



**OPERATIONS MANUAL  
BANK POLICIES (BP)**

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*These policies were prepared for use by ADB staff and are not necessarily a complete treatment of the subject.*

**TECHNICAL ASSISTANCE**

**A. Introduction**

1. ADB's technical assistance (TA) operations are guided by the provisions of the Agreement Establishing the Asian Development Bank (the Charter), particularly Articles 2(iii), 2(iv), 14(iii), and 21(vi).

**B. Definitions**

2. "Sovereign TA" means TA provided by ADB in response to a request(s) by the developing member country (DMC) government(s) and approved by ADB.

3. "Nonsovereign TA" means any TA other than sovereign TA.

4. "Recipient" means a member country, a DMC or a business entity within a DMC to which TA financing is provided.

5. Project preparatory technical assistance (PPTA) means TA to prepare projects for financing by ADB and/or other external sources.

6. Policy and advisory technical assistance (PATA) means TA to finance sector-, policy-, and issues-oriented studies.

7. Capacity development technical assistance (CDTA) means TA to undertake institutional and organizational capacity development and to support the implementation, operation and management of ADB-financed projects.

8. Research and development technical assistance (RDTA) means TA to strengthen ADB's role as knowledge platform to address development issues of a global or Asia and Pacific-wide nature.

9. Regional technical assistance means TA for more than one DMC for the purpose of project preparation, policy advice, or capacity development. Research and development is by definition considered a regional activity. Regional TA is identified by the prefix "R".

10. Cluster technical assistance means PATA, CDTA, or RDTA designed and processed as a set of related subprojects within a medium- to long-term planning framework. Cluster TA is identified by the prefix "C".



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11. Small-scale technical assistance means PPTA, PATA, CDTA, or RDTA for amounts up to \$225,000 with streamlined processing. Small-scale TA is identified by the prefix "S".
12. TA loans are provided to finance detailed engineering for a project.

### **C. The Policy**

13. ADB's TA operations are anchored in the strategic directions set out in (i) a country partnership strategy (CPS),<sup>1</sup> (ii) a regional cooperation strategy (RCS), or (iii) research priorities of ADB outlined in the work program and budget framework (WPBF) following deliberations of a strategic forum convened by management.<sup>2</sup> TA operations contribute to the achievement of country and regional development objectives. They facilitate the flow and efficient utilization of development finance to DMCs and recipients within DMCs to enhance their development capacity. Through its TA operations, ADB assists in (i) identifying, formulating, implementing, and operating development projects; (ii) formulating and coordinating development strategies, plans, and programs; (iii) improving recipients' institutional capabilities; (iv) undertaking sector-, policy-, and issues-oriented studies; and (v) improving the knowledge about development issues in the Asia and Pacific region. ADB uses its TA to foster regional cooperation and integration among DMCs by (i) promoting regional policy dialogue and providing policy advice; (ii) supporting capacity building and institutional strengthening to help the integration of DMCs within the region and with the rest of the world and to respond to cross-border issues; (iii) generating and disseminating knowledge on regional cooperation and integration; and (iv) developing partnerships with other stakeholders, including international institutions, policy makers, think tanks, academic institutions, and nongovernment organizations. A design and monitoring framework is prepared and used as a management tool to design, implement, monitor and evaluate each TA operation.

### **D. Scope of the Policy**

#### **1. Operations**

##### **a. Types of Technical Assistance<sup>3</sup>**

##### **i. Project Preparatory Technical Assistance**

14. PPTA may be for a single project, a series of subprojects, a program or sector loan, or a grant. This type of TA may be used to develop a pipeline of projects suitable for financing by ADB or other external sources, or both. In some cases, the preparation of a preliminary sectoral

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<sup>1</sup> See OM Section A2 (Country Partnership Strategy [CPS]).

<sup>2</sup> In exceptional cases when a CPS does not exist or the country is subject to considerable uncertainty, an interim CPS might serve as a basis for ADB operations planning. See OM section A2/BP.

<sup>3</sup> See Appendix for technical assistance (TA) types, their scope and financing arrangements.

survey or a sectoral review to identify issues within a particular sector to be addressed by the project, or a master plan may be included under the TA.

15. When the PPTA is for a single project, the TA may be for preparing
- (i) a feasibility study, which may include preliminary designs; preliminary engineering; cost estimates; technical, financial, economic, and socioeconomic analysis; environmental analysis; social impact assessment; a study for initial benchmark indicators;
  - (ii) detailed engineering, including detailed designs, specifications, detailed cost estimates, prequalification of bidders, and bidding documents; and/or
  - (iii) in the case of nonsovereign TA, contractual agreements or other necessary legal or institutional arrangements to facilitate transaction financing and/or project implementation.
16. TA for preparing projects<sup>4</sup> in one or more sectors over a period of time may be extended under one PPTA program. Such a program may include feasibility studies, detailed engineering, and sometimes sectoral surveys or master plans.

**ii. Policy and Advisory Technical Assistance**

17. PATA is usually extended in a sector- or economy-wide context. It may be on a stand-alone basis or accompanying a project. In some cases it may be project-specific. PATA assists in (i) preparing national and sector development plans and programs, particularly in small DMCs; and (ii) carrying out sector-, policy-, and issues-oriented studies.

**iii. Capacity Development Technical Assistance**

18. Generally, CDTAs assist in (i) establishing or strengthening organizations and institutions in DMCs; (ii) implementing, operating, and managing ADB-financed projects; and/or (iii) enhancing knowledge management. CDTA plays an important role in ADB's efforts to improve the technical, managerial, and financial capabilities of recipients. CDTAs are designed to meet the specific institutional and organizational development needs<sup>5</sup> of the recipients and a systematic approach is adopted to assess the capabilities of such institutions thoroughly.

<sup>4</sup> A number of subprojects may need to be prepared in some loan projects, and will generally be necessary for sector loans. Such subprojects and/or projects may also be prepared within the framework of a multitranche financing facility.

<sup>5</sup> The conventional approach of appointing consultants to advise an institution and/or to train staff under a capacity development technical assistance (CDTA) is not appropriate if major structural changes are needed in developing member countries (DMC) public sector institutions. For this purpose, proposals would need to be prepared, with the agreement of the DMC, for the proposed change (e.g., commercialization in full or part, privatization, or closure).



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**iv. Research and Development Technical Assistance**

19. RDTA involves TA activities conceived to address global or regional development issues which require further analysis or understanding. The corporate medium-term research agenda is determined through an annual strategic forum and confirmed in ADB's WPBF. RDTAs are usually processed by the Economics and Research Department (ERD), Office of Regional Economic Integration (OREI); or Regional and Sustainable Development Department (RSDD), collaborating closely with other departments. However, in some cases a regional department may lead a RDTA activity, if the regional department has specific expertise or is in charge of a focal area.

20. The table provides an overview of the various TA types in relation to the objectives.

**Table: Types of Technical Assistance**

<b>Objectives</b>	<b>Categorization</b>	<b>Regional/Sub-regional TA</b>	<b>Cluster TA</b>	<b>Small-scale TA</b>
Identifying, formulating, and preparing development projects (country or subregion)	project preparatory TA (PPTA)	R-PPTA	n.a.	S-PPTA
Enhancing the capacity of executing agencies and other development partners, including support to implement projects	capacity development TA (CDTA)	R-CDTA	C-CDTA	S-CDTA
Formulating and coordinating development strategies, plans, and programs; and undertaking sector-, policy-, and issues-oriented studies (country or subregion)	policy and advisory TA (PATA)	R-PATA	C-PATA	S-PATA
Undertaking sector-, policy-, and issues-oriented studies (Asia and Pacific region)	research and development TA (RDTA)	RDTA	C-RDTA	S-RDTA

C- = cluster; n.a. = not applicable; R- = regional; S- = small-scale; TA = technical assistance.

Source: ADB staff.

21. PPTA, PATA, CDTA, and RDTA can be in the form of an S-TA (S-PPTA; S-PATA; S-CDTA or S-RDTA). TA is considered to be small-scale if ADB financing does not exceed \$225,000<sup>6</sup> and the TA does not require substantial logistical support from the recipient. S-TA is

<sup>6</sup> The total cost of the TA, including the recipient's provision, may exceed \$225,000.

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a useful and convenient means of rapidly providing expertise. S-TA is most appropriate for (i) updating feasibility studies; (ii) completing project preparation work; (iii) addressing narrowly defined development issues; and (iv) financing assessments in an emergency situation as a rapid response tool.

