

# Project Administration Instructions

PAI No. 2.01, Part A  
Revised on February 2008  
Page 1 of 4

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## GENERAL GUIDELINES ON RECRUITING CONSULTANTS GENERAL PRINCIPLES

### A. Introduction

1. This project administration instruction (PAI) provides general policies<sup>1</sup> and procedures for recruiting and supervising consultants. Also read PAIs 2.02, 2.03, 2.04, and 2.05, which provide specific policies and procedures for recruiting, supervising, and evaluating consulting firms and individual consultants. The information in these PAIs supplements that in the *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers* (the *Guidelines*), which provides the main policies and procedures for recruiting consultants.

2. In these instructions, references to

- the term “loan” includes, besides loan-financed funding, funding provided under investment projects wholly or partly funded by Asian Development Fund grants;
- the term “financing by ADB” include financing by loans, technical assistance (TA) grants, and ADB’s administrative budget;
- the term “executing agency” (EA) refer to the agency delegated to supervise implementation of a loan or a TA grant-funded project; and
- for loan-funded projects, the term “borrower” include the EA and/or implementing agencies responsible for implementing the project.

### B. Basic Principles

3. ADB’s policies on recruiting consultants are based on six principles:

- Consulting services should be of high quality.
- Engagements should be economical and efficient.
- All qualified consultants should have the opportunity to compete for assignments.
- ADB aims to develop and use consultants from developing member countries.
- The selection process should be transparent.
- Transactions must be carried out without favoritism or corrupt, fraudulent, coercive, or collusive practices in accordance with the highest ethical standards.

4. ADB believes that in most cases these principles can be best addressed through competition among qualified short-listed consultants, and that selection should be based on the quality and cost of their services.

5. ADB and its borrowers aim to recruit consultants promptly and effectively by

- providing a range of recruitment options,
- permitting quick engagements for emergency assignments,

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<sup>1</sup> See *Use of Consultants by the Asian Development Bank and Its Borrowers*, R12-06 (12 January 2006).

# Project Administration Instructions

PAI No. 2.01, Part A  
Revised on February 2008  
Page 2 of 4

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- harmonizing procedures with those of the other major multilateral development banks, and
- monitoring the recruitment process.

## **C. Responsibilities**

### **1. Central Operations Services Office (COSO)**

6. COSO directors are responsible for ensuring that staff comply with ADB's policies and procedures for recruiting consultants.

7. COSO negotiates the rates of remuneration, per diem, and out-of-pocket expenses for consultants; decides the terms and conditions of their assignments; and negotiates and signs contracts with them. Staff may not make commitments to engage consultants or to set remuneration unless an authorized officer in COSO has specifically approved the commitments. Staff must not allow consultants to start working on assignments before they sign a contract with COSO.

8. During the selection process for consulting assignments with a budget above \$600,000, COSO is responsible for replying to representations from short-listed consultants, including answering questions and fielding complaints. For consulting services with a budget \$600,000 or below, this responsibility is delegated to the user division. In all such cases, COSO or the respective user division will respond to such queries, and the responses will be copied to all short-listed firms (without disclosing the name of the firm submitting the queries). When the user division replies, a copy will be provided to COSO, and vice-versa. If requested, COSO debriefs unsuccessful consultants after the contract is signed. For consulting assignments \$600,000 or below, COSO shall debrief consultants based on the narrative evaluation information provided to COSO by the user division.

9. COSO collects, evaluates, and files information on consultants. COSO maintains the DACON, the database on consulting firms; the DICON,<sup>2</sup> the database on individual consultants; and files on consultants' performance. The files on consulting firms and individual consultants are confidential. They are available only to ADB staff and borrowers' representatives directly involved in selecting consultants for particular assignments.

### **2. User Divisions, Offices, and Departments**

10. For consultancy assignments funded by TA grants or by ADB's administrative budget, user divisions, offices, and departments are responsible for determining the scope of work to be undertaken, recruiting consulting services (in cooperation with COSO), and supervising the day-to-day implementation of consulting services contracts. They are also responsible for supervising the use of consultants by borrowers of ADB loans. The heads of departments and offices make sure that consultants are used properly. The user divisions reply to most representations from consultants while they are working on assignments.

