

# Project Administration Instructions

PAI 2.04, Part A  
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## SUPERVISING THE IMPLEMENTATION OF CONSULTING SERVICES PART A: SUPERVISING CONSULTANTS FOR GRANT-FINANCED TECHNICAL ASSISTANCE

### A. Introduction

1. This project administration instruction (PAI) provides guidelines for supervising consultants for grant-financed technical assistance (TA) provided by the Asian Development Bank (ADB). It should be read in conjunction with PAI 5.11 Administering Grant-Financed Technical Assistance.

### B. Responsibilities During Implementation

2. The technical assistance supervising unit (TASU) for each TA takes the main role in the supervision of consultants implementing the TA. The TASU makes sure that the TA's purpose and objectives are achieved and that the consultant performs satisfactorily. The Central Operations Services Office (COSO) monitors and administers consultants' contractual obligations; advises staff on contractual, financial, and legal issues that arise during implementation; and reports to Management and the Board on implementation progress. The Office of Cofinancing Operations advises staff on issues that arise during the implementation of cofinanced TA and coordinates with cofinanciers. The Loan Administration Division (CTLA) controls and monitors disbursements. The Office of the General Counsel (OGC) advises staff on contract issues.

3. Regional technical assistance (RETA) may have components/outputs administered by different TASUs. In this circumstance, a coordinating TASU should be nominated with overall administrative responsibility for the RETA. All administrative changes (extensions, changes in cost allocations, changes in implementation arrangements, and changes in scope) to a component/output of a RETA should be prepared by the concerned TASU and then sent to the coordinating TASU director for further processing.

### C. Finalizing Contracts with Consulting Firms

4. PAI 2.02, Part D describes the procedure for negotiating TA-funded contracts with consulting firms, and PAI 2.03, Part A describes the procedures for negotiating TA-funded contracts with individual consultants. COSO usually negotiates contracts with consulting firms on a face-to-face basis at ADB headquarters but may negotiate contracts for advisory technical assistance (ADTA) or RETA budgeted at \$600,000 or less by email and facsimile. COSO also negotiates contracts with individual consultants by correspondence.

5. COSO negotiates each contract within the amount budgeted for the assignment in the TA paper or request for an individual consultant. When COSO negotiates with a consultant that proposes a higher contract amount, COSO negotiates the amount down until it is within the budget.

6. After COSO completes a negotiation with a consulting firm, the relevant COSO director signs the contract on behalf of ADB if the amount is \$600,000 or less, and the Principal Director, COSO signs if the amount is greater than \$600,000. COSO sends copies of the signed contract to the consultant, the TASU, CTLA, and OGC. COSO also enters details of the contract into the web-based technical assistance information system (TAIS). The TASU then sends a copy of the contract to the government and sends the

consultant a notice to proceed with its assignment. CTLA arranges a mobilization payment if the consultant is a firm, or an advance if the consultant is an individual and asks for an advance.

7. Staff must not allow a consultant to start an assignment before the consultant and ADB sign the contract.

#### **D. Advances to Consulting Firms and to Individual Consultants**

8. For consulting firms, COSO approves mobilization payments when it finalizes their contracts, but during their assignments they are expected to cover the cost of their expenses and submit receipts or statements of expenditure to the TASU for reimbursement. The TASU does not normally approve requests from consulting firms for advances during their assignments.

9. For individual consultants, COSO and the TASU may approve advances against their reimbursable expenses when justified, although not for remuneration or expenses that are paid by lump-sum. When an individual consultant asks for an advance, COSO or the TASU decides whether the amount requested is reasonable, considering the size and timing of the expense and the fact that individual consultants often need advances to cover significant expenses. During the assignment, one or more additional advances may be approved on request, up to an aggregate limit of 75 percent of the expenses. During contract negotiations COSO may approve, when a consultant asks, an advance of one half of this, i.e., up to 37.5 percent of the expenses. This is normally to cover the consultant's airfare, miscellaneous travel expenses and per diem for the first 30 days of the assignment. Further advances during the implementation period are approved by the TASU. The TASU does not approve a request for an additional advance until the consultant liquidates the previous advance.

