsive EOIs, ADB or the borrower may advertise in additional media such as newspapers, magazines, or professional journals.²⁶ Furthermore, the ADB project officer or borrower's project office may also contact a range of consulting firms directly to elicit interest in the consultancy.

D. Expressions of Interest

131. In the case of recruitment by the borrower, EOIs are normally sent directly to the project office of the EA by consulting firms and other agencies interested in providing expertise for the consultancy concerned. The address for submission is listed on the ADB website both under the "proposed projects" section and in the general procurement notice. EAs should only accept EOIs submitted in a uniform, standard format. The EOI template for TA may be used as a guide. This is available in the portion of the ADB website at www.adb.org/Consulting/toolkit-template.asp. Any advertisement posted by the EA should indicate where a firm may obtain a copy of the EOI template. If a firm submits an EOI in any other format, it is sent a copy of the standard format and requested to fill it in. The returned and completed form is then considered the official EOI. The deadline for submission for completed EOIs in the proper format may be extended by 2 weeks beyond the original deadline if an EOI in a different format has originally been submitted.

132. For consulting services being recruited directly by ADB, the CSRN page of the ADB website provides a link to allow interested firms the opportunity to submit an electronic EOI directly. This can be viewed on the ADB external website by going to www.adb.org/Documents/ADBBO/CSRN/default.asp and clicking on a particular project. ADB's preference is for electronic EOIs submitted in this way, although firms may send in additional hard-copy material if they wish.

²⁶ This is a requirement under the procurement regulations of some DMC governments.

133. Whether recruitment is by ADB or by the borrower, the recipient should document all EOIs received, give them full consideration, and treat them with impartiality.

E. Associations Between and Among Consulting Firms

134. A group of consulting firms may form an association to express interest together and have their qualifications and experience considered jointly. Associations may take the form of joint ventures or subconsultancies. Under a joint venture, all members are jointly and severally liable for any possible contract entered into with an EA or ADB. Under an association, partners have a looser connection, and only one firm in the group contracts directly with the EA or ADB. An association (whether joint venture or subconsultancy) must nominate one member to represent it during the selection process, but if successful, all members of a joint venture sign the contract and are responsible for the entire assignment, whereas only the lead firm signs the contract under a subconsultancy. In either case, the qualifications of all firms participating in a joint venture or an association are assessed during short-listing. However, for subconsultancies more weight is placed on the lead firm when the assessment is made. To determine the nationality of a joint venture or association for the purpose of short-listing, ADB or the EA uses the nationality of the lead firm of an association. When expressing interest in an assignment, a lead firm, either international or national, cannot be a member of another subconsultancy or joint venture. Once short-listed, a joint venture or subconsultancy may take on additional partners to broaden its range of expertise and experience.

F. Preparing the Refined Long List

135. The first step in the selection process is to prepare a refined long list of consulting firms. Either the EA's project office in the case of borrower recruitment or the ADB project officer in the case of ADB recruitment normally prepares a refined long list. The source of the refined long list is usually EOIs received during the advertising process. These may be supplemented by CMS searches, especially if not enough firms have expressed interest. The refined long list normally consists of 15–20 firms from a broad geographic spread of ADB member countries. Only firms registered in ADB member countries may be considered for the refined long list. Firms should be placed into broad geographic country groupings, of which one is for firms from DMCs, to ensure global coverage.

136. To prepare a refined long list, the qualifications and experience of all firms that have submitted an EOI are reviewed. CMS files can be reviewed to examine the experience of firms that ADB has previously employed. The list of sanctioned firms should be reviewed to ensure that none are included in the list, and evaluations of past performance of any firms that have previously been recruited may also be reviewed. Individual EAs or governments may have their own

list of preferred or disallowed firms. Firms should be assessed on their technical capacity as shown by their experience. An assessment of experience is most important for contracts to be selected through STPs and BTPs since, unlike for FTPs, the proposal formats do not include a category for experience of the firm. In effect, evaluation of the firms' experience is undertaken during the long-listing process.

G. Preparing Short-Listing Criteria and Evaluation Criteria

1. Short-Listing Criteria

137. Short-listing criteria are normally prepared by the project office of the EA for borrower recruitment and by the ADB project officer for direct ADB recruitment. Short-listing criteria should be succinct but should provide a sound basis for selecting firms from a particular country grouping. Typical short-listing criteria include

- experience with activities similar to the consultancy,
- experience in similar geographical areas,
- experience with similar project authorities,
- past experience with ADB projects and or TA (especially important for PPTA),
- nature of the firm (e.g., whether it is a small, specialized firm with limited staff or a large firm with access to a pool of expertise),
- firm history (i.e., has it been in business for an extended period and developed a track record in the field and/or region?), and
- degree of in-house quality control (for example, if the firm adheres to requirements of the International Standards Organization or has an ethics code).

2. Evaluation Criteria

138. At the same time as the short-listing criteria are prepared, proposed evaluation criteria for the selection of the firm and its personnel are also prepared. Technical proposals are evaluated against a range of criteria, depending on the type of proposal being used. As noted in Chapter IV, FTPs are evaluated on

- the qualifications of the proposer,
- the approach and methodology, and
- personnel.

STPs are evaluated based on

- a brief (10-page) approach and methodology, and
- personnel.

BTPs are evaluated on the basis of

- a staffing schedule and graphic work plan, and
- personnel.

Note that weights for the three broad criteria for FTPs are flexible, while those for STPs and BTPs are fixed.

139. These criteria are further broken down into subcriteria, and weights are applied to them as shown in Tables 3, 4, and 5. All weights for any type of proposal add up to 1,000.

Table 3: Sample Standard Evaluation Criteria for a Full Technical Proposal	
Item	Example of weights given (for FTPs, these may vary)
I. Qualifications of Proposer (100–200)	
a. Experience in similar projects	70
b. Experience in similar geographic areas	50
c. Additional relevant subcriteria (optional)	30
II. Approach and Methodology (200–400)	
a. Understanding of objectives	40
b. Quality of methodology	80
c. Innovativeness (or comments on the TOR)	40
d. Work program	70
e. Personnel schedule	30
f. Counterpart facilities	20
g. Proposal presentation	20
III. Personnel (500–700)	
a. Nominated international consultants (each evaluated separately)	
Team leadership (concurrent with another position)	50
Road engineer	80
Transport economist	90
Environment specialist	80
Social/poverty specialist	100
b. Nominated national consultants (each evaluated separately)	
Road engineer	40
Transport economist	40
Environment specialist	35
Social/poverty specialist	35
Total	1,000

Table 4: Sample Standard Evaluation Criteria for a Simplified Technical Proposal	
Item	Weights given (for STPs, these are normally fixed)
I. Approach and Methodology (300)	300
a. Approach and work program	200
b. Personnel schedule	50
c. Presentation	50
II. Personnel (700)	700
a. Nominated international consultants (each evaluated separately)	
b. Nominated national consultants (each evaluated separately)	
Total	1,000

Table 5: Sample Standard Evaluation Criteria for a Biodata Technical Proposal	
Item	Weights given (for BTPs, these are normally fixed)
I. Staffing Schedule and Work Plan	100
II. Personnel	900
a. Nominated international consultants (each evaluated separately)	
b. Nominated national consultants (each evaluated separately)	
Total	1,000

140. Further and separate selection criteria are prepared for personnel. The evaluation criteria for personnel are prepared by dividing the rating of each expert into three parts: (i) general qualifications, (ii) experience related to the project, and (iii) overseas/country experience. These, in turn, are assigned a percentage weight to signify their relative importance for evaluation. The percentage weights applied to these factors would normally be within the percentage ranges in Table 6. Should a position being evaluated be that of team leader, the proposed candidate would be evaluated twice—that is, once for the technical position and once for the team leader position.

Table 6: Normal Percentage Weights for Evaluation Criteria

Factor	Weight (range, in %)	Example
General qualifications	10–20	15
Project-related experience	60–70	70
Overseas/country experience	10–20	15
	Total	100

141. Once the weights for the evaluation are decided upon, they are summarized in a personnel evaluation sheet and a summary evaluation sheet, which will be included in the RFP to be issued to short-listed firms. An example of a personnel evaluation sheet is shown in Figure 4, and a summary evaluation sheet for an FTP is shown in Figure 5.

142. For loans and delegated TA, these proposed evaluation criteria are submitted to the borrower's CSC for approval at the same time as the short list is prepared. For nondelegated TAs, these are submitted by the user division to COSO for approval on a no-objection basis along with the short list (as discussed in the next section).

H. Selecting the Short List and Approving the Evaluation Criteria

143. For loan-funded consultancies, the short list is prepared and the selection criteria are approved by the borrower's CSC, with oversight of the short-listing process by the ADB user division in coordination with COSO. For TA grant-funded consultancies, these steps are undertaken by the user division. The short list, evaluation criteria, a note describing the basis for selection, and a data sheet for the RFP²⁷ are then submitted to the relevant COSO director for approval on a no-objection basis.

144. For the short list, six firms are normally selected from the refined long list based on the short-listing criteria and after a review of the submitted EOIs.

145. The short list must represent, to the extent possible, ADB member countries in a reasonably geographically balanced manner. Normally, only one consulting firm from any member country is included. In special cases, two firms from one country may be included, provided sufficient justification is given and with the approval of the relevant COSO director for ADB-recruited consultancies.

146. Minutes of all steps in the short-listing process should be kept, and these should include a focused discussion on the strengths and weaknesses of the submitted EOIs in the context of the application of relevant short-listing criteria. Reasons should be given as to why the firms identified for short-listing are considered the most qualified.

²⁷ See Chapter V, Section J for more information on the data sheet.

Figure 4: Sample Personnel Evaluation Sheet

ASIAN DEVELOPMENT BANK PERSONNEL EVALUATION SHEET										CONFIDENTIAL
Name of Firm:										
POSITION/AREA OF EXPERTISE	NAME	A		B		C		TOTAL SCORE (A+B+C+D)		
		General Qualifications		Project-Related Experience		Overseas/Country Experience				
		15%		70%		15%				
		Rating	Score	Rating	Score	Rating	Score			
a.	Team leadership *		0		0		0	0		
b.	Expert 1 (Team Leader)		0		0		0	0		
International Consultants		15%		70%		15%		(A+B+C)		
c.	Expert 2		0		0		0	0		
d.	Expert 3		0		0		0	0		
e.	Expert 4		0		0		0	0		
f.	Expert 5		0		0		0	0		
g.	Expert 6		0		0		0	0		
h.	Expert 7		0		0		0	0		
I.	Expert 8		0		0		0	0		
j.	Expert 9		0		0		0	0		
k.	Expert 10		0		0		0	0		
National Consultants	NAME	A		B		C		TOTAL SCORE (A+B+C)		
		General Qualifications		Project-Related Experience		Experience w/ Intl. Org.				
		15%		70%		15%				
		Rating	Score	Rating	Score	Rating	Score			
a.	Expert 11		0		0		0	0		
b.	Expert 12		0		0		0	0		
c.	Expert 13		0		0		0	0		
d.	Expert 14		0		0		0	0		
e.	Expert 15		0		0		0	0		
f.	Expert 16		0		0		0	0		
g.	Expert 17		0		0		0	0		
h.	Expert 18		0		0		0	0		
I.	Expert 19		0		0		0	0		
j.	Expert 20		0		0		0	0		
k.	Expert 21		0		0		0	0		
l.	Expert 22		0		0		0	0		
m.	Expert 23		0		0		0	0		

Rating: Excellent - 100% Very Good - 90% Above Average - 80% Average - 70% Below Average - 50% Noncomplying - 0%

Score: Rating x percentage assigned to criterion *The Team Leader must be Expert 1.

Note: Interband ratings are not allowed in application of the above rating scale. For example, only a score of 90% or 80% can be given, not 85%, 87%, etc.

I. Setting up a Consultant Recruitment Activity Monitoring System

147. After short-listing, the CRAM system is activated. This is a system for monitoring the steps in the consultant recruitment²⁸ process. It is based on a matrix called a “CRAM frame,” which shows the steps normally followed in the recruitment process, the normal length of time to complete each step, the planned date of completion of each step, the actual date of completion of each step, and deviations from the planned dates. Staff responsible for monitoring the recruitment process can use the CRAM frame to identify delays and to act promptly to get the recruitment process back on schedule.

148. The CRAM frame is established upon the return of the TA fact-finding mission in the case of TA grants and during formulation of the procurement plan in the case of loans. For TA grants, the project officer and the assigned COSO officer are responsible for keeping the CRAM frame up to date. For loans, this is the responsibility of the borrower agency through a specific appointed officer, who reports the steps in the recruitment process to the ADB project officer.

149. The countdown of the CRAM frame schedule normally begins upon submission of the short list. Thereafter, the schedule is regularly monitored, and deviations from the agreed-upon schedule are brought to the attention of the project officer by COSO. An updated CRAM sheet needs to be attached to several submissions that the borrower makes to ADB during recruitment. These instances are pointed out below. Further details on the use of the CRAM system are provided in PAI 2.02 parts D and E.

J. Government Clearance of the Short List (for ADB-recruited consultancies)

150. In case of recruitment by ADB, at this point and prior to issuing the RFP, the short list must be cleared by the recipient government—usually, the EA but sometimes also the ministries of finance and/or planning. This is to ensure that firms to which the government could justifiably object (based on previous experience) are not included in the short list. Normally, the government is given 10 working days to respond, and a lack of response is treated as concurrence. If the government objects to a particular firm, then it must fully justify its objection. The objection must be considered and credible. If a firm is removed from the short list, a replacement is not provided. Moreover, a suggestion from the government to place new or additional firms on the short list, as occurs from time to time, will not be accepted.

²⁸ The recruitment process monitored by the CRAM system is considered to encompass preparation of the RFP (Chapter V), evaluation (Chapter VI), and negotiation (Chapter VII).

K. Preparing Documents Required for the Request for Proposals

151. Once the short list and the evaluation criteria are prepared, the next step is to prepare the documents required for the RFP. The standard package issued to the short-listed consultants includes

- ❑ **Section 1** – An invitation letter, which also provides the names of all short-listed firms;
- ❑ **Section 2** – Instructions to consultants, including instructions on preparing technical and financial proposals, a data sheet, and the evaluation criteria;
- ❑ **Section 3** – Standard forms for technical proposals;
- ❑ **Section 4** – Standard forms for financial proposals;
- ❑ **Section 5** – For TA grant-funded consultancies, the TA paper, including the TOR; for loan-funded consultancies, the RRP along with a full background description of the project, the consultancy, as well as the TOR;
- ❑ **Section 6** – Standard forms of contract (examples of both time-based and lump-sum contracts should be included); and
- ❑ **Section 7** – List of ADB’s member countries.

Templates for these documents can be found on the ADB website under Documents on Consulting Services at www.adb.org/Consulting/documents.asp. Most of these documents are standard forms or have already been prepared (such as the TA paper or RRP); but in assembling this package, it is important to ensure that the data sheet is properly prepared and that evaluation criteria are the same as agreed upon during the CSC meeting.

152. The data sheet is particularly important. It indicates the (i) selection method, (ii) type of technical proposal requested, (iii) proposed budget for the assignment (see Box 2), (iv) deadline for ADB or the borrower to receive the proposal, (v) number of copies of the proposal required, and (vi) name and address to which proposals are to be sent. For ADB recruitment, ADB normally requires that copies of the proposal be sent to headquarters in Manila, and that copies be sent to the EA and the resident mission. An example of a completed data sheet is given in Appendix 2.

Box 2. Preparing Budgets for QCBS

For the QCBS selection method, the proposed budget will indicate the total amount of the contract, along with a fixed amount for contingencies and fixed sums (known as “provisional” sums) for specific items. The total contract amount may be either a maximum amount or an estimated amount. A decision whether to use a maximum or estimated budget is taken at the time of RFP preparation and depends on the level of contingency available and the degree of certainty about the cost of the consulting assignment. Normally a maximum contract amount is preferred in order to prevent ambiguity during the evaluation process as to which financial proposals are responsive and which are not.

The provisional sums are not subject to variation and are expected to be included in the financial proposal in full. They include such items as funds to recruit NGOs, finance field surveys and equipment, or hold seminars or conferences. Provisional sums are sometimes also used in preparing a budget for

FBS. It is critical that the data sheet be prepared correctly, since the consultants’ financial proposal will depend on the information given. The budget should also deal with taxes on international consultants in an appropriate way. For loan-funded consultancies, this depends on the laws and practices of the country.

Taxes should be either

- excluded from the budget if remuneration of international consultants will be considered tax free;
- excluded from the budget if the consultants will be expected to pay tax without reimbursement; or
- included in the budget if it is the end-user’s policy to impose taxes and duties but then to reimburse them directly to the experts concerned.

For ADB-recruited consultancies, payments are normally tax free to international consultants.

L. Review of Key EA Documents by ADB and Issuance of Request for Proposals

153. For loan-financed consultancies, when required by the procurement plan, key documents are normally sent to ADB for approval before the EA issues the RFP. This is normally the first submission by the EA to ADB for review during the recruitment process. Documents to be reviewed include the following:

- the long list;
- the short-listing criteria and approved short list along with a focused discussion on the strengths and weaknesses of the submitted EOIs in the context of the application of the relevant short-listing criteria, and why the six firms identified for short-listing are considered most qualified;
- the evaluation criteria;
- the RFP including TOR, background information, the EA’s budget for the assignment, the selection method, and the type of proposal required;
- the draft contract; and
- the CRAM frame.

The relevant ADB project division reviews these documents and submits them to the relevant COSO division, along with any comments, for approval on a no-objection basis. A formal CSC meeting may be convened to review this documentation within ADB if major issues are to be resolved. Once approvals have been received, RFPs may be sent to the short-listed firms.

M. Responding to Queries of Short-Listed Consultants

154. Consultants may request clarification about any of the RFP documents within a reasonable time²⁹ prior to the proposal submission date. Any request for clarification is to be sent in writing to the address indicated on the data sheet. The EA or ADB will then respond in writing and send written copies of the response—including an explanation of the query but without identifying its source—to all short-listed consultants. At any time before the submission of proposals, the EA or ADB may amend the RFP by issuing an addendum. The addendum is sent to all short-listed consultants and is binding on them. To give consultants reasonable time to consider an amendment to their proposals, the EA or ADB at its discretion, if the amendment is substantial, may extend the deadline for submitting the proposal.