22. TA can be in the form of a TA cluster (C-PATA, C-CDTA and C-RDTA).<sup>7</sup> The TA cluster comprises a series of TA subprojects over an extended period to address constraints in a DMC through a comprehensive and holistic approach. A TA cluster assumes a long-term perspective and partnership between ADB and the DMC concerned and flexibility in the design of the subprojects. C-PATA, C-CDTA, and C-RDTA is generally to support reforms and capacity building in a sector and/or a subsector, to strengthen macroeconomic and development management, or to advance a cross-cutting theme in a DMC or in the Asia and Pacific region.<sup>8</sup> Cluster TA is also useful in addressing ADB-wide research topics that require a medium-term perspective (C-RDTA).

23. If a PPTA, PATA, or CDTA covers more than one DMC, it is processed as an R-TA (R-PPTA, R-PATA or R-CDTA). RDTA is the principal instrument for financing ADB's research agenda for the Asia and Pacific, so by definition it usually covers more than one DMC.

**b. Approval Authority**

**i. For TA Proposals**

24. The President has the authority to (i) approve TA financed on a grant basis from ADB's own resources (see para. 31) and/or other sources provided that the highest financing amount from any one source (ADB or cofinancing funds) does not exceed \$1.5 million; and (ii) report such approval to the Board. To enhance the independence and effectiveness of the Operations Evaluation Department (OED), the Director General, OED has been granted authority to approve TA proposals to be implemented by OED up to \$750,000.

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<sup>7</sup> For details on the TA cluster see ADB. 1997. *Review of the Bank's Technical Assistance Operations*. Manila (July). Concerning project preparatory technical assistance (PPTA), the paper states in Appendix 2, para. 4: "PPTA is perceived as part of the processing of investment projects. Therefore, it would be subject to close scrutiny by Management and not suitable for a subproject of a TA cluster."

<sup>8</sup> A TA cluster may be used for regional technical assistance (C-R-PATA or C-R-CDTA) to assist groups of countries facing similar constraints or development issues (e.g., the Central Asian Republics, the Pacific DMCs, or the DMCs in the Greater Mekong Subregion).



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25. The President may delegate to the vice-presidents authority to approve TA.<sup>9</sup> The President may also delegate approval authority for S-TA to heads of departments.<sup>10</sup> The President reports all TA approvals to the Board.

26. Grant-financed TA proposals in excess of the amounts referred to in para. 24 are circulated to the Board for approval on a no-objection basis regardless of their source of financing.<sup>11</sup>

27. TA loan proposals must be presented to the Board for approval. Provided all relevant criteria are met, the approval may be sought on a no-objection basis under summary procedure.<sup>12</sup>

### ii. For Change in TA Scope<sup>13</sup>

28. The Board of Directors has the authority to approve a major change in scope of a TA where the cost of the change is more than \$1.5 million. The vice-presidents have been delegated the authority to approve a major change in scope of a TA where the cost of the change is \$1.5 million or less. The President reports such approval to the Board. Director General, OED has been granted the authority to approve a major change in scope of a TA that he/she has approved.

## 2. Financing

29. ADB normally finances all TA on a grant basis, except for PPTA for detailed engineering services, which is financed through a TA loan. Nonsovereign PPTA financed on a grant basis is normally subject to arrangements for funding recovery (see para. 51). TA for graduated countries is provided on a 100% reimbursable basis.<sup>14</sup>

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<sup>9</sup> Currently, the President has delegated to the vice-presidents the authority to approve TA up to \$750,000 for policy and advisory technical assistance (PATA), CDTA, and research and development technical assistance (RDTA), and \$1.5 million for PPTA. See ADB 2008. *Increasing the Impact of the Asian Development Bank's Technical Assistance Program*. Manila (Doc. R87-08, May 2008).

<sup>10</sup> Currently, the President has delegated approval authority for small-scale technical assistance to the heads of departments or offices up to \$225,000.

<sup>11</sup> If the TA is financed by an ADB source (Japan Special Fund [JSF] or Technical Assistance Special Fund [TASF]) and one or more grants from external sources and each of these grants does not exceed \$1.5 million, even if the combined amount of the grants for the TA is more than \$1.5 million, the President will approve the TA or in the case of PPTA, a vice-president.

<sup>12</sup> See OM Section D11 (Processing Sovereign and Sovereign-Guaranteed Loan Proposals).

<sup>13</sup> See ADB 2002. *Review of the Management and Effectiveness of Technical Assistance Operations of the Asian Development Bank*. Manila (Doc. R225-02, 28 October); ADB. 2004. *Delegation of Approval Authority to Director General, Operations Evaluation Department for Certain Technical Assistance Related Recommendations*. Manila (Doc. R272-04, 26 November); and, ADB. 2001. *Business Processes for the Reorganized ADB*. Manila (December 2001).

<sup>14</sup> ADB. 2008. *Review of the 1998 Graduation Policy of the Asian Development Bank*. Manila.

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30. R-TA and RDTA covering various member countries, e.g., Group A and B DMCs together with Group C and graduated and/or unclassified member countries, is provided on a grant basis.<sup>15</sup>

**a. Sources of Funds**

31. TA grants may be sourced from ADB's own resources: (i) the Technical Assistance Special Fund (TASF) and (ii) the Japan Special Fund (JSF). TA grants may also be financed from other sources external to ADB.

32. TA loans are financed from ADB's ordinary capital resources (OCR) or from the Asian Development Fund (ADF) resources subject to normal ADF eligibility requirements.

**i. Technical Assistance Special Fund**

33. TASF relies mainly on voluntary contributions from developed and developing member countries. In view of the importance of regularizing the replenishment of TASF, funds are, from time to time, also allocated from ADF to TASF.

34. ADB augments TASF resources through transfers of net income from OCR. The amount of OCR net income to be transferred to TASF is decided by the Board of Governors each year, based on a review of ADB's income outlook and TA financing needs.

35. The funds transferred to TASF from ADF contributions are used for TA to Group A and B DMCs of ADB and for RDTA for the benefit of ADF countries. ADB ensures that ADF contributions are used for these purposes by monitoring funding sources and utilization under the TA program.

**ii. Japan Special Fund**

36. JSF, which is made available on an untied grant basis by the Government of Japan, is designed to support ADB's TA and equity investment operations. The Government of Japan has appointed ADB as administrator of JSF.

37. The objective of JSF is to help DMCs restructure their economies in light of the changing global environment and to broaden the scope of investment opportunities. JSF supports the efforts of DMCs to industrialize, develop their natural and human resources, and transfer technology. JSF also supports ADB's efforts to promote regional cooperation and capacity development in DMCs. JSF is used:

- (i) to finance or cofinance, on a grant basis, TA activities, including PPTA, PATA, and CDTA, and RDTA; and

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<sup>15</sup> See OM section A1 (Classification and Graduation of Developing Member Countries).



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- (ii) to finance or cofinance, in special cases and on a grant basis, TA components of development projects or programs financed under loans from ADB.

38. For JSF financing, preference is given to TA projects that will contribute to the use of funds through future ADB lending and, through such lending, to the restructuring efforts of DMCs.

### iii. Other Sources

39. TA may be financed by bilateral, multilateral or private sector sources either in full or in part (cofinancing) under arrangements to be agreed upon.<sup>16</sup> ADB normally acts as the administrator or executing agency for these sources.

### b. Financing Arrangements

40. The financing arrangements for different types of TA are set forth below. A summary of these arrangements is provided in the appendix. Where cofinancing of TA is involved, the financing limits outlined in the following paragraphs apply only to the ADB-financed portion of the TA.

#### i. Sovereign Technical Assistance

##### (a) Project Preparatory Technical Assistance

41. **Stand-alone PPTA for Feasibility Studies.** Stand-alone PPTA for feasibility studies is financed completely on a grant basis. PPTA for feasibility studies accompanying a loan is processed in conjunction with that loan with the aim of helping prepare a separate project to be processed in the future. The full TA amount of feasibility studies is financed on a grant basis.

42. **PPTA for Detailed Engineering.** PPTA for detailed engineering is financed as stand-alone PPTA, as a PPTA accompanying a loan or grant, or as part of the loan or grant for the same project. Such TA may not include a grant component and must be financed by a TA loan.<sup>17</sup>

43. The financing arrangements for a stand-alone PPTA for detailed engineering are as follows: (i) if sourced from OCR, the PPTA amount is repaid over a 15-year period, including a grace period of 3 years, with no commitment charge and the rest of the loan charges in line with sovereign and sovereign-guaranteed OCR loans; and (ii) if sourced from the ADF, the lending terms will be similar to those of ADF investment loans.

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<sup>16</sup> For details of ADB's role in this connection, see OM Section E1 (Cofinancing).

<sup>17</sup> The need for DMCs to use this TA loan facility for detailed engineering is examined specifically and encouraged, where required, by ADB country programming and fact-finding missions.

44. In the case of PPTA for detailed engineering accompanying a loan or a grant, or processed as part of the loan or grant for the same project, the PPTA will be financed under the same terms as the accompanying loan or grant, or the loan or grant of which it is a part.