10. In accordance with the *Guidelines for Disbursement of Technical Assistance Grants*, when a consultant asks for an advance to purchase equipment, three quotations are required. Likewise, when a consultant asks for an advance to cover the cost of a seminar, conference, workshop, training program, fellowship, study, survey, or report, a detailed cost estimate is required.

11. CTLA usually disburses advances in two or more payments, not in one payment. CTLA disburses advances for seminars, workshops, and study tours within 2 weeks of the date on which the seminar, workshop, or study tour will start.

12. The TASU makes sure that the consultant liquidates or repays the advances promptly.

13. When a consultant receives an advance and the assignment does not proceed, the consultant must repay the advance.

#### **E. Purchasing Equipment and Vehicles**

14. Consultants, governments, executing agencies (EAs), regional or resident missions (RMs), or the Procurement and Contract Administration Section (OAI-PC) may procure equipment, and vehicles for TAs. The consultant is often responsible for procuring computers and other specialized equipment, which is stated in the procurement plan and the consultant's contract. Occasionally, it is appropriate and cost

effective for the government or EA to procure items, and the arrangements are agreed upon during TA processing and stated in the procurement plan and the TA paper. The TASU may consult OAI-PC to decide on the most economic means of procuring the items. The TASU monitors the delivery of the items and notifies OAI-PC when they are received.

15. When OAI-PC procures items for a TA, it normally obtains at least three quotations before purchase. When a consultant or RM procures items for a TA, it generally follows the *Procurement Guidelines*, but the consultant or RM normally obtains at least three quotations when procuring equipment and vehicles for a TA. When a consultant or RM procures items in a remote area with few suppliers, it tries to obtain at least one or two quotations locally and, if practical, obtain additional quotations from the capital or a regional city.

16. When the consultant procures specialized equipment such as computers, it discusses the technical specifications and whether the equipment should be purchased locally or internationally with the government or EA. The TASU may ask the Office of Information Systems and Technology for advice on the specifications. When the consultant procures equipment locally, it may ask the government to assist.

17. When vehicles are required to implement a TA, the TA paper states whether they will be leased or purchased. When vehicles are purchased, the TASU makes sure they are appropriate for the TA activities and within the budget. For most TA activities, vehicles are used mainly to transport personnel and equipment to undertake the services. Basic utility vehicles (for example, less expensive pickup trucks, light vans, and 4-wheel-drive vehicles without luxury accessories) are normally adequate. Other utility vehicles, such as buses, are permitted in special cases when justified. In principle, ADB does not finance the purchase of luxury vehicles (for example, more expensive sedan or saloon cars, multipurpose vehicles, and 4-wheel-drive vehicles with luxury accessories) under TAs.

18. During TA implementation, the equipment and vehicles purchased under the TA are ADB's property. The TASU may have to remind the government that the equipment and vehicles belong to ADB and may be used only for the purposes of the TA. The equipment and vehicles remain ADB's property, even after CTLA closes the TA account, until handed over to the government or disposed of.

19. During TA implementation, the TASU makes sure that the registration fees and insurance premiums for vehicles are paid. This facilitates transferring the vehicles to the government or disposing of them when the TA is completed.

#### **F. Supervising Consultants' Outputs**

20. The TASU is responsible for the results of the TA and therefore supervises the consultant to make sure the TA succeeds. The TASU monitors the consultant's outputs against its targets, particularly its deadlines for producing the required reports. These targets are specified in the work plan and staffing schedule, and usually in the terms of reference (TOR) in the consultant's contract.

21. Consultants' contracts often require them to submit inception, interim, draft final, and final reports and sometimes require them to submit other reports. The TASU reviews and comments on each report and circulates it to the concerned divisions. The consultant submits hard copies of its reports and

electronic copies on CD-ROM for the Information Resources and Services Section to retain in its archives. The TASU also retains copies of the consultant's reports and other important documents it produces.