155. In the context of responding to queries of short-listed consultants, some key points of clarification with regard to personnel need to be made:

- ADB does not object to more than one firm proposing the same individual. Some firms require a statement of exclusivity from their proposed team members, but this is not a requirement of ADB for ADB-selected consultancies or for EA-recruited consultancies. In the case of EA-recruited consultancies, some DMC governments may also require exclusivity, but the rules for this vary from country to country.
- For ADB-recruited consultancies, former ADB staff and spouses of ADB staff may be included in a proposal, but their clearance by ADB³⁰ is required prior to contract negotiations if the firm proposing them is the highest-ranked proposer.

²⁹ Normally 15 days unless otherwise specified in the data sheet.

³⁰ Clearance is required from the Budget, Personnel and Management Systems Department if it is the first time a former staff member is being recruited as a consultant.

Self-Study Questionnaire – Chapter V

1. **Q.** In terms of consulting services, what are the purposes of the procurement capacity assessment?
A. To identify the capacity, procurement, and organizational constraints that might hinder effective project implementation; to determine the overall recruitment risk; to define training needs; and to define the level of oversight required.
2. **Q.** In terms of consulting services, what are the purposes of the procurement plan?
A. To address the constraints identified by the capacity assessment, put in place appropriate review and supervision processes to mitigate the risks, and build up the borrower's capacity to undertake recruitment and procurement activities beyond the project's life cycle.
3. **Q.** What should the procurement plan include?
A. It should finalize the recruitment arrangements for consultants and detail the prior review, post review, and supervision arrangements for the recruitment process. It should indicate, among other items, the budget for each recruitment package, the selection method, the type of proposal, and the time period envisaged for the recruitment process.
4. **Q.** Who should form the core of a borrower's CSC?
A. At the very least, (i) a knowledgeable but impartial chairperson; (ii) an informed official of the user agency, probably the project director; and (iii) a neutral but knowledgeable member with no vested interests.
5. **Q.** Where is the best place to find forthcoming consulting services assignments advertised?
A. On the ADB website under "proposed projects." Further information on TA grant-funded consultancies is provided under CSRNs, also on the website. For approved loan projects, information is given under Procurement Notices.
6. **Q.** Who is responsible for direct oversight of the short-listing and preparing the RFP for loan-funded consultancies and of the short-listing of TA grant-funded consultancies?
A. The project officer of the user division, in coordination with COSO.
7. **Q.** How does ADB receive EOIs for ADB-recruited consulting services?
A. Electronically, through the CSRN page on the website.

8. **Q.** What does a refined long list of consulting firms normally consist of?
- A.** It may consist of 15–20 firms from a broad geographic spread of ADB member countries. At least one DMC is usually included, and other firms may be placed into broad geographic country groupings to ensure global coverage. The source of the refined long list is usually EOIs received during the advertising process. These may be supplemented by searches through ADB’s CMS system or the borrower’s own resources. Sanctioned firms are not placed on the refined long list.
9. **Q.** Who normally prepares the short-listing criteria?
- A.** The project office of the EA for EA recruitment; the ADB project officer for direct ADB recruitment.
10. **Q.** What are some typical short-listing criteria?
- A.**
- experience with activities similar to the consultancy,
 - experience in similar geographical areas,
 - experience with similar project authorities,
 - experience with ADB projects and/or TA (especially important for PPTA),
 - nature of the firm (e.g., whether it is a small, specialized firm with limited staff or a large firm with access to a pool of expertise),
 - firm history (i.e., has it been in business for an extended period and developed a track record in the field and/or region?), and
 - the degree of in-house quality control (for example, if the firm adheres to the requirements of the International Standards Organization or has an ethics code).
11. **Q.** What particular items are evaluated under FTPs, STPs, and BTPs?
- A.** FTPs are evaluated on the
- qualification of the proposer,
 - approach and methodology, and
 - personnel.
- STPs are evaluated based on
- a brief (10-page) approach and methodology, and
 - personnel.
- BTPs are evaluated based on
- a staffing schedule and graphic work plan, and
 - personnel.

12. **Q.** How many evaluation points are allocated in total to each type of proposal?
A. 1,000.
13. **Q.** Which category gets the largest number of points in any type of proposal?
A. Personnel.
14. **Q.** What are the three factors assessed when evaluating personnel?
A. general qualifications,
 project-related experience, and
 overseas/country experience.
15. **Q.** How many firms are normally selected for the short list?
A. Six from a geographic spread of ADB member countries, usually including one from a DMC.
16. **Q.** Who normally selects the short list?
A. For loan-funded consultancies, the formal selection is normally done by the borrower's CSC. For ADB-funded consultancies, selection is done by the project officer of the user division and sent to COSO for approval on a no-objection basis.
17. **Q.** How many firms may be included from each member country?
A. Normally only one, but not more than two.
18. **Q.** Besides the short list itself, what other documents are prepared at the time of short-listing?
A. A summary evaluation sheet, a personnel evaluation sheet, and minutes of short-listing.
19. **Q.** What is the CRAM?
A. A system for monitoring the steps in the consultant recruitment process. It is based on a matrix called a CRAM frame, which shows the steps normally followed in the recruitment process, the normal length of time to complete each step, the planned date of completion of each step, the actual date of completion of each step, and deviations from the planned dates.
20. **Q.** When the user government is reviewing a short list for a TA grant-funded consultancy, is it possible for it to recommend a substitute firm?
A. No. Firms may be dropped from the short list if there is a valid reason, but no substitute firm may be added.

21. **Q.** Where can templates for most documents required for RFPs be found?
- A.** On the ADB website at www.adb.org/Consulting/documents.asp.
22. **Q.** Why is the data sheet one of the most important parts of an RFP?
- A.** The data sheet is particularly important because it indicates the following:
- the selection method,
 - the type of technical proposal requested,
 - the proposed budget for the assignment,
 - the deadline for ADB or the borrower to receive the proposal,
 - the number of copies of the proposal required, and
 - the name and address to which proposals are to be sent.
23. **Q.** If prior review by ADB is required by the procurement plan before issuance of the RFP, what documents are normally reviewed?
- A.** Included are the following:
- the long list;
 - the short-listing criteria and approved short list;
 - the evaluation criteria;
 - the RFP including TOR, background information, the EA's budget for the assignment, the selection method, and the type of proposal required;
 - the draft contract; and
 - the CRAM frame.
24. **Q.** When responding to a query on the RFP from a short-listed firm, to whom should ADB or the EA respond?
- A.** All short-listed firms.
25. **Q.** Can the date for submission be extended if there is a good reason to do so?
- A.** Yes.

Chapter VI

Evaluating Proposals

A. Responsibility

156. The evaluation of consultants' proposals is undertaken by:

- the borrower's CSC, for consulting services funded by loans and delegated TA;
- a CSC convened by ADB, for consulting services funded by TA grants when the estimated contract value is more than \$600,000; or
- the user division, for consulting services funded by TA grants when the estimated contract value is \$600,000 or less.

The process is undertaken through three steps:

- evaluating the technical proposals;
- evaluating the financial proposals; and
- ranking the firms, followed by an invitation to the highest ranked firm for contract negotiations.

These steps are described in this chapter.

B. Evaluating Technical Proposals

1. Preparing for Evaluation

157. All the RFP documents are important to the selection process. It is worthwhile for any project officer of either the EA or ADB involved in the selection procedure to read them through in detail and to note some of the specific clauses, especially in the section on Instructions to Consultants. Of particular note are the sections on

- participation of national consultants;
- participation of government employees;
- conditions for the employment of former ADB employees and ADB spouses under ADB-recruited contracts;
- content and format for the technical proposal;
- content and format for biodata;
- requirement for a staffing schedule and a work plan;
- content, format, and rules pertaining to the financial proposal;

- procedure for technical evaluation, including the rules governing nonresponsive proposals; and
- procedure for proposal opening and financial verification, including the rules for rejection.

2. Tools Used for Evaluation

158. Four basic tools are used during the technical evaluation process:

- the proposals themselves,
- a personnel evaluation sheet (Figure 4 in Chapter V),
- a summary evaluation sheet (Figure 5 in Chapter V), and
- a scoring table.

159. ADB devised the scoring table to ensure consistency in evaluations. Its use in the evaluation of proposals is obligatory. The scoring table divides evaluations into six categories as shown in Table 7. The rating definitions are as shown in Table 8.

Category	Percentage
Excellent	100%
Very Good	90%
Above Average	80%
Average	70%
Below Average	50%
Noncomplying	0%

Category	Percentage	Definition
Excellent	100%	The proposal substantially exceeds the subcriteria requirements.
Very Good	90%	The proposal exceeds the subcriteria requirements.
Above Average	80%	The proposal fully meets the subcriteria requirements.
Average	70%	The proposal adequately meets the subcriteria requirements, but there are minor deficiencies.
Below Average	50%	The proposal has significant deficiencies against the subcriteria requirements that will probably impact negatively on the implementation of the assignment.
Noncomplying	0%	The proposal either does not comply with the subcriteria requirements or does not provide enough information to allow a higher rating. For example, nominating an expert who is a national of a non-ADB member country is noncomplying.

160. There are reasons for using the scoring sheet and these standardized scores:

- They provide the evaluators with a shared definition of the ratings, making evaluation easier and more comparable.
- They reduce scoring inconsistencies and discretion.
- They require the evaluators to justify their evaluations based on a common definition of ratings, thereby discouraging any intentionally biased evaluators.
- They make evaluations more transparent and fair.

3. Evaluating Personnel

161. Since personnel make up between 500 and 700 points of an FTP, 700 points of an STP, and 900 points of a BTP, many evaluators prefer to evaluate the personnel from each firm first. This will give a good idea of the strengths and weaknesses of the various firms. Other factors (qualification of the proposer, approach, and methodology) can then be used to distinguish between firms that are close in terms of personnel ranking.

a. Rating Each Factor

162. Each expert must be evaluated separately using the three factors in the personnel evaluation sheet and the rating levels in the scoring table. The basis for assessing the experts' ratings is the biodata of individual experts contained in the curriculum vitae (CV) form, which is an integral part of each proposal. An example of a standard ADB CV form (included in the RFP) is shown in Appendix 3.

163. The main consideration in evaluating personnel is their project-related experience. (normally accounting for 60–70% of an individual evaluation). This is shown in Section 12 of the standard ADB CV form. The experience shown should be judged against the tasks assigned in the left-hand column of that section. The nature and duration of the expert's experience in each example given should be carefully considered and an appropriate rating given from the scoring table (from noncomplying to excellent).

164. The next most important factor to consider for international consultants is country or regional experience. Extensive experience in the country in which the assignment will take place is, of course, desirable. If an expert does not have this exposure, experience in a neighboring country with similar geographic, institutional, and cultural characteristics will also count but, of course, not for the maximum number of points. An equivalent category for national consultants would be exposure to and experience with international organizations and working with an international team.

165. The importance of general qualifications is somewhat variable. Some project officers find it important that their consultants have either a PhD or Master's degree for the task that they need to perform. On the other hand, practical experience may count to a greater extent, and the requirement for a particular academic qualification or type of academic qualification may be made less stringent. Flexibility in assessing general qualification requirements should also take into account the different educational systems around the world. In addition, an assessment of general qualifications should include not only academic qualifications, but also the items such as membership in professional societies, language proficiency, and general work experience listed in Sections 6, 9, and 10 of the standard ADB CV form.

b. Calculating Weighted Rating and Overall Rating

166. After an expert is rated for each of the above factors (within the range "excellent" to "noncomplying" from the scoring table), the appropriate percentage is placed in the rating category of the personnel evaluation sheet. This is then multiplied by the weight given for each factor at the time the evaluation criteria were formulated. The result is a weighted rating. The weighted ratings for each subcriterion are then totaled, resulting in an overall rating for each expert.

167. An example of such a calculation is shown in Table 9. The total overall individual rating in this case is 85.5. This value should be placed in the summary evaluation sheet as the expert's rating. To facilitate this process, the personnel evaluation sheets and the summary evaluation sheet available on the ADB website (www.adb.org/Consulting/all-methods/TAs/EV-FTP-TA.xls) are programmed and linked so that the score for personnel evaluation is calculated automatically and then transferred directly to the summary evaluation sheet.

Table 9: Example of the Rating of an Individual Expert for the Personnel Evaluation Sheet			
Factor	General Qualifications (A)	Project-Related Experience (B)	Overseas/Country Experience (C)
Weight (decided at the time of short-listing)	20	65	15
Rating (decided by the evaluator, in %)	Excellent = 100	Above average = 80	Very good = 90
Weighted Rating (Weight X Rating/100)	20.0	52.0	13.5
Overall Individual Rating (A+B+C) = 20.0 + 52.0 + 13.5 = 85.5			

Note: Should the position being evaluated be that of a team leader, the proposed candidate would be evaluated twice—once for the technical position to be held and once for the team leader position.

4. Evaluating Other Factors

168. Other factors that need to be evaluated to complete the summary evaluation sheet include the qualification of the proposer (for FTPs), the approach and methodology (for FTPs and STPs), and the staffing schedule and work plan (for FTPs, STPs, and BTPs).

169. The qualifications of the proposer are determined based on the list of projects provided in the proposal chapter “Experience of the Firm.” In determining the rating for these projects (in terms of experience in similar projects and similar countries), care should be taken to determine the exact role played by the firm in the projects listed. In some cases, firms may have played a major role in project implementation and management; in others, they may merely have provided some staff. It should be clear that the experience is that of the firm and not of the experts (whose own experience is listed later in the biodata).

170. In terms of the approach and methodology,³¹ the following may be considered:

- ❑ **Understanding the Objectives** – What is the extent to which the consultant’s technical approach responds to the objectives indicated in the TOR? Does the proposal respond to all the TOR objectives, or does it fail to address some requirements?
- ❑ **Quality of Methodology** – Is the consultant’s proposed approach complete, covering all the TOR requirements? Is it logical? Is the methodology specifically tailored to the assignment? Is the proposed methodology flexible enough so that it can be easily modified, if necessary, during the assignment?
- ❑ **Innovativeness** – Does the consultant propose in detail ways to improve the implementation of the assignment without substantially changing the TOR requirements? Are the consultant’s approaches, methodologies, and knowledge state-of-the-art?
- ❑ **Work Plan** – The work plan is a bar chart showing the timing of the major activities described in the methodology and the major milestones (i.e., meetings and reports). Does the work plan adequately describe all the important activities? Is the timing of the activities appropriate and is the sequence logical, such that the outputs can be delivered when required? Are the interrelationships among the various activities appropriate and consistent with the proposed methodology?

³¹ The work plan and staffing schedule for BTPs are also covered in this section.

- ❑ **Staffing Schedule (including organization chart)** – Is the format of the staffing schedule in accordance with ADB’s standard, showing the inputs of all nominated international and national experts on a quarter-monthly and monthly basis? Are the timing and duration of experts’ inputs appropriate for the proposed methodology and the activities shown on the work plan? Is the balance between the time allocations in the field and in the home office appropriate? Does the organization chart clearly show the lines of responsibility and the links among the three parties involved in the assignment: ADB, the EA, and the consultant? How many trips to the country of operations are scheduled for each expert, and is this number appropriate in terms of economy and efficiency? If the proposal is for a joint venture or an association, what is the respective role of each member, and how are the responsibilities allocated? Which is the lead firm, and how well qualified is it for the role? Does the staffing represent this responsibility?
- ❑ **Counterpart Facilities** – The counterpart facilities are the consultants’ assessment of the support facilities required from the EA to implement the assignment, for example, office accommodation, local transportation, and counterpart staff support. How complete and reasonable are the consultants’ requirements? Do they reflect a good understanding of local conditions? How do they compare with the allowances made in the consultancy budget?
- ❑ **Presentation of the Proposal** – Is the proposal intellectually sound, technically sound, and logical? Is it easy to read, well written, well referenced, well organized, complete, and convincing?

Each of these factors needs to be assessed versus the scoring criteria, and a rating (0–100 based on the scoring sheet) placed in the summary evaluation sheet.

5. Technical Ranking of Firms

171. The final ranking of the firms is achieved by

- ❑ applying the weights of the evaluation criteria to the individual ratings to achieve a final score for each criterion,
- ❑ totaling the final score for each criterion to get a final score for the proposal as a whole, and
- ❑ ranking the proposals in terms of highest score to lowest score.

The results of the scoring for one firm will look like Table 10. This process is carried out for each firm using the summary evaluation sheet. Firms are then ranked (first, second, third, etc.) based on their scores, and the technical evaluation is complete. (For an example of a completed summary evaluation sheet, see Figure 6.)