45. **For Feasibility Studies and Detailed Engineering Combined.** If the TA is for both a feasibility study and detailed engineering, a grant equal to or less than the amount of the feasibility study component may be provided, with the balance as a stand-alone PPTA loan or as a PPTA loan accompanying a loan or grant for another project. In such cases, the viability of such a project should be established to the satisfaction of ADB and the recipient before detailed engineering work starts. The stand-alone PPTA loan is subject to the terms given in para. 43.

46. **For a Technical Assistance Program.** A TA program for project preparation is financed by a grant and a loan. The grant will finance feasibility studies, whereas the loan will finance detailed engineering. The loan will be made on the terms indicated in para. 43.

**(b) Policy and Advisory and Capacity Development  
Technical Assistance**

47. In line with para. 29, PATA and CDTA, including in the form of a TA cluster or R-TA, is normally financed on a grant basis. When ADB's TA resources are limited, priority will be given to Group A DMCs and weakly performing countries. Mission leaders are encouraged to seek funding from external sources before or in conjunction with TASF.

**(c) Research and Development Technical Assistance**

48. RDTA, including in the form of a TA cluster, is generally of an advisory nature, in which case it is financed on a grant basis.

**ii. Nonsovereign Technical Assistance**

49. PPTA that is (i) nonsovereign TA, whose recipient is an entity undertaking its business based on its own (and not government) credit; and (ii) used for purposes other than detailed engineering, will normally be financed initially on a grant basis, but will be subject to arrangements providing for recovery of such grant funds from the recipient either through composite pricing (including fees) of the financial package or by refinancing the grant from the package, should, in either case, the TA result in further financial assistance from ADB.

50. Nonsovereign PPTA for detailed engineering is financed by a loan with terms of lending similar to those of nonsovereign OCR loans.

51. Nonsovereign PATA and CDTA, including those in the form of S-TA and R-TA, are normally financed on a grant basis.

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**iii. Cost Sharing between ADB and DMC**

52. The country cost-sharing ceiling for TA grants is set separately from ceilings of other loans (including TA loans) and grants for each DMC in the course of the CPS preparation.<sup>18</sup> The ceiling is reviewed and may either be reset or confirmed at subsequent CPS preparation processes or as a stand-alone exercise. The ceiling applies on average to the whole TA program for a country, but can be exceeded for individual TA. The cost-sharing policy is not applicable to RDTAs, regional, small-scale, or nonsovereign TAs.

**iv. Use of TA for Pilot Testing**

53. A portion of a TA amount may be used for pilot testing projects with innovative approaches before large-scale implementation. The amount allocated to pilot testing normally should not exceed 30% of ADB financing for the TA.

**Basis:** This OM section is based on:

ADB. 2008. *Increasing the Impact of the Asian Development Bank's Technical Assistance Program*, May. Manila.

ADB. 2006. *Further Enhancing Country Strategy and Program and Business Processes*, August. Manila.

ADB. 2005. *Cost Sharing and Eligibility of Expenditures for Asian Development Bank Financing: A New Approach*, August. Manila.

ADB. 2005. *The Public Communications Policy of the Asian Development Bank: Disclosure and Exchange of Information*, March. Manila.

ADB. 2004. *Review of the Asian Development Bank's Poverty Reduction Strategy*, June. Manila.

ADB. 2004. *Delegation of Approval Authority to Director General, Operations Evaluation Department for Certain Technical Assistance Related Recommendations*, 26 November. Manila.

ADB. 2002. *Review of the Management and Effectiveness of Technical Assistance Operations of the Asian Development Bank*, 28 October. Manila.

ADB. 2001. *Private Sector Operations Strategic Directions and Review*, 13 August. Manila.

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<sup>18</sup> See OM Section H3 (Cost Sharing and Eligibility of Expenditures for ADB Financing) and, ADB. 2005. *Cost Sharing and Eligibility of Expenditures for Asian Development Bank Financing: A New Approach*, August. Manila.

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ADB. 1998. *Review of the Loan Terms for the Asian Development Fund*, 23 November. Manila.

ADB. 1997. *Review of the Bank's Technical Assistance Operations*, 10 July. Manila.

ADB. 1988. *Japan Special Fund*, 16 March. Manila.

ADB. 1988. *Japan Special Fund*, 10 March. Manila.

This OM section is to be read with OM Section D12/OP.

**For other background information and references, see:**

ADB. 2001. *Business Processes for the Reorganized ADB*. Manila.

ADB. 1992. *Streamlining of Board Documents on Project Loan and Technical Assistance*, 22 December. Manila.

ADB. 1992. *Arrangements for Lending from ADF and TASF Operations Funded by ADF Contributions*, 28 May. Manila.

ADB. 1992. *Use of OCR Income for TA Grants*, 19 May. Manila.

ADB. 1991. *Replenishment of the Asian Development Fund and the Technical Assistance Special Fund*, 16 January. Manila.

ADB. 1990. *Second Review of Private Sector Operations*, 5 October. Manila.

ADB. 1988. *Streamlining of Technical Assistance Operations*, 21 March. Manila.

ADB. 1988. *Streamlining of Technical Assistance Loan Operations*, 18 November. Manila.

ADB. 1987. *A Review of Arrangements for Lending from ADF, TASF, Operations Funded by ADF Contributions and ADB Lending Terms*, 17 March. Manila.

ADB. 1986. *Technical Assistance Operations and Funding Arrangements*, 12 May. Manila.

ADB. 1985. *Bank Assistance to the Private Sector*, 25 June. Manila.



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ADB. 1983. *A Review of Lending Foreign Exchange for Local Currency Expenditures of Projects*, 24 March. Manila.

ADB. 1983. *Streamlining of Loan Administration*, 3 March. Manila.

ADB. 1977. *Technical Assistance Operations*, 20 May. Manila.

ADB. *Project Administration Instructions*. Manila.

**Compliance:** This OM section is subject to compliance review.

**For inquiries:** Questions may be directed to the Director of the Management Support Division, Strategy and Policy Department.

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**TYPES/MODES OF TECHNICAL ASSISTANCE, THEIR SCOPE AND  
FINANCING ARRANGEMENTS**

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Type/Mode	Scope and Focus	Financing Arrangements
<b>A. Sovereign TA</b>		
<b>I. PPTA for Feasibility Studies</b> (paras. 14-16, 41)		
A. Stand-alone PPTA	Preparation of a feasibility study	Grant
B. PPTA accompanying a loan	Preparation of a feasibility study, but financed and processed in conjunction with an investment loan for another project	Grant
<b>II. PPTA for Detailed Engineering</b> (paras. 14-16, 42-44)		
A. Stand-alone PPTA	Preparation of detailed engineering	Loan; If from OCR: 15-year maturity, 3-year grace, no commitment charge and the rest of the loan charges being in line with sovereign and sovereign-guaranteed OCR loans; If from ADF: terms of lending are similar to those of ADF loans.
B. PPTA accompanying a loan	Preparation of detailed engineering	Loan on the same terms as the accompanying investment loan.
C. As part of investment loan for the same project	Preparation of detailed engineering	Loan on the same terms as the investment loan.

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ADB = Asian Development Bank, ADF = Asian Development Fund, CDTA = capacity development technical assistance, DMC = developing member country, OCR = ordinary capital resources, PATA = policy and advisory technical assistance, PPTA = project preparatory technical assistance, RDTA = research and development technical assistance, TA = technical assistance.

Type/Mode	Scope and Focus	Financing Arrangements
<b>III. PPTA for Feasibility and Studies and Detailed Engineering Combined (para. 45)</b>		
A. Stand-alone PPTA	Preparation of feasibility study and detailed engineering	Grant provided separately for feasibility study, and the balance as a loan on the same terms as in II.A.
B. PPTA accompanying a loan	Preparation of feasibility study and detailed engineering	Grant provided separately for feasibility study, and the balance as a loan on the same terms as the loan that the TA accompanies.
<b>IV. TA Program (paras. 16, 46)</b>		
PPTA (loan and grant)	Preparation of a series of feasibility studies on, and detailed engineering for, one or more sectors; formulation of sectoral surveys or master plans	Grant for each feasibility study; loan for detailed engineering on the same terms as in II.A.
<b>V. PATA (paras. 17, 47)</b>		
PATA (normally grant)	Preparation of national development programs for the very small DMCs; sectoral development plans; and issues-oriented studies	Normally financed on grant terms unless requirements are very large, in which case other grant sources are sought.
<b>VI. CDTA (paras. 18, 47)</b>		
CDTA (normally grant)	Establishment or strengthening of organizations and institutions; implementation, operation, and management of ADB-financed projects; knowledge management	Normally financed on grant terms unless requirements are very large, in which case other grant sources are sought.