#### **G. Progress Reports**

22. The TASU updates the TA Performance Report (TPR) to record the progress of implementation at least quarterly. COSO summarizes the TPRs in quarterly reports to Management and the Board. PAI 6.09 provides more information on reporting the progress of a TA.

#### **H. Review Missions**

23. The TASU fields review missions as required while it is implementing the TA to check the consultant's progress, reassess the expected completion date, and review the TA's finances. After receiving the consultant's reports, the TASU circulates copies to the project team, the relevant thematic committees, and the concerned departments and offices for comments, before the next review mission.

#### **I. Tripartite Meetings**

24. The TASU arranges tripartite meetings with the EA and the consultant to help make sure they all have a common understanding of the progress of the TA and follow a participatory approach in reviewing the consultant's outputs. The TASU usually schedules a tripartite meeting shortly after it and the EA receive each major report. The anticipated schedule of tripartite meetings is shown in the consultant's work plan and staffing schedule. For TA delegated to the recipient country, the EA arranges tripartite meetings with the implementing agency, ADB, and the consultant.

#### **J. Inception Meeting**

25. For most TA, the TASU's first review mission is an inception mission culminating in a tripartite meeting with the EA and the consultant. The purposes of the inception mission and the tripartite meeting include

- ensuring that the EA and the consultant understand the TA's objectives and the consultant's TOR;
- reviewing the consultant's TOR in light of the first few weeks of implementation experience;
- reviewing and agreeing on the consultant's inception report and work plan, making alterations as necessary;
- resolving any difficulties that will impede the consultant in completing the assignment;
- making sure that the EA is providing adequate counterpart staff and facilities; and
- reconfirming the timetable for the completion of the assignment, including any further tripartite meetings.

## **K. Payments to Consultants**

26. Consultants submit progress reports and claims for payment to the TASU. At the end of contract negotiations with consulting firms, COSO provides them with the formats for the *Monthly Statement of Consultant Inputs* and *Claim for Payment*. The monthly statement requires consultants to submit their experts' inputs during the month and their cumulative inputs from the start of the services compared with those in the personnel schedule. The claim for payment requires consultants to submit

- their expenditure on reimbursable and receiptable items listed in the contract, including items they purchased for the TA, together with supporting documents such as original receipts and used ticket stubs; and
- the amounts they claim from ADB.

27. Consultants normally submit claims when they meet the milestones (targeted outputs) stated in the contract, as these normally trigger payments. When consultants complete activities and claim expenses that were not stated in the contract, they must identify these activities, justify them, and ask the TASU to approve them.

28. The TASU reviews the consultant's monthly reports and claims and

- certifies that the consultant performed the services;
- confirms that the consultant purchased the equipment, if applicable, and submitted the reports it claimed;
- confirms that the consultant attained the milestones it claimed; and
- approves any expenses that were not included in the contract, before processing or asking COSO to process a contract variation, if necessary.

29. Certification must be done by a professional staff, either the TASU specialist or the TASU Head. The TASU then forwards the validated reports and claims to CTLA for payment. The TASU keeps copies to help monitor the consultant's inputs and outputs. When the consultant submits its final report and claim at the end of services, the TASU reviews them to make sure that the total inputs shown are consistent with the inputs reported in the monthly statements.

30. After receiving the validated claims, CTLA pays the consultant in accordance with the contract. CTLA pays the costs of any expenses that were not included in the contract after the TASU or COSO processes a contract variation.

31. The TASU asks CTLA for advice on any special disbursement procedures, particularly for cofinanced TAs. Special disbursement procedures may include advance payments (section D) or the procedures for liquidating advances, which are explained in the *Guidelines for Disbursement of Technical Assistance Grants*. When the TASU intends to request an RM or regional/representative office (RO) to pay an expense under a TA, the TASU must first send a request to CTLA to remit the funds to the RM/RO concerned. If for whatever reason, the remittance cannot be made in time, the TASU should request CTLA to authorize an RM/RO to pay from its imprest account.