Table 10: Summary Evaluation Sheet for Full Technical Proposals (One Firm Only)			
Evaluation Criteria	Maximum Weight (set at the time of short-listing)	Firm's Name	
		Rating (based on the evaluation score) (%)	Score^a (maximum weight X rating)
I. Qualifications of Proposer	150		123
a. Experience in similar projects	70	90	63
b. Experience in similar geographic areas	50	90	45
c. Additional relevant subcriteria	30	50	15
II. Approach and Methodology	300		281
a. Understanding of objectives	40	100	40
b. Quality of methodology	80	90	72
c. Innovativeness	40	100	40
d. Work program	70	90	63
e. Personnel schedule	30	100	30
f. Counterpart facilities	20	90	18
g. Proposal presentation	20	90	18
III. Personnel (Area of Expertise)	550		465
International Consultants	400		345
a. Team leadership	50	89.4	45
b. Road engineer/team leader	80	87.5	70
c. Transport economist	90	88.3	79
d. Environment specialist	80	87.1	70
e. Social/poverty specialist	100	81.6	82
National Consultants	150		120
a. Road engineer	40	81.7	33
b. Transport economist	40	79.2	32
c. Environment specialist	35	78.1	27
d. Social/Poverty specialist	35	80.6	28
TOTAL	1,000		869
Ranking			

^aRounded

Figure 6: Sample Completed Summary Evaluation Sheet

ASIAN DEVELOPMENT BANK														CONFIDENTIAL	
SUMMARY EVALUATION SHEET FOR FULL TECHNICAL PROPOSALS															
[ALL SELECTION METHODS]															
TA No.-Country: Title															
EVALUATION CRITERIA	Max. Weight	FIRM A		FIRM B		FIRM C		FIRM D		FIRM E		FIRM F			
		Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score		
I. Qualifications of Proposer	70		65		65		65		56				65		
a. Experience in similar projects	50	90	45	90	45	90	45	80	40				90	45	
b. Experience in similar geographic areas	20	100	20	100	20	100	20	80	16				100	20	
II. Approach and Methodology	230		183		208		195		159				179		
a. Understanding of objectives	30	80	24	90	27	90	27	70	21	d e c l i n e d			80	24	
b. Quality of methodology	100	80	80	100	100	90	90	70	70					70	70
c. Innovativeness/comments on TOR	40	80	32	80	32	80	32	70	28					80	32
d. Work program	20	80	16	70	14	90	18	80	16					90	18
e. Personnel schedule	20	80	16	90	18	80	16	50	10					90	18
f. Counterpart personnel & facilities	10	70	7	80	8	70	7	70	7					90	9
g. Proposal presentation	10	80	8	90	9	50	5	70	7					80	8
III. Personnel (Areas of Expertise)	700		558.76		597.16		617.4		556.86				80	576.37	
International Consultants	420		330		355		375		332				339		
a. Team leadership *	50	74	37	75	38	91	46	84	42				75	38	
b. Water Resources Management Specialist/TL	130	74	96	81	105	97	126	78	101				75	98	
c. Water Management Associations Specialist	90	78	70	84	76	89	80	78	70				84	76	
d. Integrated Water Resources Planner	40	79	32	91	36	89	36	84	34				84	34	
e. Institutional Development Advisor	25	91	23	99	25	70	18	75	19				84	21	
f. River Engineer (Morphology)	15	91	14	89	13	91	14	70	11				100	15	
g. Agriculture Economist	20	84	17	81	16	78	16	86	17				78	16	
h. Environmental Specialist	15	99	15	87	13	70	11	71	11				83	12	
i. Resettlement Specialist	15	83	12	97	15	79	12	86	13				95	14	
j. Quality Control Specialist	20	73	15	89	18	91	18	73	15				84	17	
National Consultants	280		229		243		243		225				237		
a. Water Resources Specialist/Deputy TL	45	84	38	90	41	90	41	74	33				82	37	
b. Participatory Water Mgt. Specialist (IWMP)	7	82	6	90	6	72	5	80	6				90	6	
c. Water Management Association Specialist	40	74	30	90	36	90	36	72	29				90	36	
d. Water Resources Planner	10	82	8	74	7	90	9	80	8				90	9	
e. Institutional Advisor	15	97	15	84	13	74	11	84	13				82	12	
f. Hydrologist	5	82	4	90	5	90	5	70	4				82	4	
g. Design Engineer	5	90	5	84	4	90	5	72	4				82	4	
h. Agriculture Extension Specialist	20	74	15	82	16	88	18	90	18				80	16	
i. Fishery Development Specialist	20	84	17	82	16	90	18	82	16				90	18	
j. Agriculture Economist	8	74	6	82	7	82	7	82	7				74	6	
k. Gender and Poverty Specialist	15	82	12	90	14	90	14	84	13				90	14	
l. Environmental Specialist	15	90	14	90	14	82	12	84	13				82	12	
m. Resettlement Specialist	15	91	14	72	11	90	14	90	14				91	14	
n. Quality Control Specialist (WMA)	10	72	7	90	9	84	8	82	8				82	8	
o. Quality Control Specialist (Infrastructure)	15	72	11	90	14	72	11	82	12				82	12	
p O & M Specialist	25	84	21	90	23	90	23	82	21				82	21	
q. Financial Management Advisor	10	82	8	90	9	90	9	90	9				80	8	
TOTAL	1000		807		870		877		772				820		
Rating: Excellent - 100% Very Good - 90% Above Average - 80% Average - 70% Below Average - 50% Noncomplying - 0% Score: Maximum Weight x Rating / 100 Note: Interband ratings are not allowed in application of the above rating scale. For example, only a score of 90% or 80% can be given, not 85%, 87%, etc. However, for III. Personnel, figures in the rating column may result in interband ratings derived from the "Total Score" column of the Personnel Evaluation Sheet.															
Criteria Approved by:				Evaluation Done by:				Date Evaluated:							
CHAIRPERSON				CHAIRPERSON											

6. Reaching a Consensus at a CSC Meeting

172. The evaluation exercise described above illustrates how an individual evaluator would undertake the evaluation process. If a formal or informal CSC meeting³² is to be held, each evaluator should follow this process prior to the meeting. At the CSC meeting, the scoring and ranking of all evaluators will need to be consolidated. This is achieved through a process of consensus. The same general steps are followed, but in this case, each evaluator explains his or her reasons for the rating given in the personnel sheets and the summary evaluation sheet. A consensus is reached and a value is placed in a master personnel evaluation and summary evaluation sheet. Minutes are kept to record major issues resolved (for example, why a particular rating was given to a particular individual) and the reasons for the overall rating of each firm. This latter point is important, since various government authorities, ADB, or short-listed consulting firms themselves may query the ratings.

At this point, if the selection method is QBS, the selection process is complete, pending negotiation of a financial proposal during contract negotiations.

For consultancies in which the selection is done by the borrower, and prior review is required by the procurement plan, the results of the evaluation are first sent to ADB for clearance. Once this is received, the first-ranked firm is invited for negotiations.

For consultancies recruited directly by ADB, the highest-scoring firm will be informed of its status and invited for negotiations.

For QCBS, LCS, and FBS proposals, other steps to follow are outlined below.

7. Identifying Firms that Rate Below and Above 750 Points

173. At the end of the evaluation process, those firms that scored fewer than 750 points are identified. For consultancies for which the selection is done by the EA and prior review is required by the procurement plan, the result of the evaluation and the names of firms scoring 750 points and above are sent to ADB at this point for clearance. This normally comprises the second submission during

³² A formal CSC meeting by the borrower's CSC is required for all loan-funded and delegated TA grant funded consulting services, while a formal CSC meeting is required within ADB for TA grant-funded consulting services with estimated contracts more than \$600,000. For TA-grant funded contracts of \$600,000 or less the user division may decide to hold an informal, internal CSC meeting to evaluate proposals.

the recruitment process. Documents required for submission include

- the summary evaluation sheet highlighting any proposal that scored below 750 points,
- a personnel evaluation sheet for each proposal,
- comments on the strengths and weaknesses of each proposal, and
- minutes of the evaluation meeting.

Financial evaluation continues after clearance has been received.

174. The EA (in the case of loans) or COSO (in the case of TA grants) informs firms scoring below 750 points that their proposals have been unsuccessful and their financial proposals are then returned unopened. At the same time, firms scoring 750 points and above are informed not only of this but also of the date and time of the opening of financial proposals. This is normally at least 2 weeks after the notification date to allow any consultants who wish to send a representative to the proposal opening to do so.

C. Evaluating Financial Proposals

1. Public Opening of Financial Proposals

175. Financial proposals for proposals that score 750 points and above in the technical evaluation are opened publicly. Those attending should sign an attendance form, and the following procedure should be used:

- The score of each technical proposal that met the minimum mark of 750 is read aloud.
- Each financial proposal is inspected to confirm that it has remained sealed and unopened.
- Each financial proposal is opened, and the names of each qualified consultant along with the total price shown in the consultant's financial proposal are read aloud.
- A rate sheet is distributed that indicates the applicable currency exchange rate(s) as of the date of submission of the proposals, which will be used to compute US dollar equivalents during evaluation of the financial proposals.
- The likely schedule for contract negotiations and commencement of the assignment is announced.
- A written record, is made of the proposal opening, detailing the results.

176. After the opening, all the other information in the financial proposals is to be kept confidential. Whether they have attended the opening or not, all qualified firms are sent a letter informing them of the technical scores and total prices proposed by each qualified firm.

177. For borrower-recruited consultancies, the chairperson of the CSC or a representative thereof normally undertakes these steps. For ADB-recruited consultancies, a representative of COSO performs these steps.

2. Verification of Financial Proposals

178. The financial proposal submitted by the firm is referred to as the “gross financial proposal” (GFP). During the verification process, GFPs are first checked for compliance with the data sheet. Each GFP must include provisional sums and contingencies in the amounts specified on the data sheet, and the validity period of the proposals must accord with the validity period set down in the data sheet.

179. A review is then made to ensure that the figures provided in each GFP are consistent with the details of the corresponding technical proposal (e.g., staffing schedule inputs, number and duration of field trips, applicable per diems, etc.). The following are taken into account:

- ❑ If the inputs shown in the GFP for any expert do not match those shown on the staffing schedule in the technical proposal, the staffing schedule inputs shall prevail and adjustments will be made to the financial proposal accordingly.
- ❑ If an expert included in the technical proposal is omitted from the GFP, then the cost of that expert is included in the firm’s financial proposal at the highest rate for that position from among all the financial proposals.
- ❑ In the case of TA, a minimum of person-months required is normally included in the data sheet. If the total international and/or national inputs shown on the staffing schedule are below those indicated in the data sheet, an adjustment will be made for the missing person-months using the remuneration rate shown in the GFP for individual international and/or national experts.
- ❑ The unit rates used for each expert will be fixed, and it is not possible to change these rates during contract negotiations.
- ❑ If any of the essential out-of-pocket expense items are not priced in the GFP, the consultant will be expected to bear this cost at its own expense during implementation of the contract.

- ❑ If the number of international trips and per diems calculated from the staffing schedule does not match the quantities for these items shown in the GFP, no adjustments will be made to the GFP inputs for the purpose of evaluation. However, no additional costs will be permitted for such omissions during contract negotiations.

Finally, a review is made for computational errors. The proposal amount is converted into US dollars using the exchange rate sheet issued on the date of the public opening of the financial proposals. The final amount is considered as the “gross evaluated financial proposal” (GEFP).

180. For FBS and LCS, the selection process stops at this point. Under FBS, the firm with the highest technical score and a GEFP within the budget³³ will be invited to negotiate. Under LCS, the firm with the lowest GEFP scoring 750 points and above will be invited to negotiate. If required by the procurement plan, submissions are made to ADB prior to invitations being issued. These will comprise the

- ❑ minutes of the public opening of financial proposals,
- ❑ financial evaluation report,
- ❑ rankings, and
- ❑ minutes of the financial evaluation meetings.

3. Determining the Financial Score for QCBS

181. For evaluations using QCBS, if the data sheet for the RFP indicates a **maximum** contract budget for the consulting services, GEFPs are expected to be within this budget. If the GEFP of any firm exceeds the budget, the proposal will be considered financially nonresponsive and will be allocated a financial score of zero. However, if the data sheet indicates an **estimated** budget, consultants will not be penalized for exceeding it and their financial proposals will be considered.

182. Once any nonresponsive financial proposals have been identified, the remaining GEFPs will be converted into “net evaluated financial proposals” (NEFPs). NEFPs include only variable cost items such as remuneration and out of pocket expenditures. Fixed cost items such as provisional sums and contingencies are not included. NEFPs are calculated by subtracting the provisional sums and contingencies (noncompetitive components) shown in the data sheet from the GEFPs.

³³ After adjustment for any oversight or errors.

183. The lowest NEFP is then given a maximum score of 1,000 points. This is then used as a basis to calculate the score of the other financial proposals. The financial score for each proposal is inversely proportional to its NEFP, that is, the higher the NEFP, the lower the financial score. The financial score is computed as follows:

Financial Score = NEFP of the lowest priced proposal divided by NEFP of the proposal under consideration, multiplied by 1,000

An example is shown below:

NEFP of lowest priced proposal = \$799,000

NEFP of second lowest priced proposal = \$850,000

Financial score of lowest NEFP = $\$799,000 / \$799,000 \times 1,000 = 1,000$

Financial score of second lowest priced NEFP
= $\$799,000 / \$850,000 \times 1,000 = 940$

Using this methodology, all proposals are given a financial score.

D. Ranking Proposals and Inviting for Contract Negotiations

184. Once the financial score for each qualifying technical proposal is calculated, the whole evaluation process can be completed. This is done by applying a weight to the technical score and a weight to the financial score (which together add up to 100%) and adding them together to achieve a final score. The normal weight used for the technical component is 80%. The normal weight for the financial component is 20%. However, the option to use ratios of either 70:30 or 90:10 exists, depending on the joint decision taken by the TA fact-finding mission or the loan appraisal mission and the borrower as outlined in the procurement plan.

185. A typical calculation for a proposal in which the technical score is 830 points and the financial score is 940 points is as follows:

Technical score: $830 \times 80\% = 664$

Financial score: $940 \times 20\% = 188$

Final score: technical score (664) + financial score (188) = **852**

(The final scores computed for each technical and each financial proposal are rounded to the nearest whole number.)

186. Once the final scores for each proposal have been calculated, they can be ranked from highest to lowest. In the event two or more proposals have the same scores in the final ranking of proposals, the proposal with the highest technical score will be ranked higher and the next highest technical score will be ranked lower. After the final ranking, the first-ranked consultant will be invited for contract negotiations.

187. In the case of EA-recruited consultancies, prior approval by ADB for inviting the first-ranked firm to negotiations may be required by the procurement plan. If so, the following documents are required:

- the minutes of the public opening of financial proposals,
- a financial verification report,
- the rankings, and
- the minutes of the financial evaluation meetings.

188. In the case of ADB recruitment, for contracts over \$600,000, COSO sends its evaluation report to CSC members for endorsement. Any CSC member who wishes to discuss the evaluation may request a CSC meeting. The user division within ADB informs the EA of the name of the first-ranked consultant prior to inviting the firm for negotiations. A representative of the EA is also normally invited to attend. The role of the representative will be as an observer and to confirm the support that the EA can provide during TA implementation. An appropriate amount of funding should be placed in the TA budget to accommodate the EA representative's attendance.

Self-Study Questionnaire – Chapter VI

1. **Q.** Who is responsible for evaluating consultants' proposals?
 - A. The borrower's CSC for consulting services funded by loans and delegated TA.
 - A CSC convened by ADB for consulting services funded by a TA grant when the estimated contract value is over \$600,000.
 - The user division for consulting services funded by a TA grant when the estimated contract value is \$600,000 or less.

2. **Q.** What are the four basic documents used for technical evaluation of proposals?
 - A. the proposals themselves,
 - a summary evaluation sheet,
 - a personnel evaluation sheet, and
 - a scoring table.

3. **Q.** What are the six scoring categories, and what percentage is attributed to each?
 - A. Excellent – 100%, Very Good – 90%, Above Average – 80%, Average – 70%, Below Average – 50%, and Noncomplying – 0%.

4. **Q.** In the proposals, where is information on the project-related experience of each expert documented?
 - A. In Section 12 of the standard ADB CV form.

5. **Q.** Why is evaluating the project-related experience of each expert particularly important?
 - A. The scoring allocation for personnel ranges from 500 to 900 points (depending on the type of proposal), and project-related experience accounts for 60–70% of this amount.

6. **Q.** How is the overall individual rating for each expert calculated?
 - A. The weight for each of the three factors (general qualifications, project-related experience, and overseas/country experience) is multiplied by the rating given for each factor to arrive at a weighted rating for each factor.
 - These are then added together to get an overall individual rating.

7. **Q.** Where is the overall individual rating recorded?
 - A. In the summary evaluation sheet under “personnel.”

8. **Q.** In evaluating approach and methodology, what factors should be assessed?
- A. the consultant’s understanding of the objectives,
 the quality of methodology,
 the degree of innovativeness,
 the quality of the work plan,
 the quality of the staffing schedule (including the organization chart),
 the requirement for counterpart facilities, and
 the proposal presentation.
9. **Q.** On the summary evaluation sheet, how is a firm’s score for each criterion derived?
- A. By multiplying the maximum rate (set at the time of short-listing) by the rating given by the evaluator.
10. **Q.** How is a firm’s total technical score derived?
- A. By adding up the scores for each criterion on the summary evaluation sheet.
11. **Q.** How are firms ranked?
- A. From highest to lowest depending on their total technical score.
12. **Q.** Once firms are ranked, the selection process is complete for the QBS system. What still needs to be done under the QCBS, FBS, and LCS systems?
- A. Firms rated below 750 points are identified and (after receiving clearance from ADB in the case of loan-funded consultancies) they are informed that they have not qualified.
 Financial proposals from the remaining firms are then opened and evaluated.
13. **Q.** What information is provided during the public opening of financial proposals?
- A. technical scores of firms scoring 750 points and above,
 total price of the financial proposals,
 rate sheet, and
 schedule for contract negotiations and the commencement of the assignment.
14. **Q.** Is the financial proposal accepted outright?
- A. No, it is first checked for consistency with the data sheet and the technical proposal, and for arithmetical errors and converted into US dollars to arrive at a GEFP.

15. **Q.** Under QCBS, how is the financial score for each firm determined?
- A. For assignments for which the data sheet in the RFP indicates a **maximum** budget, GEFPs exceeding this amount are considered financially nonresponsive and are given a financial score of zero. For assignments where the data sheet indicates an **estimated** budget, GEFPs that exceed this amount will still be evaluated.
- Once any nonresponsive proposals have been identified, the financial scores for the remaining financial proposals are calculated. This is equal to the lowest priced NEFP divided by the NEFP of the financial proposal under consideration, multiplied by 1,000.
16. **Q.** Under QCBS, how are proposals finally ranked?
- A. For each proposal the technical score is multiplied by a weighting (normally 80%), the financial score is multiplied by another weighting (normally 20%), and the two are added together.
- The firms are then ranked from the highest to the lowest score, based on the combined ratings.
17. **Q.** Are other ratios possible?
- A. Yes. If considered appropriate, ratios of 70:30 or 90:10 can be used if earlier agreed upon in the procurement plan or the TA Board paper.
18. **Q.** After firms are ranked, can the highest ranked firm be invited for contract negotiations?
- A. Yes, although prior review by ADB of the selection may be needed for some loan-funded consultancies and delegated TA if required in the procurement plan.

Chapter VII

Negotiating a Contract

189. This chapter outlines procedures for contract negotiations with consulting firms for loan projects and delegated TA grants, for which the EA is responsible, and for TA grants, where ADB, normally COSO, is responsible. The chapter focuses on contract negotiations for loan projects. In instances where practices between EA-led negotiations and ADB-led negotiations differ significantly or substantially, the differences are indicated in the text or in footnotes.

190. The steps normally followed during negotiations between the borrower and a consulting firm are as follows:

- The CSC of the borrower³⁴ issues a letter of invitation to negotiate.
- A negotiating team is selected.
- Prenegotiation preparations are made.
- Negotiations are initiated, with a confirmation of authority to negotiate.
- Personnel, technical, or financial issues arising from the consulting firm's proposal are resolved.
- A preliminary agreement is reached on the type of contract to be used.
- The standard draft contract is reviewed jointly in detail.
- The appendixes of the draft contract are filled out.
- The special conditions of the draft contract are agreed upon and filled in.
- The draft contract is submitted to higher authorities for approval and to ADB for review (in the case of EA-led negotiations).
- The contract is signed and, in the case of EA-led negotiations, submitted to ADB.

