

Project Administration Instructions

PAI 2.03, Part B
Revised on February 2008
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RECRUITING INDIVIDUAL CONSULTANTS PART B: FOR LOAN/GRANT PROJECT ASSIGNMENTS AND EA-ADMINISTERED TRUST FUNDS

A. Introduction

1. This project administration instruction (PAI) provides guidelines that borrowers must follow to recruit individual consultants under Asian Development Bank (ADB)-financed loan/grant projects. Also read PAI 2.01, which provides general guidelines on recruiting consultants.

B. Policies¹

2. Borrowers normally recruit and supervise the consultants for ADB-financed loan/grant projects. Borrowers have some flexibility to use government procedures to select individual consultants, but their procedures must be approved by ADB and must meet ADB's requirements.

3. Loan supervising divisions should ensure that borrowers recruit consultants promptly with no avoidable delays.

4. User division officers and mission members explain ADB's requirements and procedures to borrowers, especially executing agencies (EAs), during loan fact-finding and appraisal and to the EAs' project offices and project management offices or units as soon as they are formed. The operations coordination divisions and regional and resident missions also provide information and guidance to EAs on ADB's requirements from time to time. The *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers* (the *Guidelines*) and the procurement plan state the roles and responsibilities of the parties involved and the procedures they will follow.

5. Individual consultants are more appropriate than firms when the assignment is straightforward and does not require a team of experts and extra support from the consultant's home office. The EA's main requirements are the consultants' qualifications and experience.

6. Borrowers may engage individual consultants directly or through an organization such as a consulting firm, an academic institution, a government agency, or an international agency.

7. ADB categorizes individual consulting assignments as

- international if they require international experience, and consultants from all ADB member countries may apply and be considered; or
- national if they require expertise available only in the borrowing country, and only nationals of the borrowing country may apply and be considered.

Nationals of the country concerned who have extensive international experience may be considered as international consultants for assignments that require an international level of expertise. (Extensive international experience is generally defined as having been recruited for three or more contracts at an

¹ Extracted from *Use of Consultants by the Asian Development Bank and Its Borrowers*, R12-06 (12 January 2006).

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international level, but also includes individuals of internationally acknowledged expertise in their professional fields.)

8. ADB encourages assignments for national consultants from the project country when qualified national consultants are available.

9. For international consulting assignments, borrowers should short-list consultants from different geographic regions in order to ensure access to the best expertise available and to spread the opportunities to work on consulting assignments among ADB's member countries.

10. ADB's anticorruption policy requires borrowers and consultants under ADB-financed contracts to observe the highest ethical standards. If ADB determines that representatives of a borrower, a beneficiary, or a consultant engaged in corrupt, fraudulent, collusive, or coercive practices during consultant selection or the execution of a contract, ADB may take any of the steps set out in the *Guidelines*, paragraph 1.23. Staff should refer allegations of corrupt, fraudulent, collusive, or coercive practices to the Office of the General Auditor.

C. Procedures

11. The procedures EAs should use to recruit individual consultants under ADB-financed loan/grant projects, and that ADB user division officers should follow when they assist EAs, are summarized below and outlined in Appendix 1.

D. EA Capacity Assessment and Procurement Plan

12. PAI 2.02, Part E describes the rationale for and steps in the preparation of a capacity assessment of an EA and a procurement plan for a loan. The needs for individual consultants and the steps to be followed for their recruitment are defined during the same exercise.

E. Participation of National Consultants

13. The EA's procurement plan defines positions for national consultants from the project country when qualified national consultants are available.

14. When the user division officer is helping the EA to prepare its procurement plan, the officer discusses the availability and qualifications of national consultants with the EA and relevant local organizations and checks the information in the DICON,² ADB's data on individual consultants.

15. When the user division officer and the EA agree that national consultants can handle some of the positions, the user division officer may assist the EA in defining which positions are appropriate for international and national consultants.

16. Borrowers may choose to finance the costs of assignments defined for national consultants from their own resources as part of the borrower's counterpart contribution. However, when ADB provides local

² DICON will be replaced by Consultant Management System (CMS) during the first quarter of 2008.

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cost financing under a loan, the borrower may use these funds to finance part or all of the assignments identified for national consultants. In assisting the EA with the procurement plan, the user division officer may also assist with the preparation of the budget for international and national consultants.

F. Selecting and Approving the Short List

17. Several weeks before an individual consulting assignment is scheduled to start, the EA prepares a short list of at least three qualified candidates. The EA normally includes no more than one candidate from any ADB member country. At the EA's request, the user division will provide the names and qualifications of suitable candidates from the DICON. The EA may also advertise for suitable candidates.

18. The EA ranks the candidates, and then normally submits their names and qualifications and the draft contract it will use for the engagement to ADB for approval. The user division

- reviews the EA's documents;
- consults the Central Operations Services Office (COSO), if necessary;
- asks the Controller's Department (CTL), Office of the General Counsel (OGC), or other relevant departments and offices for comments, if necessary;
- approves the EA's documents or identifies needed revisions;
- prepares a note to file summarizing the issues raised and the decisions taken; and
- advises the EA of ADB's decision.

G. Negotiating and Approving the Contract

19. After ADB approves the ranked short list and draft contract, the EA negotiates with the first-ranked candidate. If the negotiations fail, the EA obtains ADB's approval to negotiate in turn with the next-ranked candidate until agreement is reached. The EA then normally sends a copy of the draft negotiated contract to ADB for approval.

H. Finalizing the Contract

20. After ADB approves the draft negotiated contract, the EA concludes the negotiations, signs the contract, and submits a copy to ADB for its records. After receiving the signed contract, the user division checks that it is substantially the same as the draft already approved and gives copies to COSO, CTL, and OGC. The division must send copies of all communications regarding consultants to COSO.

I. Terminating Contracts

21. When an EA proposes to terminate a contract with an individual consultant, it sends a recommendation to ADB. The user division consults COSO and OGC, decides whether termination is warranted, and advises the EA of the decision. When the division approves termination, the EA sends a written notice to the consultant, in accordance with the provisions in the contract.

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