## **L. Contract Variations**

32. Contract variations are written changes to the consultant's contract on which ADB and the consultant agree. They may change an item in the contract or add a new item. Consultants propose most contract variations, but the TASU and other parties may also propose variations.

33. The TASU director or head endorses proposed contract variations, and then the TASU either processes them or asks COSO to process them:

- The TASU processes variations in individual consultants' contracts that do not involve changes in experts or remuneration rates and that either have no cost impact or a cost impact estimated at \$10,000 or less.
- COSO approves and processes all variations in contracts with consulting firms, and variations in contracts with individual consultants that involve changes in experts or remuneration rates, or have a cost impact estimated at more than \$10,000. COSO processes all contract terminations.

To process a variation, the TASU or COSO enters the details into the TAIS and sends a variation order to the consultant. The TASU and COSO send copies of their variation orders to each other and to CTLA.

34. The changes that require contract variations include changes in the

- scope or implementation arrangements (see also PAI 5.11 on changes in TA scope or implementation arrangements);
- experts performing the services;
- experts' remuneration;
- experts' TOR or staffing schedule;
- expenses, including the addition of new expenses;
- starting or completion dates, or termination; and
- contact details or remittance instructions for payments.

35. Changes in the experts' remuneration always have cost implications. Changes in the scope, the implementation arrangements, the experts, their TOR, their staffing schedule, or the completion date may or may not have cost implications. Contract variations without cost implications include changes in the

- payment schedule,
- consultant's contact details or payment remittance instructions, or
- other administrative changes.

When the TASU asks COSO to process a variation with no cost implication, it states this in the request. When COSO or the TASU sends variation orders without cost implications to consultants, they state this in the orders.

36. COSO approves the consultant's remuneration during the contract negotiations, and both the levels of remuneration and the currencies of payment are fixed for the contract period. When the TASU extends an individual consultant's engagement to a total period of more than 1 year, COSO may agree in special cases to a small increase in the remuneration to cover inflation and/or currency fluctuations.

37. The remuneration of replacement experts provided by consulting firms normally does not exceed the remuneration of the original experts, and when a consulting firm is selected using quality- and cost-based selection (QCBS), fixed-budget selection (FBS), or least-cost selection (LCS), the remuneration of replacement experts is normally the same as the remuneration of the original experts.

38. When a consulting firm is selected using QCBS, FBS, or LCS, COSO pays the firm the per diem rates it stated in its financial proposal. For other engagements:

- COSO publishes maximum per diem rates for international consultants working in major cities. The published rates apply only to continuous engagements of 6 months or less, and the rates for longer continuous engagements are lower.
- The per diem rates for national consultants working outside their home cities vary but tend to be about half the rates for international consultants. When national consultants will stay in the same hotels as international consultants, COSO usually pays them the same per diem rates.

39. When a consultant asks for a change in the payment remittance instructions in its contract, the TASU makes sure that

- a new bank account is in the consultant's name; if the consultant is an individual, the account may also be in his/her firm's name; and
- the signature on the request is the same as the signature on the contract.

When a consultant asks for payment by bank draft, the TASU may ask the Treasury Department to endorse the request.

40. When a consulting firm asks for a change in its authorized representative, it must support the request with a board resolution, a power of attorney, or a similar document.

#### **M. Resolving Performance Problems and Terminating Contracts**

41. Problems arise during the implementation of most TA operations, and the TASU discusses them with the consultant and the EA, which agree on solutions. When the TASU identifies a problem with the consultant's performance, the TASU director or head decides what action is appropriate. The TASU normally follows a four-step procedure to resolve performance problems:

- First, the TASU discusses the problem with the consultant. This is often sufficient to resolve the problem.