The key aspects of these steps are described in this chapter.

³⁴ In the case of negotiations led by ADB, the letter of invitation is issued by COSO.

A. Issuing a Letter of Invitation to Negotiate

191. A letter of invitation to negotiate is issued after
- under QCBS** – a first-ranked firm has been selected after technical and financial evaluation;
 - under QBS** – a first-ranked firm has been selected after technical evaluation;
 - under FBS** – a first-ranked firm has been selected after technical evaluation and the financial proposals have been verified as correctly presented within budget;
 - under LCS** – the firm scoring 750 points or higher but with the lowest cost has been selected after technical evaluation and review of the financial proposals; or
 - under CQS and SSS** – the proposal of the invited firm has been reviewed and is considered acceptable from both the technical and financial points of view.

In some cases of negotiations for loan-funded consulting services, prior approval of ADB is required before negotiations can proceed. This is mentioned in the procurement plan.

192. The consulting firm should be invited to negotiate at the earliest possible opportunity, while the proposal is still within the validity period shown in the data sheet. This is to avoid complications and ambiguities if the validity period has expired. If it is not possible to negotiate within the proposal validity period and the negotiations will take place within a reasonable period from expiry, the firm should be requested to extend the validity of its technical and financial proposals until negotiations can take place.

193. The invitation letter
- informs the firm that it has been first-ranked;
 - invites the firm to send an authorized representative to negotiate the proposal and finalize a contract on behalf of the firm (bringing a letter of authority to do so);
 - proposes a schedule and agenda;
 - asks the consultant to confirm the availability of team members nominated in its technical proposal; and
 - summarizes any issues identified during evaluation that require clarification, any deficiencies that need to be corrected, any team members that the borrower would like to see replaced (and why), and any other corrective action to be taken.

194. It is important that the firm be forewarned in the invitation letter of any substantial issues that may be discussed so that its

representative can attend the negotiations fully briefed and with all required information at hand. Most loan-funded consulting services assignments are negotiated face-to-face, which entails a visit of a representative of the consulting firm to the country concerned. The cost of travel for negotiations is borne by the firm. For consulting services funded by TA and of a small size, ADB may decide, at times, to negotiate by facsimile rather than face-to-face.

B. Selecting the Negotiating Team

195. The borrower's negotiating team should consist of persons knowledgeable about the project, the role of the consultancy in it, the procurement plan, the content of the consultant's proposal, and the comments and suggestions of the CSC on it. It should thus contain at least one member of the CSC and one representative of the borrower's EA. Team members should be familiar with the standards, practices, and norms of funding international and national consultants in their country. If possible, at least one member of the team should have had prior experience in negotiating proposals with international and national consultants for multilateral-funded projects. For QBS, CQS, and SSS, the team should contain members who are familiar with consultancy rates and salaries on an international scale and within their country. A senior member of the team, with appropriate authority, should be appointed chief negotiator. In the case of ADB-led negotiations for TA-funded consultancies, the negotiating team consists of COSO staff supplemented by a representative from the user division. This representative is normally involved only in the technical aspects of negotiations and not the financial aspects. In the case of EA-led negotiations, ADB may be invited to send a staff member as an observer. In the case of ADB-led negotiations, a representative of the EA is usually invited to attend as an observer.

C. Preparing for Negotiations

196. Prior to negotiations, steps should be taken to ensure that the negotiating team is fully briefed on the task facing it as well as the specific conditions and circumstances that apply. Four key activities should be undertaken:

- review of relevant documentation,
- review of standard draft contracts,
- identification of and agreement on key issues, and
- preliminary preparation of the special conditions section of the standard contract.

1. Review of Relevant Documentation

197. Team members should review relevant documentation such as the RRP, TOR, consultant's proposal, and the minutes of the CSC

to ensure that they are fully familiar with the background and what is to be negotiated.

2. Review of Standard Draft Contracts³⁵

198. The team should be requested to review in detail the standard draft contracts (time-based and lump-sum) utilized by ADB. For loan-funded consulting assignments, prior translation of the contracts into the language of the country may be valuable in ensuring full understanding of the contracts if English is not commonly used as a working language. Contracts for loan-funded assignments consist of three sections: general conditions, special conditions, and appendixes.³⁶ The general conditions set out the framework of the agreement and cannot be changed. They are the same for all contracts. If these are not adhered to, ADB will not agree to use loan funds to finance the consulting services. All team members should understand this and realize that there is no point wasting time and energy trying to negotiate points that are nonnegotiable.

199. The special conditions set out the circumstances under which the general conditions will be implemented under the circumstances specifically prevailing for the consulting services assignment. They are negotiable and provide specificity for the general conditions. They are cross-referenced in the text of the general conditions.

200. The appendixes are also negotiable to a certain extent, i.e., as long as changes will not result in a change of scope of the assignment. They describe the scope of the consulting services; the personnel; the reporting requirements; the cost estimates; and the facilities, equipment, and services to be provided by the borrower to the consulting firm.

3. Identification of and Agreement on Key Issues

201. The team should meet at least once prior to the negotiations to determine its approach to the negotiations to be undertaken. Unanimity and consistency should be sought on

- the need to replace any of the team members including any ranked below average or noncomplying in the evaluation of the technical proposal;

³⁵ This step is not so critical for ADB-led negotiations for TA-funded assignments, since COSO staff are already familiar with the standard TA contract.

³⁶ Standard contracts for loan-funded consulting services are available on the ADB website at <http://www.adb.org/Consulting/all-methods/Loans/Section6-TBContract-Loan-6Jul07.doc> for time-based contracts and <http://www.adb.org/Consulting/all-methods/Loans/Section6-LSContract-Loan-6Jul07.doc> for lump-sum contracts. The standard ADB TA contract has a slightly different format consisting of the contract itself first, then appendixes, and then general conditions at the end. The contract document is the equivalent of the special conditions in the contracts for loan-funded assignments. An example can be found on the ADB website at <http://www.adb.org/Consulting/all-methods/TAs/Section6-Contract-TA-17Aug07.pdf>.

- ❑ any deficiencies noted in the methodology or approach;
- ❑ any deficiencies or inconsistencies noted in the scheduling of the consultancy as a whole or of individual inputs;
- ❑ any changes required to the support requirements to be provided either by the consulting firm or by the borrower;
- ❑ the position to be taken vis-à-vis the reimbursement of duties and taxes (which should be consistent with the decision taken during the costing of the consultancy and when preparing the procurement plan);
- ❑ a position on any comments on the TOR raised by the firm in its proposal or covering letter; and
- ❑ any deficiencies or mistakes noted in the firm's financial proposal.

4. Preliminary Preparation of Special Conditions Section of Standard Contract

202. During the same meeting (preceding paragraph) or a subsequent meeting, the negotiating team should prepare a preliminary draft of Chapter III – Special Conditions of the standard contract. This will provide a basis for discussion once the negotiations themselves are under way.

D. Initiating Negotiations

203. As negotiations are opened, negotiators on both sides (the EA or ADB and the firm) should keep in mind that the object of the negotiation is to turn the firm's proposal into a contract that can be implemented to the mutual benefit of both parties and, critically, to the benefit of the overall project. Negotiations are not a debate within which to score points, but a means of achieving a mutually agreeable conclusion. It may be helpful if the chief negotiator makes this point. Minutes of negotiations should be kept (normally by the EA or ADB representative), and important points may be signed by both parties as negotiations proceed. A template for the minutes of contract negotiations is available on the ADB website under Documents on Consulting Services (www.adb.org/Consulting/QCBS-Loan-CN-Minutes.doc).

204. At times (as set out in the procurement plan or decided upon later), ADB may delegate a staff member to assist the EA during negotiations. The ADB representative's role is primarily as an advisor in terms of policy and procedural matters and should be considered essentially neutral.

205. Negotiations are normally initiated with a formal presentation by each side. The chief negotiator of the EA will usually indicate why

the firm has been chosen to negotiate, and the chief negotiator of the consulting firm will normally reply, responding to some of the initial points raised and indicating that the firm is prepared to negotiate.

206. After these opening remarks, the representatives of both sides will normally indicate their authority to negotiate and their authority to sign a draft contract. Usually, at least on the part of the firm's representative, written authorization to do so is presented. Negotiations may then proceed along various lines, depending on the preference of the negotiators and the agreed-upon agenda. The steps outlined in subsequent sections of this chapter are a logical sequence that should cover all necessary issues and normally lead to a mutually satisfactory agreement.

E. Discussing Issues Arising from the Proposal

207. The negotiators of both the EA and the consulting firm may wish to raise issues arising from the proposal. These normally relate to

- personnel;
- the work plan; methodology; scheduling of personnel inputs; and the scheduling of outputs such as reports, designs, seminars, and workshops;
- out-of-pocket expenditures;
- counterpart support;
- provisional sums;
- miscellaneous items such as provision for inflation and contingencies and a clarification of contractual arrangements; and
- finalization of financial arrangements.

1. Personnel

208. The most important issues—and the ones that need to be addressed at the beginning of negotiations—generally have to do with personnel. The firm will have been asked to confirm the availability of its proposed personnel in the letter of invitation, but a number of issues often need to be resolved. Despite its original confirmation, the firm may need to replace personnel who, for one reason or another, are not available. If negotiations are held within the proposal's validity period shown in the data sheet, then it is normal to allow a replacement only under strict circumstances, for example, if the originally proposed team member has resigned from the firm, has been certified ill, has suffered an accident, or has died. If the proposal validity period has expired, then the firm may propose a replacement with a greater degree of flexibility. Proposed replacement team members must be of equal qualifications or better.

Under QCBS, FBS, and LCS, the remuneration rate for any replaced team member will be the same as indicated for the replaced team member in the original proposal.

209. In some cases, the EA or, during negotiations for TA-funded assignments, ADB may also request a change in personnel. This may occur if a particular team member is not considered suitably qualified for the services to be rendered or has been evaluated as below average or noncomplying, or because of history with the agency or country concerned. In the case of ADB-led negotiations for TA-funded assignments, it may also be because the expert was rated “unsatisfactory” during a previous assignment; is ineligible;³⁷ or, as an ex-ADB staff member being recruited for a first ADB-funded assignment, has been rejected by ADB’s Budget, Personnel and Management Systems Department. This request should have been communicated to the firm in the invitation letter. As with a replacement requested by the firm, for QCBS, FBS, and LCS, the remuneration rate for a replacement will be the same as for the expert replaced. Depending on the particular circumstances, an excessive number of replacements requested either by the firm, or by the EA, or by ADB may be the basis for suspension of negotiations. If this happens during negotiations for a loan-funded consultancy and if no resolution can be found, then ADB should be contacted and a request made by the EA to proceed with negotiations with the second-ranked firm.

210. At times, the consulting firm may wish to include additional personnel above and beyond those listed in the RFP and the proposal, or to eliminate a particular position and use the resulting savings for another expert. This may be because an expertise gap or an excessive focus on one type of activity has been identified. Such requests may be valid, but would normally be better accommodated through a contract variation once the contract has been signed and the need for a change in the staffing has been verified during the inception period.

211. Under current practices, negotiations on remuneration may take place only under QBS, CQS, and SSS. These require special procedures. They may be complex and time consuming, especially for QBS. The outcome is often uncertain, and this is one reason QCBS is now the preferred mode for consultant selection. For reference, in case these procedures are to be followed, they are spelled out in the RFP.

212. A major topic for clarification at this point during negotiations for loan-funded assignments will be the question of duties and taxes.

³⁷ There are various grounds for ineligibility including close family ties with ADB personnel, being a national of a country that is not an ADB member country, or being currently employed by the EA that the TA is supposed to be assisting.

This issue should have been clarified while preparing the consulting services package, and the RFP should indicate the expected responsibilities of the consultant and its staff and of the EA; but it is not always properly handled. The standard contract includes three possible scenarios for duties and taxes. For nonnational consulting firms and their staff, they are as follows:

- The consultant is exempted from any such levies.
- The consultant will be reimbursed by the borrower for any such levies it might have to pay, or the borrower will pay such levies on behalf of the consultant and the personnel.
- The consultants will have to pay levies of this kind without reimbursement by the borrower.

The firm is normally expected to have informed itself of the prevailing taxation legislation in the country and to have made appropriate arrangements to deal with the taxation issues of its nonnational staff.

213. During the discussions on personnel, parameters should also be established for dealing with allowances for long-term international experts. These will cover the circumstances under which their families may accompany them, any allowances that may be paid, and what provisions may be made for the education of accompanying children. Working practices and procedures may also be discussed at this point, depending on the nature of the work and the degree of integration with the EA's counterpart team and office facilities. In addition, the level of support to be provided to ensure visas and permits for international experts and their families should be confirmed. Also, the issue of salary adjustments for long-term consultants may be raised. Adjustments are normally allowed for experts who will be in the field longer than 18 months, and they are normally applied at the end of the first year.

2. Work Plan, Methodology, Scheduling, and Specific TOR

214. Once the personnel lineup has been confirmed, the next items to address are the work plan, methodology, scheduling, and specific TOR. In particular, the consulting firm may need to justify any deviations in its proposal from the work plan and methodology requested in the RFP, or at least to clarify why the particular proposed work plan was chosen. Similarly, it may be necessary to justify a particular timetable for fielding various team members, the production of reports, the holding of workshops and seminars, etc.

215. The EA's negotiating team will have had the benefit of reviewing other proposals and may be able to make constructive amendments to the methodology, work plan, and scheduling of the firm's proposal

on that basis. Conversely, the firm may also have some constructive suggestions about the work plan or the timing of inputs that it was not able to make in the proposal itself to conform with the proposal's requirements. Under an FTP, there is room to comment on the TOR, and such comments may be taken into account at this point. It is normally possible to reach a mutually agreeable conclusion on these items if both sides maintain a nonconfrontational attitude.

3. Out-of-Pocket Expenditures

216. A further item of discussion will be out-of-pocket expenditures. For QBS, CQS, and SSS, detailed negotiations may be required to establish rates for such items as airfares, per diems, equipment, transport, and other out-of-pocket expenditures. Under QCBS, FBS, and LCS contracts, the cost for these items will have already been established. The main items for discussion will thus be

- minor adjustments to take into account changes in the personnel schedule or the work plan (for which the unit rates outlined in the proposal will need to be followed), and
- any errors or discrepancies identified in the original proposal that need to be corrected.

4. Counterpart Support

217. During negotiations on counterpart support, the EA or the EA's representative at ADB-led negotiations will be expected to confirm the availability of any support listed in the RFP and may, after negotiations with the firm, agree to provide additional support, normally in kind or through the provision of counterpart personnel. If it turns out that the counterpart support outlined in the RFP will not, in reality, be forthcoming, then it may be necessary to provide additional funding, generally under out-of-pocket expenditures, to procure this support from other sources.

5. Provisional Sums and Contingencies

218. Provisional sums are those that are nonnegotiable at the time of submission of the proposal and include fixed costs for items such as seminars, workshops, the recruitment of NGOs, and particular types of equipment that it is considered should not be subject to price variations. In addition, the need for allowances for inflation and unforeseen expenditures will need to be covered. To cover these items, contingencies will have been included in the proposal as a nonnegotiable fixed amount in the same way as provisional sums. In addition, under QCBS these items are more easily dealt with, since it can be assumed that an allowance for inflation has already been built into the remuneration and per diem items of the financial proposal. For QBS, CQS, and SSS, these items will

need to be dealt with separately. During negotiations, it may be possible to define the cost of the items covered by the provisional sums and the contingencies more precisely. As a result, it may be possible to reallocate some of the amount originally reserved to items such as increased person-months or additional out-of-pocket expenditures.

6. Miscellaneous Items

219. In addition to the above issues, a number of other items in the proposal may be brought up during negotiations. These may include the need to clarify contractual or associational relationships among the partner firms of a joint venture or consulting consortium, or the need to clarify relationships between an international firm and its local partner.

7. Finalization of Financial Arrangements and Cost

220. Once all of the above issues have been satisfactorily resolved, then the financial aspects of the contract can be finalized. In the case of QCBS, FBS, and LCS, this normally requires only a few adjustments to the original financial proposal. For QBS, CQS, and SSS, the formal financial proposal (submitted prior to negotiations) will need to be reviewed in full in the light of the quantitative and unit cost agreements reached during negotiations.

F. Preliminary Agreement on Type of Contract Document

221. ADB normally uses two types of contracts, time-based and lump-sum, for which there are four types of standard contract documents:³⁸

- time-based contract documents for contract amounts over \$200,000;
- time-based contract documents for contract amounts \$200,000 or less;
- lump-sum contract documents for amounts over \$200,000; and
- lump-sum contract documents for amounts \$200,000 or less.

These documents consist of a general conditions section, which is fixed and not negotiable, and a special conditions section, which

³⁸ Besides time-based and lump-sum contracts, three other types of contract are possible: retainer and/or contingency fee contracts, indefinite delivery contracts, and performance-based contracts. These are not used as often as time-based and lump-sum contracts, and there are no formal standard contract documents for them. For TA-funded assignments, ADB uses the same contract document for both time-based and lump-sum contracts.

includes items negotiated between the EA and the firm.³⁹ Both parties should understand what can be negotiated and what cannot, since much time and effort can be saved if this is fully comprehended. Given that one of the deciding criteria is cost (i.e., over or below \$200,000), the only real decision to be made on the document to use is whether the contract will be time-based or a lump-sum.

222. Under time-based contracts, fees are paid and expenses reimbursed based on actual expenditure by the firm during implementation. Billings are usually on a monthly basis. The firm is paid for remuneration based on time sheets submitted by the experts, and is reimbursed for out-of-pocket expenditures based on receipts submitted for out-of-pocket items. Time-based contracts are recommended when the scope of the services may need to be adjusted during implementation or when the duration and quantity of services depend on variables that are beyond the control of the consultant. In time-based contracts, the consultant provides services on a timed basis according to quality specifications, and the consultant's remuneration is based on

- agreed-upon unit rates for consultant staff multiplied by the actual time spent by the staff in executing the assignment, and
- reimbursable expenses using actual expenses and/or agreed-upon unit prices.

This type of contract requires the client (i.e., the EA or ADB) to closely supervise the consultant and to be involved in the daily execution of the assignment.

223. Under lump-sum contracts, payments are made to the firm as a percentage of the total contract at specific agreed-upon times or upon completion of certain stages of the work. This may entail a certain percentage on submission of the inception report, a further payment on submission of the interim report, another on submission of a draft final report, and a final payment upon acceptance of the final report by the borrower. Such contracts are practical when the output is clearly defined and there is little room for dispute as to whether the work has been satisfactorily completed or not. Lump-sum contracts are easier to supervise than time-based contracts, since the former do not require such a high degree of oversight and accounting. They may be considered appropriate for any type of selection system but may be more appropriate for QCBS, FBS, LCS, and CQS.