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<sup>2</sup> DACON and DICON will be replaced by Consultant Management System (CMS) in the first quarter of 2008.

# Project Administration Instructions

PAI No. 2.01, Part A  
Revised on February 2008  
Page 3 of 4

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## 3. Controller's Department

11. The Controller's Department (CTL) is responsible for verifying and authorizing payments due by ADB to consultants under their contracts with ADB.

## 4. Consultant Selection Committees

12. Consultant selection committees (CSCs) are responsible for (i) evaluating the proposals of consulting firms for TA operations with contract budgets greater than \$600,000;<sup>3</sup> and (ii) when requested, under special circumstances, reviewing borrowers' proposals to recruit consulting firms under loan projects with consulting contract budgets greater than \$600,000.

13. CSC decisions are final if the voting is unanimous. If a CSC does not reach a unanimous decision, the chairperson refers the matter to the Principal Director, COSO, and the head of the user department or office. They consider the views of all CSC members and then make a final decision.

14. The CSC consists of a COSO director or a professional staff member from COSO representing him/her as chairperson, the user division officer, and a professional staff member from another division chosen from a roster that COSO maintains. The third member is impartial and usually has a background in a similar technical area as the user division officer. The CSC members represent the directors of their divisions, who may exercise voting rights if necessary.

15. The chairperson issues invitations to the CSC members, and convenes and conducts meetings. Representatives from the Regional and Sustainable Development Department; Budget, Personnel, and Management Systems Department (BPMS); CTL; Office of the General Counsel; and other departments and offices may attend meetings as observers if the chairperson invites them.

16. CSCs determine their own procedures if they are not specified in the PAI.

## D. Anticorruption Policy

17. ADB requires the consultants, borrowers, EAs, and implementing agencies under ADB-financed projects to observe the highest standards of ethics during the consultant selection process and in executing contracts. If ADB decides that representatives of a consultant, a borrower, an EA, or an implementing agency engaged in corrupt, fraudulent, collusive, or coercive practices during consultant selection or the execution of a contract, ADB may take any of the steps listed in paragraph 1.23 of the *Guidelines*. Staff should refer allegations of corrupt, fraudulent, collusive, or coercive behavior to the Integrity Division of the Office of the Auditor General.

## E. Conflict of Interest

18. ADB considers a conflict of interest to be a situation in which a party has interests that could improperly influence that party's performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations. A conflict of interest may contribute to or constitute a prohibited practice under ADB's anticorruption policy. ADB will take appropriate steps to address conflicts

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<sup>3</sup> If specifically requested by the user division or COSO, a CSC maybe established for contract budgets equal to or less than \$600,000.

# Project Administration Instructions

PAI No. 2.01, Part A  
Revised on February 2008  
Page 4 of 4

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of interest and may reject a consultant selection if it decides that a conflict of interest has flawed the integrity of the selection process.

19. Examples of conflicts of interest or potential conflicts of interest include

- consultants that can also provide goods, works, and/or nonconsulting services in addition to consulting services; such a consultant will not be selected to provide consulting services as well as goods, works, and nonconsulting services for the same project;
- consultants engaged for an assignment that conflicts with another of the consultant's assignments; for example, a consultant that
  - prepares the engineering design for a project will not be engaged to prepare an independent environmental assessment of that project;
  - is advising a government on privatizing assets may not purchase or advise purchasers of the assets; and
  - prepares terms of reference (TOR) for an assignment will not be engaged for that assignment; and
- consultants with a business or family relationship with an ADB or borrower's staff member who is involved in (i) preparing TOR, (ii) recruiting a consulting firm for the assignment, or (iii) supervising the consultant during an assignment; such a consultant will not be selected for the assignment unless ADB is satisfied that the conflict has been resolved.

20. Consultants should not bid for assignments when they have an actual or potential conflict of interest. Requests for clarifications and resolutions of possible conflicts of interest should be submitted to COSO prior to a firm being short-listed or an individual consultant being recruited.

## **F. Avoiding Unfair Competitive Advantage**

19. A consultant competing for an assignment should not gain an unfair competitive advantage from having completed a related, previous assignment. To avoid this, ADB and borrowers provide all the short-listed consultants with the same information so that no one firm has a competitive advantage.