- Second, if the problem persists, the TASU discusses it with the consultant and the EA in a tripartite meeting. This is an effective way to resolve many performance problems.
- Third, if the problem still persists and the TASU decides that the consultant's performance is not fully satisfactory, the TASU writes to the consultant to describe the areas of the consultant's performance that it considers unsatisfactory; explain the performance levels required; and direct the consultant toward ways to improve its performance, for example by replacing experts whose performance is unsatisfactory. If the performance is unsatisfactory in several areas and appears likely to continue, the TASU considers terminating the consultant's contract. In this case, the TASU tells the consultant in its letter that it is considering termination.
- Fourth, when the TASU decides that the consultant has not adequately responded to the written warning and it will terminate a contract, it consults the government and then discusses with COSO whether to convene a special consultant selection committee (CSC) meeting. If the CSC is convened, it decides if termination is warranted. If the CSC is not convened, the director of the user division decides if termination is warranted, in consultation with COSO, OGC, and other relevant departments and offices. COSO advises the consultant of the decision in accordance with the provisions of the contract. In accordance with paragraph 2 above, the TASU is responsible for ensuring that the provisions of the contract are applied, including the steps required to terminate the contract. The TASU advises the government, the EA, or both, and prepares a summary of the remedial action required and a proposal for completing the assignment.

#### **N. Turning Over or Disposing of Equipment and Vehicles**

42. When the TA is completed, the consultant must promptly turn any purchased equipment and vehicles over to the government or dispose of them, and the TASU transfers the ownership of vehicles. The consultant must then submit a certificate of turnover or disposal to the TASU (Appendix 1 provides the format). The consultant should normally submit the certificate within a week or two of completing the assignment, together with its final claim. At the latest, the consultant's contract states that it must submit the certificate within 90 days of completion if it is a consulting firm or within 60 days if an individual consultant is involved. If the consultant does not submit the certificate by the deadline, the TASU confirms that the consultant turned over or disposed of the equipment and vehicles and completes the certificate.

#### **O. Consultants' Final Claims**

43. At the end of contract negotiations with consulting firms, COSO provides them with a five-page format for the final claim, titled *Final Statement of Eligible Costs*.

44. The consultant must submit this final claim to the TASU as expeditiously as feasible, but normally within 15 days of completing the assignment. The consultant's contract states that it must submit a final statement of claims within 60 days of completion. Before the expiry of this period, the TASU advises the consultant of the impending closure of the contract account. Appendix 2 provides a sample notice for this purpose in the case where there is no dispute with the consultant.

45. In the event of a dispute between the consultant and the TASU, after reasonable efforts have been made to resolve outstanding payment issues, the TASU advises the consulting firm that the contract account will be closed unless the consultant issues a notice that it wishes to proceed to arbitration. Appendix 3 provides a sample notice for this purpose.

46. If the consultant does not submit its final claim by the required deadline, or if the consultant submits its claim by the deadline with incomplete documentation, or if the TASU and the consultant cannot reach agreement on the amount of the final payment, then the TASU decides the amount that CTLA will pay the consultant. Except when the consultant has given a notice of intention to arbitrate, CTLA will make final payment based on the TASU's assessment of the amounts due. The contract with consulting firms expressly states that any consultant claims submitted to ADB by the consultant after consultant contract closure will be denied, and that the consultant waives any such claims unless it has filed a notice of intention to arbitrate.

**P. Closing the Account**

47. The TASU asks CTLA to close the TA account after the procedures set out in section O above have been completed. Appendix 4 provides a sample memo. After receiving the TASU's request to close the account, CTLA does so promptly.

48. When CTLA has made no disbursements under a TA during a continuous period of 12 months, it notifies the TASU that the TA has "inactive disbursement" status. CTLA closes the account 30 days after issuing the notice unless the TASU asks CTLA beforehand not to close it.

49. After closing the account, CTLA can no longer disburse funds from it. CTLA makes the canceled funds available for new commitments. The TASU advises the government and other concerned parties that ADB has closed the account.