³⁹ As previously noted, above standard contract for TA-funded assignments is somewhat different, with the main contract document itself constituting the special conditions section.

224. The decision on the type of contract to use should be a mutual one between the EA or ADB and the firm. It will often depend on how well the issues surrounding the proposal have been resolved and how precisely the inputs and expenditures of the proposal have been clarified. If there are some gray areas about the inputs but the outputs are well defined, it may be better to use a lump-sum contract. On the other hand, if the inputs (or at least unit rates) are clearly agreed upon but the outputs are somewhat uncertain, then a time-based contract may be preferable.

225. In either case, the decision taken at this point should be only preliminary. During the final part of negotiations, it may be found expedient to change from one type of contract to the other.

G. Joint Examination of Standard Contract

226. Once a type of contract has been agreed upon, the negotiators of both parties should take time to go paragraph by paragraph through the general conditions of the standard contract. This exercise will help confirm that the type of contract chosen is appropriate; will help identify parts of the special conditions that need to be agreed upon during the closing stages of negotiations; and may help identify gaps or shortcomings in the personnel, technical, and financial arrangements that still need to be resolved. This joint exercise should lead to a closer mutual understanding of the basis and mechanics of the agreement to implement the consulting services.

H. Finalizing Appendixes A to I of the Contract for Loan-Funded Assignments

227. The appendixes in the standard loan-funded contract are as follows:⁴⁰

- Appendix A** – Description of Services
- Appendix B** – Reporting Requirements
- Appendix C** – Personnel Schedule
- Appendix D** – Cost Estimates in Foreign Currency
- Appendix E** – Cost Estimates in Local Currency
- Appendix F** – Summary of Cost Estimates
- Appendix G** – Services, Facilities, and Equipment to be Provided by the Client
- Appendix H** – Standard Form of Advance Payment Security
- Appendix I** – Standard Dispute Notification Form

⁴⁰ In the standard contract for ADB TA-funded consulting services, the appendixes are somewhat different. They are: A – Terms of Reference, B – Personnel Schedule, C – Cost Estimates and Payment Schedule, and D – Specific Assurances of the Government.

228. Completing the appendixes should be straightforward at this point in the negotiations. The description of services should come directly from the final agreed-upon TOR. The reporting requirements will have been mutually agreed upon when deciding on the type of contract. The personnel schedule will have been finalized when resolving issues arising from the proposal. The cost estimates in foreign currency and local currency will have been agreed upon when finalizing the financial proposal (normally, international costs such as the remuneration of international consultants and international airfares will be in international currency, while local costs such as the remuneration of national consultants and local out-of-pocket expenses will be in local currency). In addition, services, facilities, and equipment to be provided by the client will have been agreed upon during discussion of the technical proposal. In the case of ADB-led negotiations, a similar exercise can also be easily undertaken to finalize the slightly different appendixes in the standard contract document for TA-funded consulting services.

I. Agreeing on Special Conditions

229. The appendixes and the special conditions (Chapter III of the contract document) are the main items of the contract to be negotiated. They distinguish a negotiated contract from the standard contract and provide precision to the agreements reached. In agreeing to and filling out the special conditions during negotiations for loan-funded consulting services, particular attention should be paid to the following:

- the section on duties and taxes (Section 1.10 in the time-based contract and Section 1.8 in the lump-sum contract⁴¹);
- the section on effectiveness of the contract (Section 2.1 of both contracts); this may entail various requirements that need to be fulfilled for the contract to become effective such as approval of the contract by ADB, the EA's approval of the consultant's proposals for appointment of specified key staff members, effectiveness of the ADB loan, and receipt by the consultant of advance payment and by the EA of advance payment security;
- the need to account for inflation if the contract is longer than 18 months (Section 6.2[a] in the time-based contract);
- the billing schedule for time-based contracts (Section 6.4[a] of the time-based contract);
- the schedule of payments for lump-sum contracts (Section 6.5 in lump-sum contracts);

⁴¹ These references are to contracts over \$200,000.

- ❑ the interest rate for delayed payments (Section 6.4 [c] of time-based contracts and Section 6.6 of lump-sum contracts); and
- ❑ the mechanism for settling disputes (Section 8 of both contracts).

J. Submitting the Draft Contract to Higher Authorities for Approval and to ADB for Review

230. At this point, for loan-funded consulting services, the contract will normally have to be approved by the higher authorities of the borrower. If required by the procurement plan, the draft contract will also need to be sent to ADB for review.⁴² The sequence of steps to be taken is normally as follows:

- ❑ Both parties initial the contract.
- ❑ The draft contract is sent to department or ministry authorities for review and formal acceptance.
- ❑ A draft is sent to ADB for review after approval of the borrower's authorities.
- ❑ ADB approves the draft and advises the borrower EA. If changes are required, these need to be communicated back to the negotiating team for further revision prior to this step.
- ❑ The consultant's representative and the EA's representative formally sign the contract.

231. This is a rather delicate phase in the negotiation process and needs to be carefully monitored. To avoid undue delays with internal approval, the borrower's authorities should be kept fully informed of the progress of negotiations during the negotiation period, and it may be worthwhile, if possible, to include a representative of the approving agency on the negotiating team. This may be the ministry or a legal division of the government. On the part of ADB, efforts should be made to keep internal review procedures as expeditious as possible.

K. Submitting the Signed Contract for Loan-Funded Consulting Services to ADB

232. Once signed, a contract for loan-funded consulting services is again submitted to ADB for further review. At this point, ADB checks to ensure that it is substantially the same as the draft contract sent earlier. In some cases it may not be, and further negotiations between ADB and the EA and between the EA and the consulting

⁴² By contrast, for TA-funded consulting assignments, the contract can be signed at this point by ADB's representative and the firm's representative, and copies sent to the user division. The minutes of negotiations are signed by ADB's representative, the firm's representative, and the EA's observer.

firm may be required if ADB funding is to be released to finance or partly finance the contract.

233. Once a contract has been signed, a number of additional documents (besides the final contract itself) need to be submitted to ADB:

- the names of the short-listed consultants who submitted proposals;
- the scores of their technical proposals;
- the prices of the financial proposals (for QCBS, FBS, and LCS);
- the overall ranking (for QCBS);
- the name of the consultant selected; and
- the amount of the contract.

This information is used for statistical purposes and for publishing on the ADB website for public information.

L. Failure of Negotiations

234. Should the negotiations be unsuccessful at any point, they may be terminated. If this should happen, the second-ranked firm will be invited to negotiate. In the case of recruitment by the EA under loan financing, prior ADB approval of these steps is required.

Self-Study Questionnaire – Chapter VII

1. **Q.** When is an invitation to negotiate a contract normally sent to a consulting firm?
 - A. When:
 - under QCBS – a first-ranked firm has been selected after technical and financial evaluation;
 - under QBS – a first-ranked firm has been selected after technical evaluation;
 - under FBS – a first-ranked firm has been selected after technical evaluation and the financial proposals have been verified as correctly presented within budget;
 - under LCS – the firm scoring 750 points or higher and with the lowest cost has been selected after technical evaluation and review of the financial proposals; or
 - under CQS and SSS – the proposal of the firm invited to submit a proposal has been reviewed and is considered acceptable from both technical and financial points of view.

2. **Q.** What should the invitation letter contain?
 - A.
 - confirmation that the firm has been ranked first;
 - an invitation to send an authorized representative to negotiate the proposal and finalize a contract on behalf of the firm (bringing a letter of authority to do so);
 - a proposed schedule and agenda;
 - a request to confirm the availability of team members nominated in its technical proposal; and
 - a summary of any issues identified during evaluation that require clarification, any deficiencies that need to be corrected, any team members that the borrower would like to see replaced (and why), and any other corrective action to be taken.

3. **Q.** What are the four main activities in preparing for negotiations?
 - A.
 - review of relevant documentation,
 - review of standard draft contracts,
 - identification of and agreement on key issues, and
 - preliminary preparation of the special conditions section of the standard contract.

4. **Q.** Which parts of the standard contract are negotiable and which are nonnegotiable?
 - A. The special conditions and the appendixes are negotiable. The general conditions are nonnegotiable.

5. **Q.** Why is it important for all members of the negotiating team to know this?
A. So that time is not wasted trying to negotiate nonnegotiable items.
6. **Q.** What is the main purpose of negotiations?
A. To turn the firm's proposal into a contract that can be implemented to the mutual benefit of both parties and, critically, to the benefit of the overall project.
7. **Q.** What do representatives of both parties need to formally undertake negotiations?
A. Written authority to negotiate on the part of the firm and the government.
8. **Q.** If negotiations take place within the proposal validity period, what are the circumstances within which the firm can request the replacement of a team member?
A. The originally proposed team member has resigned from the firm, has been certified ill, has suffered an accident, or has died.
9. **Q.** Is it possible for the EA or ADB to ask for the replacement of a team member?
A. Yes, as long as there is a sound reason, for example, when a candidate has been rated below average or noncomplying during the evaluation, when a candidate has been rated unsatisfactory on a previous assignment, or a candidate is ineligible.
10. **Q.** If a team member is replaced, is there any limit on his/her rate of remuneration?
A. Under QCBS, FBS, and LCS, the rate of remuneration will be the same as the originally proposed team member.
11. **Q.** What major issue is it important to clarify when discussing personnel for loan-funded consulting services?
A. The arrangements to be made for duties and taxes. These should be in accord with the formulation reached when the consulting services package was first prepared and with the data sheet that was sent to the consultants as part of the RFP.
12. **Q.** What are specific issues in discussing the work plan, methodology, and scheduling?
A. The timetable for fielding of various team members; the production of reports; and the holding of workshops, seminars, etc.
13. **Q.** Why is it generally easy to negotiate out-of-pocket expenditures under QCBS, FBS, and LCS?
A. These have already been proposed by the firm in its financial proposal, and only minor adjustments are necessary.
14. **Q.** Why is it important for the EA to confirm its counterpart support?
A. If it turns out that the counterpart support outlined in the RFP will not, in reality, be forthcoming, then additional funding may need to be provided, generally under out-of-pocket expenditures, to procure this support from other sources.

15. **Q.** What are the five types of contract that ADB uses?
- A. time-based,
 lump-sum,
 retainer and/or contingency fee,
 indefinite delivery, and
 performance-based
16. **Q.** Which are the most commonly used?
- A. Time-based and lump-sum contracts.
17. **Q.** Under what circumstances might a lump-sum contract be preferable, and under what circumstances might a time-based contract be preferable?
- A. If the inputs have some gray areas but the outputs are well defined, it may be better to use a lump-sum contract. On the other hand, if the inputs (or at least unit rates) are clearly agreed upon but the outputs are somewhat uncertain, then a time-based contract may be preferable.
18. **Q.** If a proper negotiating agenda and schedule are followed, why should it be easy to complete the appendixes to the standard contract for loan-funded consulting services?
- A. Appendix A, the description of services, should come directly from the final agreed-upon TOR.
 Appendix B, the reporting requirements, will have been mutually agreed upon when deciding on the type of contract.
 Appendix C, the personnel schedule, will have been finalized when resolving issues arising from the proposal.
 Appendixes D, E, and F, the cost estimates in foreign currency and local currency, will have been agreed upon when finalizing the financial proposal.
 Appendix G, services, facilities, and equipment to be provided by the client, will have been agreed upon during discussion of the technical proposal.
 Appendixes H and I are standard forms.
19. **Q.** Why is there often a delay after a draft contract for loan-funded consulting services has been agreed upon?
- A. The draft must often be sent for approval by higher authorities of the borrower and by ADB if the procurement plan so requires. Revisions may be required that entail further negotiations.

20. **Q.** Why does ADB carefully scrutinize the signed contract after it has been submitted by the EA?
- A.** To ensure that the signed contract is substantially the same as the draft contract.
21. **Q.** What information is normally submitted to ADB along with a copy of the signed contract?
- A.** the names of the short-listed consultants who submitted proposals,
 the scores of their technical proposals,
 the prices of the financial proposals (for QCBS, FBS, and LCS),
 the overall ranking (for QCBS),
 the name of the consultant selected, and
 the amount of the contract.
22. **Q.** Can an ADB representative assist with the contract negotiations?
- A.** Yes, but only as an observer.

Chapter VIII

Recruiting Individual and Staff Consultants

235. When only a limited number of consultants are required or when consulting tasks are not interrelated and do not require coordinated management, individual experts may be recruited. Individual consultants may be (among others) independent consultants; consultants recruited from firms; or consultants recruited from academic, government, or international agencies. The recruitment of individual consultants is appropriate when a task is relatively straightforward and no support from a home office will be required. Individual consultants may be classified as either international (if international expertise is required for the assignment) or national (if the level of expertise required is available within the country concerned). Normally, individual consultants are not recruited if a team of more than three persons is required for a particular task.

236. Individual consultants are normally recruited by the EA when the funding source is a loan or a delegated TA, and by ADB when the funding source is a TA grant. Individual TA-funded consultants recruited by ADB are recruited using an in-house, web-based individual consultant system (ICS). Since staff consultants are usually individual experts and are recruited following the same system, their recruitment is also discussed in this chapter.

A. Borrower Recruitment of Individual Consultants

237. Individual consultants funded by loans are recruited by the EA following a process similar to QBS. The decision to recruit individual consultants, and whether they will be international or national consultants, is taken when preparing the procurement plan. The procedures for selecting individual consultants are similar to, but simpler than, those for selecting teams of consultants from a firm. They entail

- preparing a consulting services package including the TOR, time frame, number of person-months, and budget;
- advertising for candidates through ADB's website and/or directly in the print media (generally, international publications, but also—in some countries—national publications);⁴³

⁴³ Where possible, a standardized EOI format resembling ADB's standardized format should be used.

- ❑ preparing a refined long list based on EOIs from interested individuals, candidates suggested by ADB, candidates listed on the ADB CMS system, and/or candidates suggested by other agencies or sources;
- ❑ preparation of short-listing and evaluation criteria;
- ❑ preparation of a short list along with CVs of short-listed candidates; for international consultancies, the short list should include 3–5 individuals from a broad geographic range of ADB member countries;
- ❑ approval of the TOR, evaluation criteria, and proposed short list by the CSC;
- ❑ evaluation of the candidates by the CSC using the standard ADB personnel evaluation form (see Figure 4 in Chapter V);
- ❑ determination of the availability of the first-ranked candidate (if not available, the second- and third-ranked candidates may be contacted to determine their availability);
- ❑ submission to ADB for approval of
 - the finalized TOR,
 - the ranked list of individuals and their CVs, and
 - the format of the draft contract to be used (a sample contract is available on the ADB website under “Documents on Consulting Services”);
- ❑ following ADB’s concurrence, the commencement of negotiations with the first-ranked candidate; and
- ❑ submission to ADB of a copy of the signed contract.

B. ADB Recruitment of Individual TA Consultants and Staff Consultants

238. Individual consultants recruited by ADB are normally funded by TA grants, while staff consultants (who are normally individuals) are funded by ADB’s administrative budget. Both cases employ a similar recruitment process.

239. Individual TA consultants normally undertake work that can be considered as providing TA to member countries and may be hired for either short assignments or extensive periods, depending on the requirements set out in the TA paper.

240. On the other hand, strict limits are placed on the types and length of assignments undertaken by staff consultants. They should

normally provide specialized expertise and advice for limited periods. The usual circumstances of their recruitment are

- ❑ when expertise, not available within ADB, is required for producing a specific output such as a policy paper or a computer program;
- ❑ when staff are not available for a particular assignment, for example, during peak work periods or because staff are on leave;
- ❑ when ADB's staff skills-mix needs to be supplemented, for example, when ADB staff do not have the required expertise or experience for a particular task; or
- ❑ when ADB requires specialized expertise for a limited period but not on an ongoing, full-time basis.

241. Staff consultant assignments that do not have specific time-bound outputs must generally last less than 1 year, and staff consultants can normally be recruited only for a total of 12 months over a 24-month period. If an extension beyond this time is needed, special procedures must be followed. These are outlined in PAI 2.03 Part C, available on the ADB website.

242. As noted above, to recruit individual TA consultants and staff consultants, ADB uses a web-based system known as the ICS. This allows the processing of a candidate's recruitment to proceed with a minimum of paperwork and avoids delays. The ICS also includes guidelines to determine the remuneration rate of the consultant based on a set of factors that include an assignment level (the degree of responsibility of the position based on a scale of 1 to 7) and a professional grouping (based on the type of expertise being recruited, e.g., agronomy, civil engineering, economics, finance). These are based on the TOR prepared for the assignment.

243. The steps to be followed are as follows:

- ❑ The user division in ADB enters the TOR into the ICS and, based on the assignment level and professional grouping, receives a remuneration rate, which can be used for budgeting purposes.
- ❑ The user division identifies qualified candidates from the CMS, EOIs, consulting firms, universities, research institutes, and other sources. Individual TA assignments are advertised on ADB's website, so EOIs are usually received for these assignments. Staff consulting assignments are not, so greater effort is required to identify qualified candidates. For assignments of 3

months or less, if the assessed assignment level is lower than 6, and if the primary candidate is not a former ADB staff member, SSS is used; that is, only one candidate is selected. For assignments over 3 months (or if the primary candidate is a former ADB staff member), a short list of three candidates is required.

- The biodata details and qualifications of short-listed candidates are entered into the ICS, which provides a matrix procedure for ranking the candidates on a scale of 0 to 100. This ranking, referred to as the “qualification grade,” must equal or exceed the minimum qualification grade for the assignment level originally derived from the TOR. If it does not, alternative candidates must be found.
- At this point, a number of clearances are required. These are
 - clearance from COSO of any candidates who were previously engaged by ADB;
 - clearance by the Budget, Personnel and Management Systems Department of any former ADB staff member who has not previously worked for ADB as a consultant, and of spouses of current ADB staff;⁴⁴
 - clearance from the Office of the General Counsel for any legal experts to be engaged;
 - clearance from the Office of Information Systems and Technology for information technology experts; and
 - a “no-objection” clearance from the concerned government in the case of individual TA consultants (but not staff consultants).
- While these clearances are being awaited, a noncommittal inquiry letter and TOR are sent to the directly selected or first-ranked candidate to confirm that he or she is available. The letter includes either an affidavit of good health or, for candidates 70 years old or older, a medical certificate to be completed by the candidate’s doctor.
- Once clearance is obtained and the first-ranked or direct-selected candidate’s availability is confirmed, the ICS is used to obtain internal approval within the user division and department and to submit a request to COSO

⁴⁴ Former vice-presidents and members of the Board of Directors require clearance for all assignments.

to engage the candidate. The TOR, assignment level, professional group, and qualification grade are attached to this request.