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<b>VII. RDTA</b> (paras. 19, 48)		
RDTA (normally grant)	Preparation of sector-, policy- and issues-oriented studies at global or regional level	Normally advisory in nature, hence financed fully as a grant.
<b>VIII. Small-Scale TA</b> (para. 21)		
PPTA, PATA, CDTA or RDTA	Eligible for use as PPTA, PATA, CDTA or RDTA, Bank financing of which is up to \$225,000	Grant
<b>IX. TA Cluster</b> (para.22)		
PATA, CDTA or RDTA	Supporting reforms and capacity building in a sector/subsector, strengthening macroeconomic and development management, or advance a cross-cutting theme in a DMC(s) with a longer-term perspective and partnership between ADB and the DMC(s) concerned	Grant
<b>X. Regional TA</b> (para. 23)		
PPTA, PATA or CDTA, and RDTA	PPTA, PATA, or CDTA covering more than once DMC; RDTA covering Asia and Pacific region	Grant
<b>B. Non-sovereign TA</b> (paras. 49-51)		
All types of TA	PPTA (other than PPTA for detailed engineering), including small-scale, to prepare for financing of a future transaction	Normally financed initially as a grant, but subject to arrangements providing for recovery of such grant funds from the recipient either through composite pricing (including

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Type/Mode	Scope and Focus	Financing Arrangements
		fees) of the financial package or refinancing the grant from the package, should TA result in further financial assistance from ADB
	PPTA for detailed engineering	Loan; terms of lending are similar to those of non-sovereign OCR loans
	PATA and CDTA, including small-scale and regional	Grant

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*These procedures were prepared for use by ADB staff and are not necessarily a complete treatment of the subject.*

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## TECHNICAL ASSISTANCE

### A. Processing Technical Assistance

1. A technical assistance (TA) proposal is processed after it has been included in the approved country operations business plan (COBP) or regional cooperation operations business plan (RCOBP), whether approved as a stand-alone document or attached to the (i) country partnership strategy (CPS),<sup>1</sup> (ii) regional cooperation strategy (RCS), or (iii) relevant midterm review reports. However, a TA proposal may be processed any time during the year even if it is not included in a COBP or RCOBP, provided TA concept clearance is obtained based on a request by a developing member country (DMC) government, or at the initiative of the Asian Development Bank (ADB). If a TA project is not included in a COBP or RCOBP, the respective vice-president or the managing director general<sup>2</sup> approves the TA concept.<sup>3</sup>

2. The processing of a TA loan usually follows the same procedures as those for project loans,<sup>4</sup> except that separate fact-finding and appraisal missions are not required to process a TA loan.<sup>5</sup> A TA grant processed in conjunction with a loan is processed under the procedures for loan proposals.

3. The following subsections provide a general description of major milestones in processing TAs, depending on the TA type.

#### 1. Project Preparatory Technical Assistance

##### a. Concept Clearance

4. The sector director of the relevant division, or the country director if the project preparatory technical assistance (PPTA) is processed by a resident mission, nominates a project team leader, who establishes a team to prepare the concept paper. The team should include a staff member from the resident mission staff (if the TA processing is led by headquarters), or a staff member from the relevant sector division (if the TA is processed by the

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<sup>1</sup> See OM, section A2 (Country Partnership Strategy).

<sup>2</sup> The managing director general approves the concept paper for technical assistance (TA) projects processed by the Office of Regional Economic Integration (OREI), Department of External Relations (DER), and Office of the Special Project Facilitator (OSPF).

<sup>3</sup> See Section OM D12/BP paras. 24-25.

<sup>4</sup> See OM, section D11 (Processing Sovereign and Sovereign-Guaranteed Loan Proposals). The procedures apply even if the TA for detailed engineering may be financed as a grant from Asian Development Fund resources due to country circumstances.

<sup>5</sup> The report and recommendation of the President (RRP) for a TA loan is also briefer than for a project loan. Such an RRP is normally up to 10 pages of main text and 10–15 pages of appendixes.

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resident mission), and all the required expertise to ensure technically sound and efficient project development. The team develops the concept paper; a preliminary design and monitoring framework (DMF) for the envisaged loan; the draft terms of reference (TORs), to the extent feasible; a timeline with milestones; a budget for project preparation; and the initial poverty and social assessment (IPSA). The concept paper should also provide some preliminary indication of the size of the ensuing project. The team ensures an adequate level of review and consultation with key support departments, including (i) the Office of Cofinancing Operations (OCO), if cofinancing of the TA activities is envisaged or targeted; (ii) the Office of Regional Economic Integration (OREI), in the case of regional PPTA (R-PPTA); (iii) the Central Operations Service Office (COSO); and (iv) the Office of the General Counsel (OGC). The team may seek review from relevant communities of practice (CoPs), recognized sector experts, or other departments. The head of department approves the initial concept paper except for a proposed PPTA which is not included in the indicative rolling COBP or RCOBP. The relevant vice-president or the managing director general approves PPTA initial concept papers of a proposed PPTA not included in the indicative rolling COBP or RCOBP. A copy of the approved initial concept paper is sent to the relevant vice-president or the managing director general, as applicable, and to the relevant CoP.

5. At the concept paper stage, the head of department can also approve retroactive financing to finance recruitment of consultants for project scoping, or to accompany the fact-finding mission. Such financing should not exceed the small-scale technical assistance (S-TA) ceiling.<sup>6</sup> If such an arrangement is approved, it will be charged to the TA budget submitted for approval by Management or the Board, as applicable. These resources can be used to recruit consultants and to cover expenses related to consultation and participation during PPTA preparation.

**b. Fact-Finding Mission**

6. Fact-finding missions are normally conducted for sovereign TA projects. A fact-finding mission is authorized by the director of the sector division concerned, in consultation with the director of the operations coordination division<sup>7</sup> or country director after TA concept clearance has been obtained.<sup>8</sup> The mission is fielded upon the government's concurrence.

7. During the fact-finding mission or through other forms of consultation, an agreement is reached with the executing agency (EA) and the government (except for nonsovereign TA

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<sup>6</sup> Currently \$225,000.

<sup>7</sup> Country Coordination and Regional Cooperation Division, Central and West Asia Department; Country Coordination and Regional Cooperation Division, South Asia Department; Country Coordination and Regional Cooperation Division, Southeast Asia Department; Office of the Director General, East Asia Department; and Office of the Director General, Pacific Department.

<sup>8</sup> If the TA is processed by a resident mission, the country director will consult the director of the relevant sector division and authorize fact-finding.

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operations) and recorded either in a memorandum of understanding (MOU) or aide-mémoire<sup>9</sup> to be signed at the completion of the mission on the following general aspects:

- (i) the TORs of the consultants, preferably the selection method (and, as applicable, the contemplated type of technical proposal) for consultant recruitment and the proposed budget;
- (ii) field investigations and surveys to be conducted;
- (iii) a TA DMF;
- (iv) the IPSA;
- (v) a realistic implementation timetable and associated staffing schedules; and
- (vi) the role and responsibility of agencies concerned with the TA project in the DMC (e.g., counterpart contributions, establishment and staffing of project office).

8. The relevant central government agency (the focal point for ADB operations) and the EA (only if the EA is a legal entity different from the government) will need to sign the MOU or confirm the aide-mémoire before TA approval. The mission leader prepares a brief back-to-office report (BTOR) within 7 working days of the mission's return. The BTOR, usually 2–3 pages, highlights policy, technical, institutional, legal, regulatory, capacity, and other issues, as applicable. Consultations also are held with key stakeholders, including the government, development partners, prospective beneficiaries, and nongovernment organizations in this period, as appropriate. The signed MOU or an aide-mémoire is normally attached to the BTOR.<sup>10</sup>

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<sup>9</sup> The memorandum of understanding (MOU) is signed by a mission leader and a representative of the government focal point for ADB and (if the EA is a legal entity different from the government) a representative of the EA. If a final agreement is not reached during the mission, an aide-mémoire is signed by the mission leader and left with the government for confirmation within a time frame set in the aide-mémoire. In case the aide-mémoire is not confirmed on time, further discussion should be conducted, and, if needed, another mission fielded to reach an agreement with the government for further TA processing. In case the TA is to use the no-objection approach to TA letter signing, a representative of the central government focal point for ADB operations and (if the executing agency [EA] is a legal entity different from the government) a representative of the EA must sign the MOU, or confirm the aide-mémoire before TA approval by ADB.

<sup>10</sup> The MOU or aide-mémoire is not required in processing a regional TA (regional project preparatory technical assistance [R-PPTA], regional capacity development technical assistance [R-CDTA], regional policy and advisory technical assistance [R-PATA]) or research and development technical assistance [RDTA]).

