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.

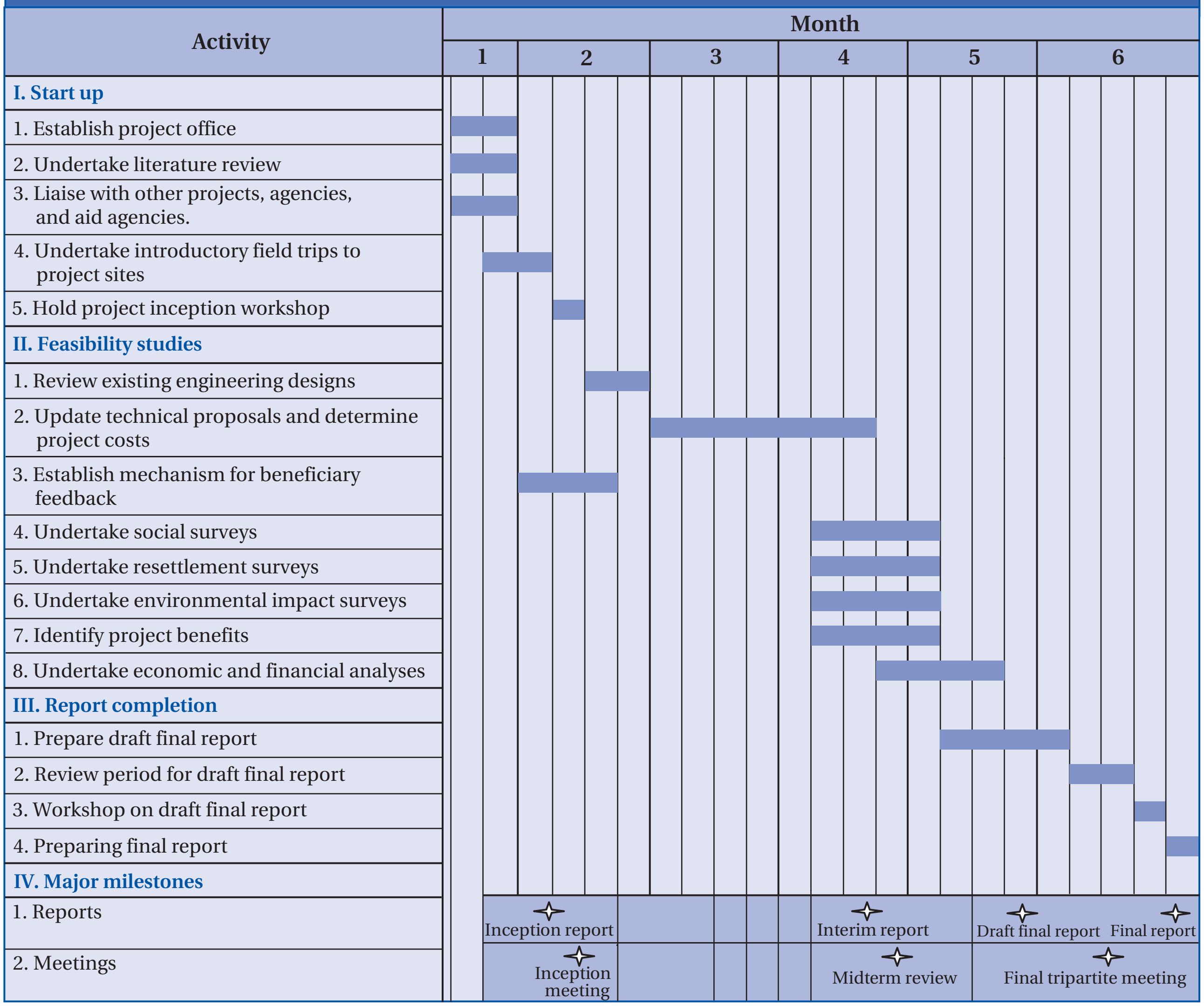
56. After the tasks are identified and a time frame for each task is assigned, a logical sequencing of the tasks must be determined. Several tools such as flow charts and logical frameworks as well as a number of computer programs can be used for this purpose, depending on the complexity involved. Usually, 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.

Figure 2: Typical Implementation Schedule for a PPTA



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

be done through an iterative process with the EA. For each task listed in the implementation schedule, the question “Who will do this?” needs to be asked and a specific, individual type of expertise needs to be allocated to each task. The need for team leadership activities to be specifically spelled out during this process should not be overlooked.

E. Preparing a Preliminary Staffing Schedule

59. Expertise requirements, once determined, should be listed in a preliminary staffing schedule. An example is shown in Figure 3.

60. This is generally done through a two-stage process, since it is often possible to combine types of expertise into one staffing position. For example, if both financial and economic analyses

Figure 3: Preliminary Staffing Schedule

Position	Expert Inputs in Months						
	1	2	3	4	5	6	Total Person Months
I. International							
Water resources planner							5.50
Irrigation engineer							3.00
National water supply engineer							3.00
Agronomist							1.50
Rural sociologist							2.25
Resettlement specialist							1.25
Environmental specialist							1.00
Economist/ financial analyst							2.50
						Total International	**20.00**
II. National							
Irrigation engineer							5.25
National water supply engineer							4.50
Operation and maintenance engineer							1.25
Agronomist							2.75
Sociologist							4.50
Environmental specialist							2.25
Financial specialist							2.25
Economist							2.25
						Total National	**25.00**
						Total Overall	**45.00**

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 Reference[13]

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.