- COSO decides on remuneration in one of three ways:
 - for an international independent consultant, by using the remuneration matrix based on the assignment level and professional group in the ICS;
 - for an international consultant who is a full-time employee of a firm, by negotiating with the firm, based on the supporting documents the firm submits, and using the remuneration matrix as a reference;
 - for a national individual consultant, based on COSO's data on local market rates.
- COSO then sends an offer and contract to the consultant. This is normally nonnegotiable.

Self-Study Questionnaire – Chapter VIII

1. **Q.** When is the recruitment of individual consultants warranted?
A. When a task is relatively straightforward and no support from a home office will be required.
2. **Q.** When would it usually be inappropriate to hire individual consultants?
A. If a team of more than three individuals is required for a particular task.
3. **Q.** What types of consultants are normally recruited by ADB's web-based ICS?
A. Individual consultants for TA, and staff consultants.
4. **Q.** For loan-funded consultants, when is a decision made on the recruitment of individual consultants versus a team of consultants from a firm?
A. While preparing the procurement plan.
5. **Q.** What would be the normal sources used by the borrower's EA to prepare a long list of individual consultants?
A. EOIs from interested individuals, candidates suggested by ADB, candidates listed on ADB's CMS system, and/or candidates suggested by other agencies or sources.
6. **Q.** How many individual consultants should be included in the short list?
A. Three to five individuals from a broad geographic range of ADB-member countries.
7. **Q.** What are the three factors assessed in selecting individual consultants?
A. general qualifications,
 project-related experience, and
 other factors.
8. **Q.** Where can the format of a draft contract be found?
A. On the ADB website under Documents on Consulting Services.
9. **Q.** What is the difference in funding arrangements between ADB-recruited individual consultants and staff consultants?
A. Individual consultants are funded by TA grants; staff consultants are funded by ADB's administrative budget.

10. **Q.** When are staff consultants normally hired?
- A. when expertise, not available within ADB, is required to produce a specific output such as a policy paper or a computer program;
- when staff are not available for a particular assignment, for example, during peak work periods or because staff are on leave;
- when ADB's staff skills-mix needs to be supplemented, for example, when ADB staff do not have the required expertise or experience for a particular task; or
- when ADB requires specialized expertise for a limited period but not on an ongoing, full-time basis.
11. **Q.** How many candidates are placed on an ADB short list?
- A. For assignments of over 3 months, three candidates are required on the short list. For assignments of less than 3 months, SSS is used unless one of the candidates is an ex-ADB staff, in which case three candidates are required.
12. **Q.** What are the clearances required for ADB-recruited individual and staff consultants?
- A. clearance from COSO of any candidates who were previously engaged by ADB;
- clearance by the Budget, Personnel and Management Systems Department of any former ADB staff member who has not previously worked for ADB as a consultant, and of spouses of current ADB staff;
- clearance from the Office of the General Counsel for any legal experts to be engaged;
- clearance from the Office of Information Systems and Technology for information technology experts; and
- a "no-objection" clearance from the concerned government in the case of individual TA consultants (but not staff consultants).
13. **Q.** What is the basis for determining the remuneration offered to individual and staff consultants?
- A. for an international independent consultant, by using the remuneration matrix based on the assignment level and professional group in the ICS;
- for an international consultant who is a full-time employee of a firm, by negotiating with the firm, based on the supporting documents the firm submits and using the remuneration matrix as a reference; or
- for a national individual consultant, based on COSO's data on local market rates.

Chapter IX

Recruiting Other Types of Consultants and Consulting Services

244. In addition to the most commonly used consultants (consulting firms, individual consultants, and staff consultants), the *Guidelines* also list a number of types of consultants and types of consulting services that may be recruited from time to time. These include resource persons, United Nations (UN) and other specialized agencies, NGOs, procurement agents, inspection agents, banks, auditors, and special delivery assignments. The rules pertaining to their recruitment and the recruitment procedures to be used are outlined in the *Guidelines* and, in some instances, in PAIs 2.02 and 2.03. Key information about the most pertinent is given in this chapter.

A. Resource Persons

245. Resource persons are individual consultants recruited by ADB for short periods, normally up to 10 days, generally to provide expert advice or guidance. Any engagement beyond this limit must be as an individual consultant or a staff consultant. Recruitment procedures are detailed under PAI 2.03 E.

B. Nongovernment Organizations

246. NGOs are increasingly being used by both the borrowers of ADB funds and ADB itself. They are able to provide specialist expertise along with the ability to contact and mobilize intended beneficiaries of ADB loans and TA grants. They are also often well placed to play a key role in benefit monitoring and in safeguard activities because of their community and field-level contacts and experience. A variety of recruitment procedures is followed, depending on whether the NGO considered is international, national, or local. These are outlined in detail in the *Guidelines* (Section 2.38) and in PAI 2.02 Part H. Salient points to be noted are given below.

1. International NGOs

247. International NGOs are those operating in a number of developing countries. Some are very large and employ thousands of staff in a range of disciplines. The following should be noted when an international NGO is to be recruited:

- ❑ When the borrower or ADB short-lists NGOs along with consulting firms for a contract over \$200,000, QBS or FBS may be used so as not to give the NGO an undue financial advantage.
- ❑ When the borrower or ADB short-lists only NGOs for contracts over \$200,000, QCBS is used.
- ❑ CQS is used for assignments expected to cost \$200,000 or less.
- ❑ SSS may be used to select an international NGO as long as full justification is provided for assignments costing \$100,000 or less.

Further specific information on recruiting international NGOs is provided in PAI 2.02 Part H and the *Guidelines*.

2. National and Local NGOs

248. National NGOs are incorporated or established and registered in a particular DMC (where the contemplated assignment is to be carried out) and operate mainly within and throughout that country. In some DMCs, national NGOs are a large and potent development force and have a considerable amount of experience and influence. They are often able to reach and mobilize large numbers of people. Local NGOs, on the other hand, are often small and based in a particular geographic area. Their influence is also local, and their skills may be limited. Salient information on the recruitment of these types of NGOs is as follows:

- ❑ The normal recruitment method for national and local NGOs for contracts over \$200,000 is QCBS.
- ❑ Short-listing criteria for such assignments should include
 - legal incorporation or establishment and registration in an ADB member country (i.e., in the DMC where the assignment is to be carried out);
 - an operational history of at least 3 years, with experience in implementing project activities;
 - a management or advisory board; and
 - an acceptable accounting and financial system.
- ❑ The normal recruitment method for national and local NGOs for contracts costing \$200,000 or less is CQS.
- ❑ SSS may be used to select a national or local NGO as long as full justification is provided for assignments costing \$100,000 or less.

C. Specialized Agencies and Institutions

249. From time to time, ADB or an EA will recruit a specialized agency or institution to undertake a specific task for which it is particularly well suited, or will place an institution or an individual from a specialized agency or institution on a short list. Such agencies may be international agencies from among the UN family (e.g., the Food and Agricultural Organization, International Labour Organization, Economic and Social Commission for Asia and the Pacific), some other international agency such as the International Rice Research Institute, or an academic institution such as a university from any ADB member country. Universities are often used for project benefit monitoring work, field surveys, and social surveys, since they can mobilize large numbers of individuals for short periods to undertake detailed survey work.

250. Since the types of assignment for which agencies and institutions (and individuals from them) can be recruited vary considerably, the procedures and processes for recruitment also vary considerably. However, two main principles apply: fair competition and transparency.

251. There are several consequences of this. For example, when short-listing an agency or institution along with commercial firms, the former may have a cost advantage, since

- their staff may accept lower salaries,
- there is no need to earn a profit, and
- they may have certain clearances (such as tax-free status in the country concerned).

The standard practice under such circumstances is to use QBS or FBS rather than QCBS as the selection method.

252. On the other hand, if all entities on the short list are agencies or institutions, then QCBS may be used.

253. In some cases, the agency or institution has access to special expertise or special backup and support facilities that make it worthwhile considering recruitment on an SSS basis. In such cases, there must be full justification that the use of SSS is in the best interests of ADB, the recipient country, and the project; and the justification to use SSS must be presented in the TA paper or the RRP.

254. In other cases, ADB and the agency concerned may have a special arrangement or agreement. The FAO Investment Centre, for example, has a memorandum of agreement with ADB under which it undertakes assignments on a cost-sharing basis. Under such circumstances, SSS would be an appropriate method of recruitment.

255. The recruitment of national agencies or institutions for such activities as monitoring or field surveys, on the other hand, may be considered similar to the recruitment of NGOs for the same kinds of activities. QCBS should be used for contracts valued above \$200,000, and CQS should be used for contracts of \$200,000 or less.

256. Individual and staff consultants are recruited from agencies and institutions in the same way as independent consultants.

D. Field-Level Service Delivery Contractors

257. Field-level service delivery contracts are important in the social and rural sectors and may cover activities such as beneficiary surveys, beneficiary mobilization, preparation and dissemination of promotional materials, training seminars, and social or environmental monitoring. They may also entail hiring large numbers of individuals at relatively low wages such as field interviewers, field trainers, health workers, and beneficiary organizers. Such activities are usually undertaken at the field level (sometimes in isolated parts of the country or in poor urban areas) and are not amenable to packaging into competitive consulting services contracts or to international or even national bidding. Nonetheless, it is important to ensure that the organizations or individuals chosen are adequately qualified and recruited using transparent procedures. In many cases, local universities, institutes, or NGOs will be the source of the expertise provided. Individual contracts will normally be small—generally less than \$100,000 and often much less.

258. To ensure that appropriate individuals and agencies are chosen in an economically efficient and transparent manner, the job descriptions, minimum qualifications, terms of employment, selection procedures, and extent of ADB review of these procedures and documents should be described in the TA paper or RRP and, for loan projects, sample contracts should be included in the procurement plan.

259. Service contractors may be recruited to help identify and implement the small-scale investment subprojects discussed in PAI 5.12, but their use is by no means limited to the very small investment packages or the limited range of activities covered by that PAI.

Self-Study Questionnaire – Chapter IX

1. **Q.** What is the maximum period for which resource persons can be recruited?
A. 10 days.
2. **Q.** Why do ADB and its borrowers increasingly use NGOs?
A. NGOs are able to provide specialist expertise along with the ability to contact and mobilize intended beneficiaries of ADB loans and TA grants.
3. **Q.** What kind of activities are they often recruited for?
A. Beneficiary mobilization, benefit monitoring, and safeguard activities.
4. **Q.** How are the various types of NGO classed for consultant recruitment purposes?
A. International, national, or local.
5. **Q.** What selection method should be used when short-listing NGOs along with consulting firms for a contract package costing more than \$200,000?
A. QBS or FBS, since no cost advantage is applied.
6. **Q.** What selection method should be used if the contract package is \$200,000 or less?
A. CQS.
7. **Q.** Is it possible to select international NGOs through SSS?
A. In exceptional cases and with full justification in the TA paper or RRP, yes.
8. **Q.** What are the normal selection methods for national and local NGOs?
A. for contracts over \$200,000 – QCBS;
 for contracts of \$200,000 or less – CQS;
 in exceptional circumstances – SSS.
9. **Q.** For contracts over \$200,000, what should the short-listing criteria for national NGOs include?
A. legal registration in an ADB member country;
 an operational history of at least 3 years, with experience in implementing project activities;
 a management or advisory board; and
 an acceptable accounting and financial system

10. **Q.** What types of agencies and institutions, from time to time, may be recruited by ADB or its borrowers to provide consulting services?
- A.** UN agencies, international agencies not affiliated with the UN, national level agencies, and educational institutions such as universities and institutes.
11. **Q.** What are the two main principles that apply when considering the use of expertise from such agencies?
- A.** Fair competition and transparency.
12. **Q.** What are the implications of these two principles when placing an agency or institution on a short list with commercial consulting firms?
- A.** To ensure a level playing field in terms of cost, QBS or FBS should be used as the selection method.
13. **Q.** Under what circumstances could SSS be considered a selection method for an agency or institution?
- A.** The agency or institution has access to special expertise or special backup and support facilities.
- ADB and the agency or institution concerned have a prior agreement that may entail cost sharing.
14. **Q.** When are field-level service delivery contractors used?
- A.** To supply field-level services such as beneficiary surveys and mobilization that are not appropriate for packaging under international or national competitive consulting services assignments.

Chapter X

Supervising Consulting Services

260. Supervising the implementation of consulting services entails a series of activities that are basically the same for all types of consultancies, whether individuals or from a firm, whether recruited by ADB or recruited by the EA. These activities are

- issuing the notice to proceed,
- review of the inception phase,
- issuing contract variations,
- reporting and monitoring,
- billing and payment,
- dealing with disputes and arbitration,
- terminating services prior to the end of the contract,
- concluding the assignment, and
- evaluation.

These topics are discussed in this chapter.

A. Issuing the Notice to Proceed

261. A notice to proceed is required to initiate all types of consulting services. It is normally issued as soon as possible after negotiations have been successfully concluded and the contract has been signed. Normally, the notice to proceed is issued by the EA for individuals and firms hired under loan funding and by ADB for staff consultants, individual consultants hired through a TA grant, and consulting firms recruited under a TA grant.

262. In some cases, certain conditions need to be fulfilled before a notice to proceed can be issued. These are known as “conditions of effectiveness” and are spelled out in the special conditions of the consulting services contract. One of the most common is the approval of the loan by ADB. Another may be the appointment of a particular expert as decided on during contract negotiations or the clarification of a particular contractual arrangement between or among the international and the national firms contracting the services.

263. After the issuance of the notice to proceed, the contract normally commences upon the arrival of the consultant or the consulting team’s members in the country of operation.

B. Review of Inception Phase

264. For most consultancies lasting more than a few weeks, the work is divided into phases, of which one of the most critical is the inception phase. The inception phase normally lasts about 1 month from the time of the arrival of the consultant or consulting team and covers the establishment of the consultant in the country, a review of the work plan with the client (normally the EA), and the initiation of the field work.

265. This will constitute the first time that the consulting firm will have encountered the realities on the ground and is the initial period of contact and cooperation between the EA and the consultants. It is common for an inception report to be prepared to cover the consultant's experience and observations during this period, and often a workshop or seminar is held to discuss it. It is normally helpful if this coincides with a review mission from ADB so that an ADB officer can attend. Even if no formal workshop is conducted, the presence of an ADB staff member at the conclusion of the inception phase can be very useful, at times even critical.

266. The following issues may be raised at the end of the inception phase and will need resolution.

1. Overall Scope of Work

267. During the inception phase, it will be possible for the first time for the consultant or consulting firm to get a full grasp of the task to be undertaken. It may become clear that at the time of preparing the proposal or when negotiating the contract the consultant did not have a full picture of the situation. It may be that some particular aspect of the job to be done was missed out or underemphasized during the planning phase, or that some aspects of the work are the mandate of agencies other than the appointed EA, and special procedures will be needed in order to complete them. It may also become clear that the capacity of the EA or its project office is not as effective as was assumed during the planning of the consultancy, and that extra support may be required to complete the work on time. Likewise, the consulting firm may realize that some conceptual or institutional flaws will affect the ultimate completion of the TOR. These will need to be carefully documented and discussed in full with the EA, project office, or other representatives of the borrower (and possibly ADB), and measures must be taken to resolve the issues through a change in the scope of work in the contract. The EA or ADB officer may have recognized that there is a difference of opinion with the consulting firm about the scope of work, and this will need to be raised and resolved.

2. Work Plan and Staffing Schedule

268. On a less fundamental level, the consultants may have recognized that changes in the various types of expertise or their levels of input will be needed to complete the assignment

successfully. Gaps in the expertise required might also have been identified such that additional experts may need to be appointed. Again, these will need to be clearly identified; any proposed changes justified; and full consultations or discussions undertaken with all parties, including, as necessary, ADB. The EA or ADB officer may also have developed reservations about the capacity or orientation of one or more of the consultant's personnel, and this issue will need to be resolved.

3. Specific Terms of Reference

269. The inception phase is also the appropriate time to recognize or identify changes needed in specific TOR for specific experts. Once again, it is best to achieve a consensus on these changes among all parties so that they can be expeditiously arranged and appropriately resolved.

4. Access to Professional and Logistic Support

270. Within the first month of implementation, the degree of support that can realistically be provided by the EA and its project office will have become clear. Issues that may arise include

- availability and quality of office space, office equipment, office consumables, secretarial services, and communications facilities;
- availability of competent counterpart staff and translators;
- support by the borrower in obtaining visas and clearing imported equipment;
- availability of transport;
- access to documents and such items as aerial photos or government statistics;
- access by the team and its personnel to particular offices, departments, or key individuals;
- availability of acceptable living accommodation;
- sufficiency of per diems and other out-of-pocket expenditures for international and national consultants; and
- sufficiency of per diems and out-of-pocket expenditures for counterpart staff.

271. While the demands of the consultants should be reasonable, the EA should be able to provide at least what has been promised under the contract. If these items are not forthcoming or are of a quality that affects the efficiency of the implementation of the consultancy, then remedial measures will need to be taken. In some

cases, this could include additional funding to the consulting firm from contingency funds in the contract or from a reallocation of funds between budget lines to procure independently the items, facilities, or services that the borrower was originally meant to provide. In others, this may entail an agreement to provide the required facilities and support by a particular date.

272. In any event, the EA (or ADB if recruitment and supervision are by ADB) needs to understand that certain support items are needed to complete the agreed-upon assignment successfully and on time. On the other hand, consultants and consulting firms need to remember that they are, by definition, working in countries where full access to all the support facilities that they may expect in their home countries may simply not be available.

5. Working Arrangements and Liaison

273. The inception period is the appropriate time to review and, if necessary, improve the working arrangements and relationship between the consultant or consulting team and the EA or its project office. In most instances, the ideal situation is for the consultants and the project office to work closely with each other. This is particularly important when a degree of capacity improvement or on-the-job training is expected. Sometimes, however, a close relationship is not possible or does not evolve. This may be due to the simple fact that, as a result of limited space, the consultant's office is separate from the project office; the staff of the project office and EA are already burdened with many other responsibilities; cultural differences; or a language barrier. Whatever the circumstances, it is important to prevent a situation in which the consultants or consulting team is working without feedback from or interaction with the EA or project office. This is a particular concern during TA grant implementation when the consultant or consulting firm may consider that ADB, rather than the EA, is the client.