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**c. Preparation, Review, and Approval**

9. After the BTOR of the fact-finding mission for the sovereign PPTA is cleared,<sup>11</sup> or appropriate due diligence for the nonsovereign PPTA is conducted, the PPTA team revises the concept paper, the DMF, the TOR, the budget, the implementation plan, and the IPSA. The project team leader, with oversight from his or her director, will be responsible for subjecting the proposed TORs and approach to review by the relevant departments and offices, as necessary. The final PPTA concept paper is submitted to OGC to ensure its compliance with the ADB Charter, policies, and procedures. The TA is registered for fund commitment, and the revised final concept paper and attachments are submitted through the relevant director and head of department to the relevant vice-president for approval.<sup>12</sup> When the PPTA concept is approved, a copy of the documentation is submitted to the Controller's Department (CTL), COSO, the relevant CoPs, and other sector and thematic groups for information and fund commitment. If, based on the fact-finding or due diligence, it is decided that project preparation should not proceed, and retroactive financing had been authorized, the revised concept paper and TORs refer only to the due diligence activities carried out up to that point, and the PPTA is approved by the head of department as a S-TA, liquidated, and closed. If PPTA preparation is stopped and no retroactive financing was involved, the BTOR or a note to file should explain why the project was abandoned, and no further documentation is processed.

10. In case of Japan Special Fund (JSF) financing, the documentation is discussed with the relevant Embassy of Japan during fact-finding and submitted to the Government of Japan following the prevailing procedures for approval.<sup>13</sup>

11. For grant-financed PPTA up to \$1.5 million, the vice-president approves the final PPTA concept paper and documentation.

12. If the PPTA is larger than the vice-president's approval authority, or the PPTA is processed and financed as a TA loan (e.g., for detailed engineering), a full TA report is developed and circulated interdepartmentally to all relevant departments for comments before it is submitted to the President and the Board for approval. The TA report is registered for fund commitment;<sup>14</sup> edited by the Office of the Secretary (OSEC); cleared by OGC as to its compliance with the ADB Charter, policies, and procedures; cleared by OSEC to ensure that the

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<sup>11</sup> After completion of the fact-finding mission, the user division posts a TA project profile in the business opportunities section of ADB's website (for further details see Project Administration Instructions 2.02D, para. 14).

<sup>12</sup> The requirement to develop a PPTA report is waived for all TA within the approval authority of the vice-presidents. TA reports are only developed for PPTA, which are submitted for Board approval.

<sup>13</sup> Japan Special Fund (JSF) policy guidelines for 2008 are available under: <http://cofinancing.asiandevbank.org/>.

<sup>14</sup> To ensure proper budget control of TA grants, TA grant proposals financed from the Technical Assistance Special Fund (TASF) and JSF are registered for fund commitment with Central Operations Services Office (COSO) and Office of Cofinancing Operations (OCO), respectively, before being submitted for approval. An updated status of commitment of TA funds (TASF, JSF, and other sources) is presented as an attachment to the forwarding memorandum for TA report approval.

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document is meeting the ADB quality standards and forwarded by the head of the originating department or office for the President's approval to circulate to the Board for approval.

13. Within 2 working days after the President's approval, the printed TA report is normally circulated to the Board for information or consideration.<sup>15</sup> The sector or country director informs the recipients of the TA's approval and the sector division responsible for implementation.

**2. Policy and Advisory Technical Assistance, Capacity Development Technical Assistance, and Research and Development Technical Assistance**

**a. Concept Clearance**

14. **CDTA, PATA, and RDTA.** The responsible department or office nominates a project team leader who establishes a team to prepare the TA. If a country programming mission confirms the government's interest in delegation of TA administration to an EA, one COSO staff will be nominated as project team member. The team prepares a concept paper that includes an analysis of the development constraints and issues relevant to the proposed TA. A draft of the TA design and monitoring framework (DMF) is a mandatory requirement for requesting concept clearance. The concept paper and the draft DMF are reviewed within the department or office to ensure the strategic relevance of the proposed TA activity.

15. **Categorization of the TA.** The purpose of the categorization of the TA as category A or category B TA is to ensure that processing of TA is tailored according to the complexity of the development issue which the TA is intended to address. Categorization ensures that more complex TA proposals (category A) (i) receive more resources and technical inputs; and (ii) are subject to a more intense quality enhancement process. Category B TA will be subject to a streamlined review process. The sector director will decide on the preliminary categorization of the TA as either a category A or B TA.

- (i) Category A is TA that is expected to address more complex development issues. Criteria such as the experience of ADB in the country and sector, and institutional capacity and ownership are considered in deciding the appropriate categorization. Category A TA is expected to need significantly more technical inputs during design and implementation. Cluster technical assistance (C-TA) and medium- or long-term capacity development TA will automatically be categorized as category A.
- (ii) Category B is TA that is closely related to an existing ADB operation, or whose implementation is expected to be relatively simple. TA for assisting in a narrow

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<sup>15</sup> PPTAs approved by the vice-presidents are usually not edited and circulated to the Board. COSO, in consultation with departments and offices concerned, prepares a quarterly report listing and describing all PPTAs approved within a quarter and circulates it to the Board.

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policy area, in the implementation of a loan, supplementary TA, S-TA, or TA for conferences is usually category B.

16. The head of department will confirm or re-categorize the TA, and, if necessary seek input of an expert panel member. The concept paper for a TA (CDTA, PATA and RDTA) is approved by the head of the department that bears primary responsibility for assuring the quality of the concept paper. A copy of the approved memorandum is sent to the relevant vice-president or to the managing director general, as applicable, and to the relevant CoP. CDTAs or PATAs that are not included in COBPs or RCOBPs require concept approval by the respective vice-president or by the managing director general. All category A RDTAs, which are not within the strategic priorities identified by the strategic forum, require concept approval by the respective vice-president.

17. **Category A CDTA, PATA, RDTA.** After the TA is categorized, the TA team ensures an adequate level of review and consultation with key support departments, including (i) OCO, if cofinancing of the TA activities is envisaged or targeted; (ii) CTL; (iii) OREI, in the case of regional TA (R-CDTA, R-PATA, RDTA); (iv) COSO; and (v) OGC. The head of department allocates additional resources to the team leader as needed, which can include (i) business travel for one additional member of staff to take part in the fact finding mission; and (ii) staff consultant resources for up to 1 month for TA preparation, depending upon justification of the needs. The team submits the TA concept paper for review to a technical expert.<sup>16</sup> The technical expert reviews the concept paper and provides feedback through either (i) a meeting with the TA team; or (ii) comments in writing. The technical expert may call on other expertise in a respective CoP, if necessary, although he or she remains responsible for the technical review. After the technical feedback, documented through minutes of the feedback meeting or written comments, the TA team seeks clearance from the sector or country director for the fact finding mission. If needed and compatible with her or his other ADB commitments, the technical expert may join the fact finding mission as an additional team member funded under the additional budget.

18. **Category B CDTA, PATA, RDTA.** After the TA is categorized, the TA team ensures an adequate level of review and consultation with key support departments, including (i) OCO, if

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<sup>16</sup> The technical expert will be either an ADB member of staff who has been included in the roster of internal expert panels or an external consultant on a retainer if no internal expertise is available in that a specific area. The sector or country director and the project team leader can decide which technical expert is best suited to review the TA concept paper. The project team leader and the technical expert agree on a time frame for the review. However, the technical expert cannot be from the same division as the project team leader. If the TA covers many areas, the sector or country director and the project team leader may decide to involve several technical experts in the review. However, coverage of many technical areas can be an indicator of the complexity of the TA and careful consideration should be given whether the TA cannot be processed in a phased manner. If ADB does not have adequate technical expertise to review the TA, the head of department is requested to reconsider the TA proposal and assess whether the TA should indeed be processed by ADB or referred to another development partner with the consent of the respective developing member country (DMC). If it is decided that the TA is of strategic importance for ADB, the Regional and Sustainable Development Department will support the head of department to find external expertise to review the TA.

cofinancing of the TA activities is envisaged or targeted; (ii) CTL; (iii) OREI, in the case of subregional TA (R-CDTA or R-PATA); (iv) COSO; and (v) OGC. Following this consultation and sector director approval, the fact finding mission is fielded.

**b. Fact Finding Mission**

19. Fact finding missions will proceed as outlined above for PPTA in paras. 6-8. In case of delegated TA administration, the team leader leads a capacity assessment of the EA in close collaboration with COSO.