**Q. Evaluating the Consultant's Performance**

50. After the consultant completes the assignment and submits the final report, the user division evaluates the consultant's performance and submits a report to the relevant director, COSO. PAIs 2.05, Part A and 2.05, Part B provide guidelines on evaluating consulting firms' and individual consultants' performance, respectively.

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TA no. - country: title \_\_\_\_\_

**Certificate of Turnover/Disposal of TA Equipment and Vehicles**

Date: \_\_\_\_\_

This is to certify that the equipment and vehicles listed below were turned over to the recipient government/agency or disposed of in accordance with ADB's instructions.

Item/Description	Quantity	Unit
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Certified by:

\_\_\_\_\_  
[representative of consultant/ADB staff member]  
[signature over printed name]

Equipment received by:

\_\_\_\_\_  
[representative of recipient government agency]  
[signature over printed name]

Confirmed by:

\_\_\_\_\_  
[ADB staff member]  
[signature over printed name]

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Note: Consultants normally submit this certificate with their final claim, within a week or two of completing the assignment. At the latest, you must submit this certificate within 90 days of completion if you are a consulting firm or within 60 days of completion if you are an individual consultant.

**TEMPLATE TO BE USED FOR CLOSING CONTRACTS WITH CONSULTING FIRMS IN THE CASE  
OF NO DISPUTE**

[ADB LETTERHEAD]

[Consultant's Address]

Dear [name of consultant's representative]:

TA [number and name]: Contract No. [number of contract]

We are writing to advise you that ADB intends to close this TA account, as the assignment has been completed.

It is our understanding that you have no outstanding claims under the captioned contract. If you have any further claims we request you to submit them at the earliest possible time but, in all events, within sixty (60) days from the date hereof. ADB will consider any submission we receive by \_\_\_\_\_[date 60 days after the date of this letter]. However, if no submission is received by that date, we will close the TA account.

Please note that ADB will not consider claims from your firm under this TA after the deadline stated above, and we will no longer be able to make payments after the TA account has been closed.

Yours sincerely,

[name of director]  
[user division]

cc: COS1 or COS2/CTL

**TEMPLATE TO BE USED FOR CLOSING CONTRACTS WITH CONSULTING FIRMS IN THE CASE  
WHERE THERE IS A DISPUTE**

[ADB LETTERHEAD]

[Consultant's Address]

Dear [name of consultant's representative]:

TA [number and name]: Contract No. [number of contract]

We are writing to advise you that ADB intends to close this TA account, as the assignment has been completed.

We have made every effort to resolve your pending claims, but, regrettably, we have been unable to do so. You have not accepted our proposed liquidation of your eligible claims in final settlement of the matter. Therefore, if you wish to proceed to arbitration according to the terms of the captioned contract, we request you to provide us with notice thereof within sixty (60) days from the date hereof. If you fail to provide us with such notice within such period, we will close the TA account.

Please note that ADB will not consider claims from your firm under this TA after the deadline stated above, and we will no longer be able to make payments after the TA account has been closed.

Yours sincerely,

[name of director]  
[user division]

cc: COS1 or COS2/CTL

[NAME OF THE TASU DEPARTMENT/OFFICE]  
[name of the TASU division]

[date]

To: Assistant Controller, CTLA  
Through: [name and title of the TASU director or head]  
From: [name and title of the TASU officer]  
**Subject: Request to Close TA account**  
**[TA no. – country: TA title]**

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We request CTLA to close the account for this TA. We certify the following:

ADB has fully settled the consultant's final claim and a *Certificate of Full Payment* is attached.

The consultant has failed to submit any claims within the required deadline. A copy of ADB's closing notice is attached.

The consultant has failed to file a notice to arbitrate within the required deadline. A copy of ADB's final notice is attached.

A certificate of turnover/disposal or transfer of ownership of the TA equipment/vehicles is attached.

There are no outstanding advances under the TA.

There are no further claims from the consultant, the recipient, a travel agency, a supplier, or any other party.

Please advise us when the account is closed.

Attachments: a/s

cc: CTLA-LF/TA