274. The need for good liaison and communication must be addressed openly and frankly at the time of the inception review and, if necessary, measures must be taken to improve communications and relationships between the two parties. In some extreme cases, this may mean a change in personnel either on the part of the consultant or on the part of the EA. In most cases, this can be avoided with a constructive approach by all parties.

C. Issuing Contract Variations

275. The formal method of making and documenting a change in the consulting services contract is through a contract variation. Contract variations are used to document agreed-upon changes in the scope of work, personnel inputs, costs, TOR, timing of the submission of reports, or out-of-pocket expenditures. There are few consulting services contracts of any type that do not require a

contract variation at one time or another. Normally, these relate to changes that have a cost implication, but when there is a significant change in the timing of an activity or a particular output, these should also be recorded through a contract variation. Normally, the request for contract variation is prepared by the consultant or consulting firm and submitted to ADB for approval (for ADB-contracted consultancies) or endorsement (for EA-contracted consultancies). If the variation entails an increase in the contract amount, ADB's prior approval is required.

276. Instructions and documents relating to contract variations (including forms to be used and examples) can be found on the ADB website, www.adb.org/Consulting/documents.asp. In the absence of their own documents, borrowers may wish to use ADB formats and templates.

277. One common type of variation involves a change of personnel. Sometimes a change of personnel is unavoidable because of resignation, illness, accident, inadequate performance, or personality conflict. When personnel are to be replaced, certain factors need to be considered:

- Any replacement should be as well qualified or better qualified than the person being replaced.
- Under QCBS, FBS, and LCS, the same remuneration will apply to the replacement as was agreed upon for the person being replaced.
- The consultant should bear all costs arising out of or incidental to the replacement (such as airfares for the substitute expert).

D. Reporting and Monitoring

278. The timing, nature, and number of reports that the consultant or consulting firm should provide are normally contained in the consulting services contract. These may vary considerably, depending on the type of work being undertaken.

279. If the assignment is of a routine nature over a long period (for example, implementation supervision), then monthly, quarterly, and annual progress reports may be required. On the other hand, if the assignment is to prepare a study or to implement a particular task, a more specific type of reporting may be required. This could entail, besides the inception report mentioned above, interim or midterm reports, design reports, reports at the end of each phase of the work, a draft final report, and a final report. These may be provided in a number of media and formats but normally will entail hard and soft copy versions. The production or acceptance of various reports is often used as a milestone for payment under lump-sum contacts and ADB-funded time-based TA contracts.

280. Specific individuals should be appointed within the project office, EA, or ADB to review the reports as they are produced, to provide feedback, and to monitor the implementation progress of the consultancy. Shortcomings in the quality of the work produced or deviations from the implementation schedule should be brought to the immediate attention of the team leader, the head of the EA's project office, and the ADB officer concerned so that they can be addressed at the earliest opportunity.

E. Billing and Payment

281. Two billing and payment procedures can be followed for borrower-contracted consultancies:

- a direct payment procedure by ADB, or
- initial payment by the EA and subsequent reimbursement by ADB.

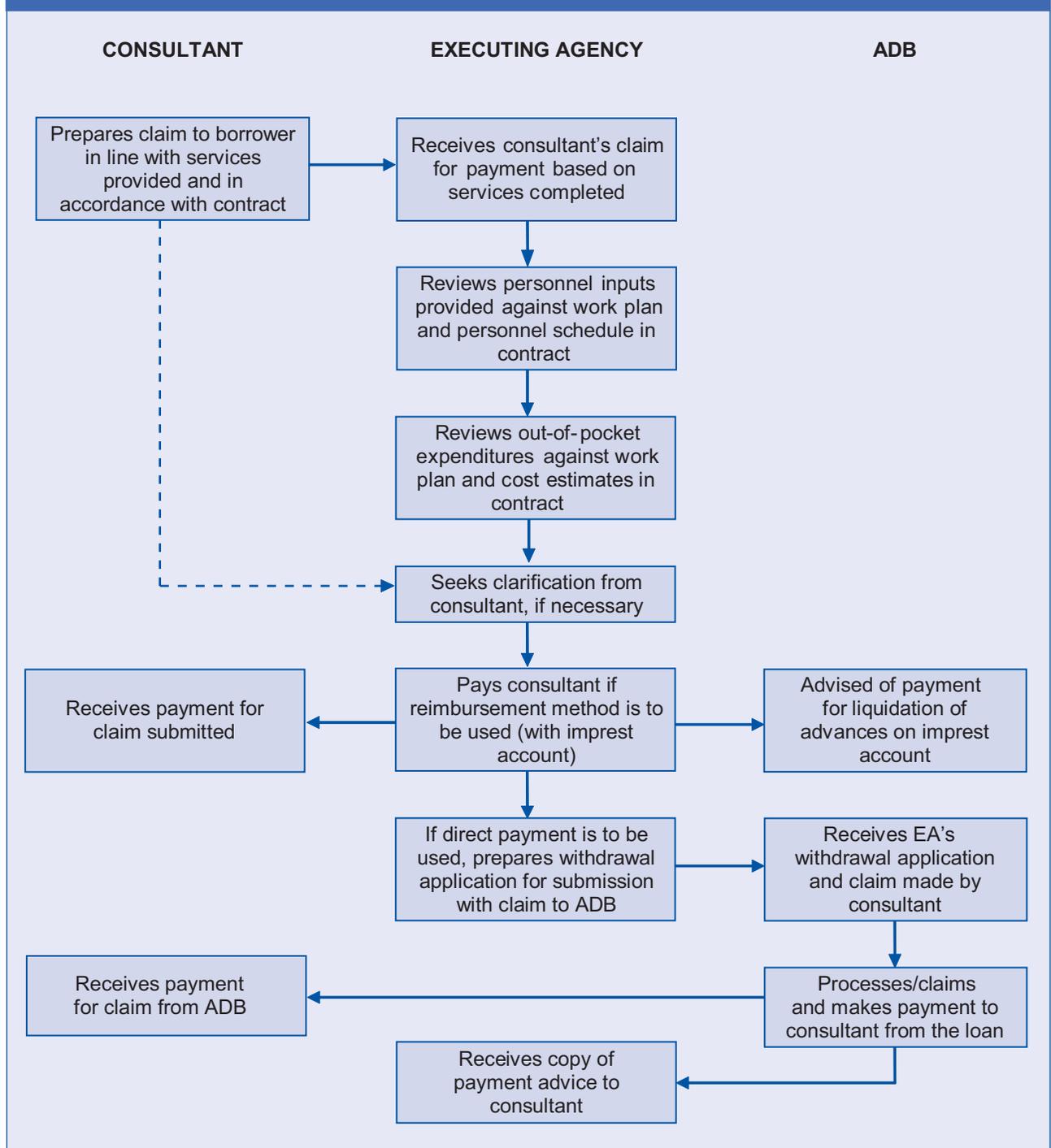
The steps involved in both procedures are shown diagrammatically in Figure 7.

282. In direct payment by ADB, the consultant bills the EA, which then reviews the claim and verifies that personnel inputs and out-of-pocket expenditures are in line with the contract, the work plan, and the associated cost estimates. (Clarification of certain items may be required, but further processing of undisputed claims should proceed while any disputed items are being clarified.) A withdrawal application is then prepared and submitted to ADB. Based on the withdrawal application, ADB makes a direct payment to the consultant. This payment will not include the reimbursement of taxes and duties, which will need to be reimbursed separately by the EA if this is the method agreed upon at contract negotiations.

283. Payment by the EA and subsequent reimbursement follow a similar pattern, except that the EA directly pays the consultant, and a withdrawal application is subsequently sent to ADB. The EA is subsequently reimbursed, generally through a topping up of its imprest account. Both procedures have their advantages and disadvantages. In direct payment by ADB, the EA does not need to worry whether funds will be available or not, and the consultant or consulting firm can be confident that at least the base cost of the consulting fees, exclusive of taxes and duties, will be paid promptly. On the other hand, this may result in a degree of complacency with regard to the ultimate reimbursement of taxes and duties to the consultant if this is an issue.

284. For ADB-contracted consultancies (normally for TA grants and staff consultancies), payment is made to the consultant or consulting firm based on a schedule agreed on at contract negotiations, often based on certain milestones or outputs. The consultant or consulting firm submits an invoice to the user department detailing

Figure 7: Steps in Processing a Consultant's Claim for Payment



the expenditures for personnel and out-of-pocket items. The user department then reviews the documentation and forwards it to the Controller's Department for further review and ultimate payment. In normal practice, if any item needs further scrutiny before the Controller's Department can approve payment, payment of undisputed items will be made. But payment of any disputed items will be withheld until the circumstances are clarified.

285. Advance payments by EAs to loan-financed consultants may be agreed upon during contract negotiations. The terms and conditions of such payments in foreign currency and local currency are set out in the special conditions section of the contract wherein the amount of advance payment is specified, as are the timing of the payment and the amount of advance payment security to be provided by the consulting firm. The advance payment is set off by the EA in equal installments against monthly billing statements until it has been fully set off. The advance payment security is then released.

286. Advance payments are not normally made to TA-financed consulting firms. However, firms are provided mobilization fees (as agreed upon during contract negotiations). For individual TA-financed consultants and staff consultants, COSO and the project division may approve advances against their reimbursable expenses when justified, although not for remuneration or expenses that are paid by lump sum. Detailed procedures for doing this are spelled out in PAI 2.04 Part A. During the assignment, one or more additional advances may be approved on request, up to an aggregate limit of 75% of the expenses. Once an advance has been provided, requests for any additional advance are not considered until the consultant liquidates the previous advance.

F. Disputes and Conflicts

287. Disputes between the consultant or consulting firm and the client may arise for a number of reasons. They may be the result of delays prompted by weaknesses on the part of the consultant or the EA; by a lack of funds; by delays in getting key approvals, data, or information; by political considerations; or by causes beyond anyone's control such as natural disasters. They may be the result of deviations from the TOR or work plan by the consultant or unjustified requests for deviations by the EA or project office. Commitments entered into by the borrower, its EA, or the project office may not be fulfilled, or not in the way that the consultants consider in conformity with their needs. Indiscretions may take place, and cultural sensitivities may be offended. All these instances are serious and unfortunate in themselves, but the most serious and unfortunate aspect is that they hold up the implementation of the consultancy and usually, by implication, the design, approval, or implementation of a multimillion dollar development investment.

288. All reasonable efforts should be made to avoid disputes in the first place; both parties should attempt to deal with problems as they arise on a mutually constructive basis. (This may include the repatriation of consultant staff if necessary or a change in the personnel of the borrower.) If this is not possible, Section 8 of the standard contract sets clear procedures for dealing with disputes. This entails

- provision of a notification of dispute by one party to the other, and
- provision for a mutual resolution at two higher levels of authority within the firm and the EA or borrower's representative.

Finally, if the dispute cannot be amicably settled between the consultant and the EA, then provision is made for arbitration under the Rules of Arbitration of the International Chamber of Commerce. The results of this arbitration are binding.

G. Terminating Services Prior to End of Contract

289. At times, a decision is taken to terminate a contract prior to its conclusion and the completion of the consulting services assignment. This may be for various reasons, some (for example, political disturbances or natural disasters) of which are beyond the control of the consultant, the borrower, or ADB, and others because of the failings of one party or the other. In some cases, termination is the optimal choice; in others, it is detrimental to the overall intent of the consultancy, which is generally to support the design or implementation of an investment project. This implies a missed opportunity and a waste of the funds already expended on the consultancy. For these reasons, termination should be avoided if possible, even if this means a considerable restaffing of the consulting team.

290. Termination may be initiated by any party. For a loan-funded consultancy, a decision taken by the EA to terminate a contract must be sent to ADB for approval, while for a TA-funded consultancy, the decision of an ADB user department to terminate a contract must be approved by COSO and the Office of the General Counsel. In the former case, the decision is conveyed to the consultant or consulting firm by the EA, and in the latter case by COSO.

291. Termination must be undertaken within the terms of the contract document. For EA-contracted consulting services, these are spelled out in Section 2.9 of both the standard lump-sum contract document and the standard time-based contract document. These provide for a notice period of 30 days, the payment by the EA of any legitimate outstanding fees and costs to the consultant or consulting firm, and the payment of legitimate costs to return the team to their home countries.

292. In case of dispute over what is or is not a legitimate expense, eligible for payment, the dispute mechanism described above is invoked and, if it is not possible to resolve the matter amicably, the issue is submitted for arbitration under the Rules of Arbitration of the International Chamber of Commerce. The contract will remain valid until the arbitration decision is made.

293. Termination of ADB-contracted consulting services is covered in PAI 5.11 Section I and under Article XV of the standard contract for ADB-recruited consulting services. This allows for a phased process of consultation aimed at achieving an amicable resolution of disputes, followed by a review with the borrower agency and within ADB. If no resolution is possible, the contract is terminated. Full reimbursement is made of all eligible costs up to the date of termination (unless the termination was occasioned by the default of the consultant) and for costs incident to the orderly liquidation of the consulting services such as the return travel of the consulting firm's personnel. The user division normally indicates which of the final billings by the firm are eligible for payment and which are not. Disputes that cannot be settled amicably are settled under the Rules of Arbitration of the International Chamber of Commerce.

H. Concluding the Assignment

294. The contract is normally considered closed on the day after the completion date listed in the contract. Any expenditures incurred after the completion date are unlikely to be funded. It is therefore important, under all types of consultancies, to request an extension of the completion date if it appears that additional items will need to be billed after the completion date.

295. Often an assignment ends with the finalization and submission of a report or design documents that may or may not require clearance before all the costs are paid by the EA or ADB. This is the case, particularly, for lump-sum contracts. All accounts must also be cleared and liquidated before they can be properly closed.

296. From a logistical point of view, consultants and consulting firms working under an EA-contracted assignment may need special clearances to remove and repatriate equipment or vehicles brought in for the assignment or for personal use. Similarly, exit permits or tax clearances may also be needed for the smooth exit of personnel and their families from the country. The EA's representative should provide the assistance necessary to ensure that this process proceeds efficiently and without undue delay.

297. Equipment and vehicles purchased under TA grant funding normally become the property of the recipient EA after the TA is completed and should be fully accounted for and turned over by the departing individual consultant or firm to the borrower's EA at the end of the assignment. The consultant or firm must then submit

a certificate of turnover or disposal to the ADB user division. (See PAI 2.04, Appendix 2 or PAI 5.11, Appendix 2 for examples.) The consultant or consulting firm should normally submit the certificate within a week or two of completing the assignment, but at the latest together with the final claim.

298. For ADB-contracted consultancies, the consultant should submit the final claim promptly after completing the assignment. The standard consultant contract states that the claim must be submitted within 60 days of completion. ADB does not normally accept claims submitted after this deadline.

I. Evaluation

299. ADB evaluates all consultants and consulting firms that it contracts. A full description of the evaluation process is provided in PAI 2.05. The process followed for both firms and individuals is similar. For a firm, the performance of the firm itself is assessed based on technical, economic and financial, project-specific, and project management factors. These are rated on a four-grade scale of “excellent,” “satisfactory,” “marginal,” and “unsatisfactory.” Room is provided on the rating form for comments to support the rating. Each expert on the team is also rated on the same scale, and justification is provided as necessary. The firm is then given an overall rating on the same scale.

300. Individual consultants are evaluated on such items as practical knowledge and experience, adaptability, productivity, and ability to work with others. These are also rated on the same four-grade scale, and supporting comments are provided along with an overall rating.

301. For ADB-contracted assignments, the evaluations are done by the project officer and other ADB staff who have had contact with the consultants and are familiar with their work. These are then submitted to COSO. If deemed necessary, COSO will hold a special CSC meeting to discuss the ratings. This most often occurs if a firm or individual is rated as unsatisfactory.

302. If this is the case and the firm’s or individual’s rating is upheld by the special CSC, the firm or individual is advised of the rating and provided 21 days to reply and appeal the rating. A further special CSC is held to discuss the response. If the evaluation is upheld, then a decision is taken as to whether the firm or individual should be excluded from future short listings or recruitment by ADB. Such exclusion may be for a finite period or it may be permanent. In the case when a first-ranked firm has proposed an expert who has been rated “unsatisfactory,” it is normally asked to replace the expert prior to or during contract negotiations.

303. Some borrowers also rate consultants who have worked with them and maintain records of consultants’ performance. This is one

reason that short lists for grant TAs should be sent to the borrower for clearance prior to issuance of an RFP. The evaluation of consultants (both individuals and those from firms) by the borrower should be encouraged, and assistance and advice provided by ADB when possible. One of the problems facing governments in doing this is the diverse number and types of consultants working for a diverse number and range of agencies within the country. This situation could be resolved by providing assistance to set up a centralized evaluation service in one of the major ministries.

Self-Study Questionnaire – Chapter X

1. **Q.** What document is required to initiate all types of consulting services?
A. A notice to proceed.
2. **Q.** When is a notice to proceed normally issued?
A. As soon as possible after negotiations have been successfully concluded and the contract has been signed.
3. **Q.** What are some typical conditions of effectiveness contained in a notice to proceed?
A. approval of the loan by ADB,
 appointment of a particular team member, and
 clarification of contractual agreements between or among firms in an association or joint venture.
4. **Q.** Why is the inception phase so important?
A. It is the first time that the consulting firm encounters the realities on the ground and is the initial period of contact and cooperation between the EA or project office and the consultants.
5. **Q.** What issues might be brought out in a review of the inception phase?
A. the overall scope of work and its relationship to the TOR,
 adjustments required in the work plan and staffing schedule,
 adjustments required in the TOR of specific experts,
 the degree of access to professional and logistic support, and
 the adequacy of working arrangements and liaison between the consulting team and the EA.
6. **Q.** What are some common problems with regard to professional and logistic support?
A. availability and quality of office space, office equipment, office consumables, secretarial services, and communications facilities;
 availability of competent counterpart staff and translators;
 support by the borrower in obtaining visas and clearing imported equipment;
 availability of transport;
 access to documents and such items as aerial photos or government statistics;

- access by the team and its personnel to particular offices, departments, or key individuals;
 - availability of acceptable living accommodation;
 - sufficiency of per diems and other out-of-pocket expenditures for international and national consultants; and
 - sufficiency of per diems and out-of-pocket expenditures for counterpart staff.
7. **Q.** [How are these issues best resolved?](#)
- A. While the demands of the consultants should be reasonable, the EA should be able to provide at least what has been promised within the contract. If these items are not forthcoming or of a quality that affects the efficiency of the implementation of the consultancy, then remedial measures must be taken. In some cases, this could include additional funding to the consulting firm to procure independently the items, facilities, or services that the borrower was originally meant to provide. In others, this may entail an agreement to provide the required facilities and support by a particular date.
8. **Q.** [What are some factors that impede a close working relationship between the consulting firm and the client?](#)
- A. The consultant's office may be separate from the project office; project office and EA staff may be already burdened with many other responsibilities; there may be cultural differences between the consultants and the EA staff; or there may be a language barrier between consultants and EA staff.
9. **Q.** [When are contract variations used?](#)
- A. To document agreed-upon changes in the scope of work, personnel inputs, costs, TOR, timing of the submission of reports, or out-of-pocket expenditures.
10. **Q.** [What are the main factors to be considered when replacing personnel on the consulting team?](#)
- A. Any replacement should be as well qualified or better qualified than the person being replaced.
- Under QCBS, FBS, and LCS, the same rate of remuneration will apply to the replacement as was agreed upon for the person being replaced.
- All costs arising out of or incidental to the replacement (such as airfares for the substitute expert) should be borne by the consultant.
11. **Q.** [What are the two possible payment methods for loan-funded consultancies?](#)
- A. direct payment by ADB, and
- initial payment by the borrower and subsequent reimbursement by ADB.