**c. Preparation, Review and Approval of the Technical Assistance Report**

20. **Category A CDTA, PATA, RDTA.** The team prepares the TA report which is submitted for a second mandatory review to the technical expert, and to other ADB departments (in most cases regional departments or the Regional and Sustainable Development Department) if needed. The technical expert might decide to meet again with the team to discuss the TA report or provide written comments. At the same time, the draft TA report is also shared with key support departments, including (i) OCO, if cofinancing of the TA activities is envisaged or targeted; (ii) OGC, to ensure that legal aspects are considered; (iii) CTL; (iv) COSO, and (iv) OREI, in the case of regional TA (R-CDTA, R-PATA, RDTA). After consideration of the comments, the team revises the TA report and submits the document for endorsement to the head of department. The head of department performs the final quality check.<sup>17</sup>

21. **Category B CDTA, PATA, RDTA.** The team shares the TA report with key support departments, including (i) OCO, if cofinancing of the TA activities is envisaged or targeted; (ii) OGC, to ensure that legal aspects are considered; (iii) CTL; (iv) COSO; and (iv) OREI, in the case of regional and subregional TA (R-CDTA, R-PATA, RDTA). The team seeks any additional review and comment from specific departments, including technical experts or the CoPs, as it deems necessary. The sector director performs the final quality check.

22. For JSF financing for category A or B TA, the documentation is discussed with the Embassy of Japan during fact-finding and submitted to the Government of Japan following the prevailing procedures for approval.<sup>18</sup>

23. The TA report for category A and B TA is registered for fund commitment,<sup>19</sup> edited by OSEC, cleared by OGC as to its compliance with the ADB Charter, policies and procedures, cleared by OSEC to ensure that the document is meeting the ADB quality standards and

<sup>17</sup> OREI, OSPF, and DER forward their TAs to the President for approval through the managing director general.

<sup>18</sup> See footnote 13.

<sup>19</sup> See footnote 14.

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forwarded by the head of the originating department or office for approval by a vice president, the President or the Board of Directors, depending on the proposed TA amount.<sup>20</sup>

**3. Specific Approaches Applicable to Small-Scale Technical Assistance**

24. S-TA is an instrument that allows ADB to respond quickly to a demand for assistance from a DMC or development partner to address a specific development issue or implementation challenge. For this reason, the CPS, RCS, and other ADB-wide planning processes often do not cover S-PPTA, S-CDTA, S-PATA, or S-RDTA. To minimize delays in the preparation of S-TAs, there is no requirement to prepare a separate concept paper.<sup>21</sup>

25. The TA team prepares a memorandum and seeks any additional review and comment from specific departments, including technical expertise or the CoPs, as it deems necessary. The memorandum includes the DMF, a cost estimate, TORs of the consultants, and the IPSA (if necessary). The memorandum is forwarded to OGC to ensure its compliance with the ADB Charter, policies and procedures before the sector director performs the final quality check and forwards the S-TA memorandum to the head of department for approval. A copy of the approved memorandum is sent to the relevant vice president or the managing director general, as applicable, and to the relevant CoP.<sup>22</sup> All S-TAs are approved by the head of department or office.<sup>23</sup>

**4. Specific Approaches Applicable to Technical Assistance Cluster<sup>24</sup>**

26. The preparation of a TA cluster requires substantial in-depth sector and institutional analysis, and a well developed sector strategy at the country level. The main outcomes and scope of each subproject should be clearly defined in the TA report for the cluster and maintained afterwards. The TA report needs to specify the expected future resource requirements of each subproject for planning purposes. However, the detailed scope, budget, implementation arrangements, and implementation schedule of each subproject are normally finalized before its start, based on the outlined scope and indicative budget provided in the TA report and within the overall time frame and amount of the cluster.

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<sup>20</sup> For CDTA, PATA and RDTA up to \$750,000, the vice president approves the TA report; larger than \$750,000 and up to \$1.5 million, the President approves the TA report; and above \$1.5 million, the Board of Directors approves the TA report.

<sup>21</sup> For the time being, small-scale technical assistance (S-TA) remain subject to the overall TA ceiling. Therefore, head of departments need to coordinate with the respective vice president to ensure that the overall number of S-TA remains within limits at the ADB-wide level. S-TAs are subject to the same project classification guidelines as other TAs. Most S-TAs are expected to be category B.

<sup>22</sup> No TA report is required for an S-TA, which are normally described in a memorandum format. COSO, in consultation with departments and offices concerned, prepares a quarterly report listing and describing all S-PPTAs, S-CDTAs, S-PATAs, and S-RDTAs approved within a quarter and circulates it to the Board.

<sup>23</sup> The vice presidents may decide to limit the number of S-TAs approved within his/her group in a planning period to ensure efficient and effective use of scarce TA resources.

<sup>24</sup> See ADB. 1997. *Review of the Bank's Technical Assistance Operations*. Manila (July).

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27. C-TA will be automatically categorized as category A, requiring a technical review at concept and TA report stage. Among other issues, the technical review will focus on the appropriateness of the TA cluster approach. The C-TA approach is not applicable to PPTA.<sup>25</sup> The TA cluster is approved by (i) the vice president, if the amount is \$750,000 or less, (ii) the President, if the amount is more than \$750,000 up to \$1.5 million; and (iii) the Board of Directors, if the amount is larger than \$1.5 million. Only the amount of the subprojects to be approved in a given year will be counted against the country, subregion, or department allocation of TA funds.

28. The timing and implementation arrangements of subprojects will be determined by the head of the department. A memorandum to the head of the department proposing the start of a subproject will specify the (i) overall progress of the TA cluster to date; (ii) outcomes, scope and intended outputs of the subproject; (iii) cost estimates and budget; (iv) implementation arrangements; (v) implementation schedule, (vi) TORs of consultants; and (vii) other aspects, as appropriate. Each subproject proposal will be subject to a review by departments and/or offices concerned before submission to the head of the department or office for approval. For subprojects under the cluster, an additional technical review by a technical expert is recommended, but not required.

29. The Board will be informed of the progress of the cluster through a list of approved subprojects quarterly.<sup>26</sup>

**5. Due Diligence for Nonsovereign Technical Assistance**

30. For nonsovereign TA, due diligence starts from the TA concept paper preparation stage and covers technical, institutional, legal, regulatory, financial, commercial, capacity, and other issues, and normally continues until TA approval. Missions may be fielded if required. Concept papers for nonsovereign operations are approved by the head of department.

**B. Technical Assistance Agreements<sup>27</sup>**

31. If a TA provides for the financing of TA activities in the territory of one or more DMCs. In accordance with Article 14 (iii) of the Charter, a no-objection to the TA must be obtained from the DMC or DMCs within whose territory the TA will be implemented.

32. For a regional TA (R-PPTA, R-CDTA, R-PATA) and RDTA that includes activities to be undertaken in the territory of one or more DMCs, confirmation of a no-objection must be

<sup>25</sup> See ADB. 1997. *Review of the Bank's Technical Assistance Operations*. Manila (R119-97). The paper states in Appendix 2, para. 4: "Project preparatory TA (PPTA) is perceived as part of the processing of investment projects. Therefore, it would be subject to close scrutiny by Management and not suitable for a subproject of a TA cluster."

<sup>26</sup> COSO, in consultation with departments and offices concerned, prepares a quarterly report listing and describing all subprojects approved within a quarter and circulates it to the Board.

<sup>27</sup> The indicative formats of TA agreements and letters are available on the ADB portal. The TA and no-objection letters are normally prepared by the mission leader.

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obtained in writing from the government of those DMCs<sup>28</sup> preferably, but not necessarily, before the approval of the regional TA. In all cases, such a no-objection in writing must be obtained before the commencing or financing of the proposed activities in the territory of a DMC.

**1. Agreements for Sovereign Technical Assistance**

33. To simplify the processing of TA agreements for sovereign TAs, ADB has executed or is in the process of executing TA framework agreements with DMC governments active in TA operations.<sup>29</sup> After execution of the TA framework agreement, as each TA for the relevant government is subsequently approved, ADB sends a TA letter which cross-references the TA framework agreement to the DMC official channel of communication. The TA letter carries as an attachment (i) the PPTA final concept paper and relevant attachments, and for information purposes the signed MOU or the confirmed aide-mémoire (in the case of PPTAs approved by a vice-president); or (ii) the TA report and for information purposes, the signed MOU or the confirmed aide-mémoire (in the case of stand-alone TAs other than those mentioned in (i) above); or (iii) the report and recommendation of the President and for information purposes, the signed MOU or the confirmed aide-mémoire (in the case of TAs attached to loans/grants). The TA letter indicates that government concurrence to the TA will be deemed given, if the government<sup>30</sup> does not object within 21 days of the date of the TA letter. Within 7 days before the stated deadline, ADB will actively follow-up on the status of the TA letter either through the processing unit at headquarters or the resident mission.<sup>31</sup> If the Government requires more time, a new deadline for no-objection for that particular TA must be communicated to ADB in writing before the expiration of the 21-day period.<sup>32</sup> Upon expiration of the 21-day objection period or upon receipt of the signed TA letter, the regional department will immediately notify CTL and OCO, if the TA is cofinanced, of the effectivity or non-effectivity of the TA. For visibility and public relations purposes, particularly in the case of donor-funded or cofunded TA projects or those funded by JSF, it is highly recommended that the team leader in close collaboration with the resident mission should, as appropriate: (i) propose public delivery of the TA letter; (ii) organize other public events (e.g., an inception workshop, conferences, or other activities supported under the TA); (iii) prepare press releases at TA approval and during implementation; or (iv) organize final events aimed at disseminating the TA outcomes.