12. **Q.** What is an important characteristic of the direct payment procedure that both the consulting firm and the borrower should note?
- A.** Payment by ADB will not include reimbursement of taxes and duties. If the contract calls for this procedure in dealing with the tax issue, then payment will need to be made separately by the EA.
13. **Q.** What is the most serious consequence of disputes between the consultant and the client (either ADB or the EA)?
- A.** They hold up the implementation of the consultancy and usually, by implication, the design, approval, or implementation of a multimillion dollar development investment.
14. **Q.** Which part of the standard contract sets out procedures for dealing with disputes?
- A.** Section 8.
15. **Q.** If disputes cannot be settled amicably between the consultant and the borrower or ADB, what are the final steps taken for dispute resolution?
- A.** Arbitration under the Rules of Arbitration of the International Chamber of Commerce. The results of this arbitration are binding.
16. **Q.** Why should early termination of a consulting contract be avoided if possible?
- A.** It implies a missed opportunity and a waste of funds already expended. This will be detrimental to the overall intent of the consultancy, which is generally to support the design or implementation of an investment project.
17. **Q.** Is ADB approval required if an EA decides to terminate a consultancy contract?
- A.** Yes.
18. **Q.** Must termination be in accordance with the provisions of the consulting contract?
- A.** Yes.
19. **Q.** What are some of the standard provisions?
- A.** a notice period of 30 days,
 payment by the borrower of any legitimate outstanding fees and costs to the consultant or consulting firm, and
 payment of legitimate costs to return the team to their home countries.
20. **Q.** For ADB-recruited consulting services, which department determines the eligibility of final billings?
- A.** The user department.

21. **Q.** Why is it important to request an extension of the completion date if it appears that additional items will need to be billed after the completion date?
- A.** Any expenditures incurred after that time are unlikely to be funded.
22. **Q.** What happens to equipment and vehicles left over from a grant-funded TA at the end of the contract period?
- A.** Equipment and vehicles purchased under TA grant funding become the property of the recipient EA and should be fully accounted for and turned over to it by the departing individual consultant or firm at the end of the assignment.

Appendix 1

Documents on Consulting Services

Document	URL
1. Harmonized Request for Proposal (RFP) for Recruiting Consulting Firms for Technical Assistance Projects for All Selection Methods (Updated: 20 August 2007)	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/all-methods-ta.asp
2. Recruitment of Individual TA or Staff Consultant	
<ul style="list-style-type: none"> ▪ CV format for individual consultants 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/CV-format-individual-28 Aug07.doc
<ul style="list-style-type: none"> ▪ Noncommittal inquiry 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/ICS-noncommittal-inquiry-21June07.pdf
<ul style="list-style-type: none"> ▪ Sample individual consultant's contract 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/ICS-Contract.pdf
<ul style="list-style-type: none"> ▪ Computer requirements of consultants assigned at ADB HQ 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/Computer-Requirements.pdf
<ul style="list-style-type: none"> ▪ Global group insurance policy for consultants 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/GGIPC-1January2006.pdf
<ul style="list-style-type: none"> ▪ Request for payment to individual consultant/non-ADB staff 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/Claim-Form.xls
<ul style="list-style-type: none"> ▪ Performance evaluation report form 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/PER-IC.pdf
3. Harmonized Request for Proposal (RFP) for Recruiting Consulting Firms for Loan Projects for All Selection Methods (Updated: 20 August 2007)	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/all-methods-loan.asp
<ul style="list-style-type: none"> ▪ Summary of major changes from previous RFP version 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/changes-prevrfpvsasm.pdf
4. Submission Formats for Executing Agencies	
<ul style="list-style-type: none"> ▪ Submission forms 	
<ul style="list-style-type: none"> ▪ QBS submission 1 – report on short-listing of consulting firms 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/QBS-SUBMISSION-1.doc
<ul style="list-style-type: none"> ▪ QBS submission 2 – report on evaluation and ranking of proposals 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/QBS-SUBMISSION-2.doc
<ul style="list-style-type: none"> ▪ QBS submission 3 – draft negotiated contract 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/QBS-SUBMISSION-3.doc
<ul style="list-style-type: none"> ▪ QBS submission 4 – signed contract 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/QBS-SUBMISSION-4.doc
<ul style="list-style-type: none"> ▪ QCBS submission 1 – report on short-listing of consulting firms 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/QCBS-SUBMISSION-1.doc
<ul style="list-style-type: none"> ▪ QCBS submission 2 – report on evaluation of technical proposals 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/QCBS-SUBMISSION-2.doc
<ul style="list-style-type: none"> ▪ QCBS submission 3 – report on financial evaluation and ranking of technical proposals 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/QCBS-SUBMISSION-3.doc
<ul style="list-style-type: none"> ▪ QCBS submission 4 – draft negotiated contract 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/QCBS-SUBMISSION-4.doc
<ul style="list-style-type: none"> ▪ QCBS submission 5 – signed contract 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/QCBS-SUBMISSION-5.doc
<ul style="list-style-type: none"> ▪ Direct selection submission 1 – report on consulting assignment 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/DS-SUBMISSION-1.doc
<ul style="list-style-type: none"> ▪ Direct selection submission 2 – draft negotiated contract 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/DS-SUBMISSION-2.doc
<ul style="list-style-type: none"> ▪ Direct selection submission 3 – signed contract 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/DS-SUBMISSION-3.doc
<ul style="list-style-type: none"> ▪ Individual consultant submission 1 – proposal for engagement of consultant 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/IC-SUBMISSION-1.doc
<ul style="list-style-type: none"> ▪ Individual consultant submission 2 – signed contract 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/IC-SUBMISSION-2.doc

Document	URL
<ul style="list-style-type: none"> ▪ Templates 	
<ul style="list-style-type: none"> ▪ Form EV 4.1 – record of attendance at the opening of the financial proposals 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/Form-EV-4-1.doc
<ul style="list-style-type: none"> ▪ Form EV 4.2 – record of technical score and proposal prices at opening of financial proposals 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/Form-EV-4-2.doc
<ul style="list-style-type: none"> ▪ Form EV 5 – summary evaluation sheet of individual firm's financial proposal 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/Form-EV-5.doc
<ul style="list-style-type: none"> ▪ Form EV 6 – summary evaluation sheet of financial proposals 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/Form-EV-6.doc
<ul style="list-style-type: none"> ▪ Form EV 6.1 – financial proposal price adjustments 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/Form-EV-6-1.doc
<ul style="list-style-type: none"> ▪ Form EV 7 – summary proposal ranking sheet 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/Form-EV-7.doc
<ul style="list-style-type: none"> ▪ Form CN minutes (QBS) 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/QBS-Loan-CN-Minutes.doc
<ul style="list-style-type: none"> ▪ Form CN minutes 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/QCBS-Loan-CN-Minutes.doc
5. Summary of methods for selection of consulting firms/ organizations	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/qcbs.asp
6. Standard forms for contract administration (revised Jan 2008)	
<ul style="list-style-type: none"> ▪ Contract variation 	
<ul style="list-style-type: none"> ▪ Instructions to consultant to request a contract variation 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/Instruct2Consultants-Nov07.pdf
<ul style="list-style-type: none"> ▪ Breakdown of billing rates form 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/Breakdown.xls
<ul style="list-style-type: none"> ▪ CV format for replacement experts 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/CV-format-replacement-28Aug07.doc
<ul style="list-style-type: none"> ▪ Example of contract variation 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/vo-sample-12Sep07.pdf
<ul style="list-style-type: none"> ▪ Contract variation form 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/convar_form.xls
<ul style="list-style-type: none"> ▪ Illustrated example of contract cost estimates 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/voform-sam.pdf
<ul style="list-style-type: none"> ▪ VO Request Form for User Division 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/VO-Reqform-14Jan08.xls
<ul style="list-style-type: none"> ▪ Preparation and submission of TA monthly reports and claims for payment 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/instructions.asp
<ul style="list-style-type: none"> ▪ Instructions on preparing the monthly statement of consultant inputs and claims 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/prepare-mo-statement.pdf
<ul style="list-style-type: none"> ▪ Monthly statement of consultant inputs 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/firmmsci.xls
<ul style="list-style-type: none"> ▪ Final statement of eligible costs 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/finalstm.xls
<ul style="list-style-type: none"> ▪ Request for payment to individual consultant/non-ADB staff 	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/req_payment_form.pdf
7. Glossary of ADB consulting terms (Sept. 2001)	<ul style="list-style-type: none"> ▪ www.adb.org/Consulting/glossary.pdf

Appendix 2

Data Sheet

DATA SHEET		
TA No. 7901 - DMC Institutional Strengthening of the Urban Development Authority		
Ref. No.: LOI/TA7901-DMC		
Reference Clauses in Section 2		
1.1	Method of Selection	QCBS
1.3	Representative/Contact Person and Address of the Executing Agency Mr. John Doe Director General Urban Development Authority 13-14 National Blvd., Capital City, DMC Tel. No.: 899 23 890 330 Fax No.: 899 23 212 278 E-mail Address: uda@dmcnet.com	
1.4	The executing agency will provide the following counterpart facilities: (a) office accommodation and transport; (b) remuneration and per diem of counterpart staff	
1.12	Validity of proposal	03 August 2007 – 1600 hours
2.1	Clarifications may be requested not later than 10 days before the submission date	23 April 2007
4.1	Type of technical proposal required	Simplified
4.1(v)	Minimum number of person-months that must be shown on the personnel schedule are:	
	International experts	22
	National experts	8
5.1(v)(f)	Provisional sums (\$ amount) Equipment Training, seminars, and conferences	20,000 (fixed amount) 30,000 (fixed amount)
5.1(v)(f)	Contingency (\$ amount)	65,000 (fixed amount)
5.1(v)(f)	Maximum budget for consulting services assignment (including the provisional sums and contingency shown above in \$) ¹	700,000
5.1(v)(g)	Examples of essential items of expenditure to be included on the financial proposal (other than provisional sums and contingency) ²	(Remuneration, out-of-pocket expenses [e.g., per diem, international/national air travel, miscellaneous travel expenses, communication, report preparation, production and transmission, land transportation, vehicle rental, etc.]
6.3	Consultants must submit an original and 2 copies of the technical proposal and an original financial proposal with CD to ADB at the following address: ³	

¹ The amount of provisional sums is included within the budgeted ceiling in the data sheet (clauses 7.6 [QCBS], 7.7 [FBS], and 7.8 [LCS]).

² The consultant must assess the relevant expenditure, other than the provisional sums and contingency, to be included in its financial proposal. The relevant items of expenditure must be shown and found in the financial proposal. If any item is not shown, the cost of such items will be treated as being included elsewhere in the financial proposal and cannot be introduced during contract negotiations.

³ If QBS, only a technical proposal should be submitted.

Reference Clauses in Section 2		
	The Principal Director, Central Operations Services Office Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550 Metro Manila, Philippines	
6.4	Financial proposal to be submitted at the same time as the technical proposal	Yes
6.5	Submission time and date of proposal	03 May 2007 – 1600 hours
6.5	Name and address of ADB where correspondence concerning this request for proposal is to be sent: Julia Kwan, Procurement Specialist Central Operations Services Division 2 6 ADB Avenue, Mandaluyong City 1550 Metro Manila, Philippines Fax: 63 2 636 2471 E-mail: jkwan@adb.org	
6.5	One copy of the technical proposal for ADB resident mission with the following address: Name of Incumbent Country Director DMC Resident Mission Street Address, Capital City, DMC, P.O. Box 2436 Tel: 5509 (899 23) 215 805 / 215 806 / 216 417 Fax: 899 23 215 807 E-mail: adb@bigpond.com.DMC	
6.5	One copy of the technical proposal for the executing agency with the following address: Mr. John Doe Director General Urban Development Authority 13-14 National Blvd., Capital City, DMC Tel. No.: 899 23 890 330 Fax No.: 899 23 212 278	
7.1	Minimum score required for technical proposal	750 points
7.1	Summary evaluation criteria	Please refer to data sheet, Appendix 1
7.4	Expected date of public opening of financial proposals	21 May 2007
7.4	Reference exchange rate	ADB currency book rate on proposal submission date
8.1	Expected date to start contract negotiations	13 June 2007
9.2	Expected date to commence consulting services	02 July 2007
Verified by:		
Julia Kwan Procurement Specialist Central Operations Services Division 2		

Appendix 3

Curriculum Vitae (CV) for Proposed International or National Experts

1. **Proposed Position** *[only one candidate shall be nominated for each position]:* _____

2. **Name of Firm** *[Insert name of firm proposing the expert]:* _____

3. **Name of Expert** *[Insert full name]:* _____

4. **Date of Birth:** _____ **Citizenship:** _____

5. **Education** *[Indicate college/university and other specialized education of expert, giving names of institutions, degrees obtained, and dates of obtainment]:* _____

6. **Membership in Professional Associations:** _____

7. **Other Trainings** *[Indicate significant training since degrees under 5 – Education were obtained]:*

8. **Countries of Work Experience:** *[List countries where expert has worked in the last 10 years]:*

9. **Languages** *[For each language, indicate proficiency: good, fair, or poor in speaking, reading, and writing]:* _____

10. **Employment Record** *[Starting with present position, list in reverse order every employment held by expert since graduation, giving for each employment (format here below): dates of employment, name of employer organization, positions held.]:*

From [Year]: _____ To [Year]: _____

Employer: _____

Positions held: _____

NOTE: Maximum of 5 pages.

<p>11. Detailed Tasks Assigned <i>[List all tasks to be performed under this assignment.]</i></p>	<p>12. Work undertaken that best illustrates capability to handle the tasks assigned <i>[Among the assignments in which the expert has been involved, indicate the following information for those assignments that best illustrate the expert's capability to handle the tasks listed in line 11.]</i></p> <p>Name of assignment or project: _____</p> <p>Year: _____</p> <p>Location: _____</p> <p>Client: _____</p> <p>Main project features: _____</p> <p>Positions held: _____</p> <p>Activities performed: _____</p>
--	---

13. Certification:

- | | | |
|--|--------------------------|--------------------------|
| I, the undersigned, certify to the best of my knowledge and belief that | Yes | No |
| (i) this CV correctly describes my qualifications and my experience; | <input type="checkbox"/> | <input type="checkbox"/> |
| (ii) I am employed by the Executing or the Implementing Agency; | <input type="checkbox"/> | <input type="checkbox"/> |
| (iii) I am a close relative of a current ADB staff member; | <input type="checkbox"/> | <input type="checkbox"/> |
| (iv) I am the spouse of a current ADB staff member; | <input type="checkbox"/> | <input type="checkbox"/> |
| (v) I am a former ADB staff member; | <input type="checkbox"/> | <input type="checkbox"/> |
| • If yes, I retired from ADB over 12 months ago; | <input type="checkbox"/> | <input type="checkbox"/> |
| (vi) I am part of the team who wrote the terms of reference for this consulting services assignment; | <input type="checkbox"/> | <input type="checkbox"/> |
| (vii) I am sanctioned (ineligible for engagement) by ADB. | <input type="checkbox"/> | <input type="checkbox"/> |

I understand that any willful misstatement described herein may lead to my disqualification or dismissal, if engaged.

Date: _____

[Signature of expert or authorized representative of the firm] *[Day/Month/Year]*

Consulting Services Operations Manual

In April 2006, the Asian Development Bank (ADB) issued a revised edition of its *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers*, (the *Guidelines*), incorporating significant changes resulting from the harmonization of policies and procedures with those of the World Bank.

While the *Guidelines* set basic policies and procedures, further guidance on using consultants is provided to ADB staff through the project administration instructions (which are updated periodically). A third reference, which provides information on practices and procedures in even greater detail and to a wider audience, has been the *Handbook for Users of Consulting Services* (the *Handbook*). The last edition of the *Handbook* was produced in 2002. Thus, when the new *Guidelines* were issued, a substantial amount of updating was needed, both because of the changes to the *Guidelines* themselves and because of incremental changes in policies, practices, and procedures over the years.

In considering the type of document needed to replace the *Handbook*, it was decided to aim at a broader utilization and a wider audience than the *Handbook* had served, and to produce a publication that could be used for training purposes as well as a reference. It was thus decided to produce a somewhat different document with a more practical and pragmatic focus that would be aimed at all users and providers of consulting services for ADB. This current *Consulting Services Operation Manual* (the *Manual*) is the product of that decision.

This *Manual* sets out the policies, practices, and procedures for recruiting and using consultants by ADB and its borrowers, covering the range of activities for which consultants are recruited, the different types of consultants and when their services are used, the range of differing consultant selection methods, and the procedures for the administration of consulting services by both ADB and its client borrowers.

About the Asian Development Bank

ADB aims to improve the welfare of the people in the Asia and Pacific region, particularly the nearly 1.9 billion who live on less than \$2 a day. Despite many success stories, the region remains home to two thirds of the world's poor. ADB is a multilateral development finance institution owned by 67 members, 48 from the region and 19 from other parts of the globe. ADB's vision is a region free of poverty. Its mission is to help its developing member countries reduce poverty and improve their quality of life.

ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

ADB's headquarters is in Manila. It has 26 offices around the world and more than 2,000 employees from over 50 countries.

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