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<sup>28</sup> For the purpose of this paragraph, (i) "in writing" refers to either a formal no-objection letter, or any of a memorandum of understanding, minutes or an agreement signed between the relevant government(s) and ADB and/or an ADB partner organization, in relation to activities to be undertaken by ADB, or jointly by a partner organization and ADB, and included in the regional TA; and (ii) the requirement to obtain a government's confirmation of no-objection does not apply to a simple collection of information (or materials) if such information is either in the public domain or is from an official source (i.e. originating from the government or a public sector agency).

<sup>29</sup> A list of countries with or without TA framework agreements is provided in Appendix 1.

<sup>30</sup> In a case where the EA for the TA is a legal entity different from the government, the TA letter is also sent to the EA for its agreement on a no-objection basis.

<sup>31</sup> S-TAs do not require signing of TA agreements or TA letters, although ADB sends a standard notice to the government concerned.

<sup>32</sup> In the case of cluster TA, each subproject requires a TA letter. If a government does not object within the 21-day period, ADB considers the subproject effective and proceeds to implementation.

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34. This approach is also applicable for RDTA in rare cases when the RDTA is confined to one DMC. When activities are envisaged within one specific DMC, the processing unit within headquarters or the resident mission sends a TA letter to the relevant government focal point which will be deemed confirmed on a no-objection basis and actively seeks no-objection from the DMC concerned within the 21-day period.

35. ADB's approval of a TA is conditional upon the concurrence<sup>33</sup> of the Government to the TA letter. If a DMC does not sign a TA letter, or continues extending the deadline for no-objection, ADB's approval lapses automatically after 12 months unless within that period the TA agreement or TA letter is signed or the deadline is extended for a further period.<sup>34</sup>

## **2. Agreements for Nonsovereign Technical Assistance**

36. For nonsovereign TAs, the recipient(s) and ADB agree to the terms of a TA implementation agreement before ADB's approval of the TA. Such an agreement normally sets out the names and details of all recipients, the purpose of the TA, the amount of financing to be provided under the TA by ADB, potential cofinancing partner(s) and the recipient(s), the TORs of the consultants, if any, to be appointed under the TA, preferably the selection method (and, as applicable, contemplated type of technical proposal) for consultant recruitment, the proposed budget, a realistic timetable for the TA and associated staffing level, and, as and if required by para. 49 of the OM section D12/BP, the terms relating to the recovery of funds via subsequent pricing arrangements. The applicable DMC government's no-objection to the implementation of the TA in the relevant country must be ensured before the date of first implementation or financing of the TA (see para. 31).

## **C. Implementation of the Technical Assistance**

### **1. Consultant selection**

37. Administration of the TA consists mainly of the selection, appointment, and contracting of consultants and fund management.<sup>35</sup> Normally, ADB selects and employs consultants for TA grant projects,<sup>36</sup> administered by ADB and the DMC EA does so for TA loan projects. Over time, it is expected that an increasing share of ADB grant TA will be also administered by DMC EAs. Through its country programming missions ADB will identify potential EAs for delegated TA administration, together with the relevant government agency. Consultants for subprojects

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<sup>33</sup> If ADB has sent a TA letter to the Government for agreement on a no objection basis, the concurrence is deemed given after the 21-day objection period has lapsed without objection from the Government and the EA (in case the EA is a different legal entity from the Government). If the DMC has opted for formal signature of the TA letter, concurrence of the Government and the EA (in case the EA is a different legal entity from the Government) will be deemed to be given on the date of receipt of the signed TA letter by ADB.

<sup>34</sup> See also Project Administration Instructions 5.11.

<sup>35</sup> See Project Administration Instructions, Chapter 2.

<sup>36</sup> In order to increase ownership of TA projects and improve sustainability of project benefits, ADB may, in particular circumstances, delegate responsibility to a borrower ("delegated TA") to recruit and supervise TA consultants.

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under a TA program, even if financed fully from its grant component,<sup>37</sup> are selected and engaged by the EA, in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). Standard information on consulting services, including details on consultants' TOR, selection method, type of technical proposal (if applicable) and cost estimates, is required in TA reports or final concept PPTA papers submitted for approval. Appendix 2 sets out these requirements.

**2. Supervision and feedback**

38. The responsibility for facilitating implementation and supervision of the TA remains with ADB staff, who regularly monitor the quality of the services provided by consultants. ADB staff will organize regular meetings with the EA and the consultants to discuss progress in implementing the TA. The BTOR should provide a summary of the meeting with the EA and an updated DMF should be attached. The BTOR and the DMF will serve as the progress and performance report to management. After completion of the TA activities, ADB staff will assess consultants' reports and request feedback from the EA and consultants on TA implementation. The project team leader will prepare the technical assistance completion report (TCR) with the EA.<sup>38</sup> The final TCR will be shared with the relevant expert panel and the respective CoP.

**D. Japan Special Fund****1. Technical Assistance Operations**

39. The procedures (see footnote 13) for processing JSF-financed TA activities are similar to those followed for TAs financed by the Technical Assistance Special Fund (TASF). At intervals agreed upon from time to time between ADB and the Government of Japan, ADB seeks the Government of Japan's approval of sovereign and nonsovereign TA proposals to be financed from JSF. Subsequent to the Government of Japan's approval, the processing of the TA follows standard procedures for ADB approval.

**2. Project Administration**

40. ADB is the sole administrator<sup>39</sup> of JSF-financed TAs, in accordance with its normal practices, procedures, and standards. JSF can be used to finance expenditures for goods, services, and consultants, which should be procured or employed from member countries of ADB, following ADB's guidelines.

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<sup>37</sup> See OM Section D12/BP, para. 46.

<sup>38</sup> EAs should be encouraged to prepare the TCR with the assistance of the project team leader.

<sup>39</sup> ADB's role as administrator covers a range of responsibilities, including submitting TA proposals for JSF consideration, engaging consultants, disbursing funds, maintaining records, and auditing.

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### 3. Accounts and Investment

41. The proceeds of JSF are deposited by the Government of Japan in a special account in the name of ADB at the Bank of Japan.

42. ADB's external auditors audit the JSF account for each fiscal year of ADB, and the CTL furnishes the report of the audit to the Government of Japan.

### 4. Budgetary Arrangements

43. All budgetary requirements for JSF-financed activities are incorporated in ADB's regular internal administrative expenses budget.<sup>40</sup> Accordingly, normal budgetary procedures applicable to regular ADB activities are extended to cover JSF-financed activities.

### E. TA Retrospective Reviews

44. ADB may assess the quality-at-entry of TA projects as part of a retrospective review of CPSs and projects every 2 years.

### F. Disclosure of Information

45. No later than 30 days following approval of a concept paper for any sovereign TA, a project information document (PID)<sup>41</sup> summarizing the TA is posted on ADB's website. For nonsovereign TA, the PID is posted on ADB's website no later than 30 calendar days before Board consideration. The PID for both sovereign and nonsovereign TAs is updated quarterly during TA processing and implementation to reflect the TA's progress.

46. TA reports and documents produced under the TA are made publicly available in accordance with the requirements of the public communications policy.<sup>42</sup> For PPTAs up to \$1.5 million and S-TA, ADB makes a summary (updated PID) of the approved sovereign or nonsovereign TA publicly available no later than 14 days following the date of approval of the PPTA or S-TA by the relevant authority. ADB makes the IPSA publicly available upon completion.

**Basis:** This OM section is based on OM Section D12/BP and the documents cited therein.

**Compliance:** This OM section is subject to compliance review.

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<sup>40</sup> Related business travel and staff consultant engagement can be earmarked for recovery from JSF.

<sup>41</sup> See ADB. 2005. *The Public Communications Policy of the Asian Development Bank: Disclosure and Exchange of Information*. Manila (March).

<sup>42</sup> See ADB. 2005. *The Public Communications Policy of the Asian Development Bank: Disclosure and Exchange of Information*. Manila (March); and OM Section L3 (Public Communications).



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**For inquiries:** Questions may be directed to the Director of the Management Support Division, Strategy and Policy Department.

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DMC	TA Framework Agreement	
	With	Without
<b>A ADF only</b>		
AFG	10-Jul-02	
BHU	17-Nov-95	
CAM	02-Aug-95	
KIR	12-Nov-96	
KGZ	11-Oct-95	
LAO	06-Nov-95	
MLD	30-Oct-95	
MON	29-Aug-95	
MYA		X
NAU	29-Jan-99	
NEP	16-Nov-95	
SAM	29-Nov-95	
SOL	19-Mar-98	
TAJ	14-Sep-98	
TIM	10-Apr-03	
TON	05-Dec-95	
TUV	29-May-96	
VAN	01-Dec-95	
<b>B ADF with limited OCR</b>		
ARM	25-Feb-05	
AZE	06-Mar-01	
BAN	05-Feb-96	
GEO		X
IND	10-Jul-96	
FSM	01-Dec-95	
PAK	07-Mar-96	
PAL	13-Jul-07	
PNG	06-May-96	
RMI	22-Feb-96	
SRI	09-Nov-95	
UZB	25-Oct-96	
VIE	01-May-96	



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**C OCR only**

COO	29-Nov-95
FIJ	26-Apr-96
INO	26-Sep-96
KAZ	05-Oct-95
MAL	agreement remains unsigned
PHI	08-Feb-96
PRC	23-Dec-96
THA	01-Feb-96
TKM	15-Jun-01

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Source: OGC, July 2007.

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**Standard Information on Consulting Services to be  
Included in Technical Assistance Reports<sup>1</sup>**

**I. Description of Consulting Services**

1. State the type of services required.
2. Indicate whether services will be rendered
  - (i) by a team of experts to be provided by a consulting firm,
  - (ii) by individual consultants,
  - (iii) through single source selection, or
  - (iv) by a combination of the above
3. Indicate the selection method to be applied, i.e., quality- and cost-based selection (QCBS), quality-based selection (QBS), fixed budget selection (FBS), least cost selection (LCS), consultants' qualifications selection, single source selection as envisaged in ADB's *Guidelines on the Use of Consultants* (2006, as amended from time to time). If QCBS is used, the applicable quality-cost weighting should be specified.<sup>2</sup> Provide adequate justification for use of methods alternative to ADB's preferred QCBS if necessary (e.g., use of QBS or single source selection).
4. If engagement of a firm is contemplated, indicate the type of technical proposal format to be required, i.e., full, simplified, or biodata.
5. Estimate minimum number of person-months.
  - ADB normally requires a consulting firm to provide a team of experts. Consulting firms are selected based on their comprehensive technical proposals (containing the firm's experience, technical approach, work plan, and biodata of personnel proposed). In such cases, the TA Report and revised concept paper in the case of PPTA should indicate the estimated total number of person-months needed for professional staff (separately for international and national consultants and for each phase, if applicable). Prepare the cost estimate for such studies using a hypothetical staffing schedule. Such a schedule or any detailed staffing estimates should not be included in the TA Report but should be available for review by the Central Operations Services Office (COSO) on request.

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<sup>1</sup> This information is provided for consultant engagement under sovereign and, as applicable, nonsovereign technical assistance.

<sup>2</sup> See Project Administration Instructions, Chapter 2 "Recruiting Consultants".

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6. Provide a time schedule for commencing and completing consulting services.

7. Set out indicative terms of reference (TOR) for the assignment.

**II. Cost and Financing<sup>3</sup>**

8. Indicate the total amount of estimated costs.

9. State the sources and terms of financing (ADB grant, ADB loan, government, or other sources like UNDP, FAO, etc.).

10. Include any explanations for specific consideration when preparing the cost estimate (level of contingency, etc.).

11. The budget estimates should be as accurate as possible, particularly if the selection method for firms is QCBS, FBS or LCS, so that each firm can submit a considered financial proposal for completion of the contemplated assignment.

12. A sample TA cost estimates and financing plan follows:

**COST ESTIMATES AND FINANCING PLAN  
(\$'000)**

Item	Total Cost
<b>A. Asian Development Bank Financing<sup>a</sup></b>	
1. Consultants <sup>b</sup>	
a. Remuneration and Per Diem	0.0
i. International Consultants	0.0
ii. National Consultants	0.0
b. International and Local Travel	0.0
c. Reports and Communications	0.0
2. Equipment	0.0
3. Training, Seminars, and Conferences <sup>c</sup>	0.0
a. Facilitators	0.0
b. Training Program	0.0
4. Surveys	0.0
5. Miscellaneous Administration and Support Costs	0.0
6. Representative for Contract Negotiations <sup>d</sup>	0.0
7. Contingencies <sup>e</sup>	0.0
<b>Subtotal (A)</b>	<b>0.0</b>

<sup>3</sup> Some cost estimate categories may not apply to nonsovereign technical assistance, e. g., government financing, representative for contract negotiations, training, seminars and conferences, etc.

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**B. Government Financing<sup>f</sup>**

1. Office Accommodation and Transport	0.0
2. Remuneration and Per Diem of Counterpart Staff	0.0
3. Others	0.0
<b>Subtotal (B)</b>	<b>0.0</b>
<b>Total</b>	<b>0.0</b>

<sup>a</sup> Modifications may be necessary for exclusively bilateral or cofinanced projects.

<sup>b</sup> The cost estimate for each phase or component and each consulting services assignment for which a separate contract is contemplated should be given separately. If both individual consultants and consulting firms are to be recruited, the budget for the consulting firms will need to be segregated so that the shortlisted firms can be advised of the exact available budget.

<sup>c</sup> For TA that is mainly for seminars and conferences, the cost estimates may show items such as provision for resource persons, participant travel cost, per diem, printing, and other principal items of cost.

<sup>d</sup> Includes cost of travel and per diem for government observers invited for contract negotiations. Unnecessary if the contract negotiations are conducted by videoconference, fax or other electronic means.

<sup>e</sup> The exact amount of total contingency needs to be specified in requests for proposals (RFPs) for QCBS contracts.

<sup>f</sup> See Item III of this Appendix.

13. Use the same basis as ADB financing for itemizing any government contributions such as counterpart staff, office and housing accommodation, office supplies, secretarial assistance, and domestic transportation.
  
14. Base the above estimates on a detailed cost estimate prepared by staff concerned and reviewed by COSO. In preparing cost estimates note the following points:
  - (i) **Item A.1.** Includes remuneration and out-of-pocket expenses for international and national consultants. No details should be included in the TA Report, but they should be available for COSO review on request. In consultation with COSO, estimate remuneration based on the estimated minimum number of person-months and anticipated average remuneration rate at the time of contract negotiations. Base per diem on ADB's standard per diem rates for consultants. Other out-of-pocket expenses should be consistent with ADB's usual practice.
  - (ii) **Item A.2.** Mention indicative list of major equipment (if any) in a footnote and indicate if it will be purchased or rented.
  - (iii) **Item A.3.** Includes all expenses related to seminars, conferences, workshops, training and fellowships (no details to be included but should be available for COSO review on request). If the selection method is QCBS, FBS or LCS, consider whether to classify amounts allocated under this category under "provisional sums", i.e., amounts that cannot be reduced or increased in financial proposal submissions of short-listed firms. A footnote should be added indicating

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- classification of this cost category under provisional sums, if this is the case, when QCBS, FBS and LCS is used.
- (iv) **Item A.4.** Includes items such as cost of laboratory tests, surveys, data collection, and analysis if incurred. If the selection method is QCBS, FBS or LCS, consider whether to classify amounts allocated under this category under “provisional sums”, i.e., amounts that cannot be reduced or increased in financial proposal submissions of short-listed firms. A footnote should be added indicating classification of this cost category under provisional sums, if this is the case, when QCBS, FBS and LCS is used.
  - (v) **Item A.5.** Includes all miscellaneous expenses to be incurred in implementing the TA project.
  - (vi) **Item A.6.** Includes cost of travel and per diem for one government observer invited for contract negotiations. For special cases where a translator is needed, funding for the translator’s attendance can be shown.
  - (vii) **Item A.7.** Includes the physical and price contingencies.
    - (a) For short-term services (less than 12 months), the contingency should normally be 15% of A.1 to A.6 above (including physical and price contingencies).
    - (b) For long-term services, the contingency should normally include a 10 % physical contingency plus price contingency (based on anticipated price increase during the contract period).

**III. Government Assurances<sup>4</sup>**

15. The TA Report will state that the mission was assured by the government that particular counterpart services, facilities, and funds will be available by a certain date and details should be provided. Details of the list of services, facilities, and equipment to be provided by the government are included in the RFP. Such list of counterpart support must be confirmed by the government before contract negotiations with the first-ranked firm.

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<sup>4</sup> This section does not apply to nonsovereign technical assistance.