

Project Administration Instructions

PAI 5.11
Revised January 2009
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ADMINISTERING GRANT-FINANCED TECHNICAL ASSISTANCE

A. Introduction

1. This project administration instruction (PAI) provides guidelines for administering grant-financed technical assistance (TA) provided by the Asian Development Bank (ADB). It includes provisions that relate to supervising consultants rendering services under TA (including consulting firms, organizations, and individual consultants), processing their payments and administering their contracts. Further specific details on the use of consultants for TA are included in PAIs 2.01, Part B; 2.02, Part D; 2.03, Parts A and C; and 2.04, Part A.

2. In addition to standard ADB-funded TA, these guidelines cover

- cluster TA operations; the cluster is treated as one TA with several component activities; and
- cofinanced TA administered by ADB, although staff administering TA with project-specific cofinancing should consult the Office of Cofinancing Operations (OCO) and the cofinancing agreement when appropriate to help resolve issues that arise during implementation.

3. They do not cover

- Japan Fund for Poverty Reduction (JFPR) and Japan Fund for Information and Communications Technology (JFICT) grants, which are covered by the *Directional Guidance Paper* and the *Guidelines and Operating Procedures for Application, Approval and Execution of JFPR/JFICT Grants*, available on ADB's website. (<http://adb.org/JFPR/program.asp>);
- TA preparation, which is covered by the staff instructions on preparing TA; and
- the administration of TA loans, which is covered by the PAIs on implementing loan projects.

B. Responsibilities During Implementation

4. The technical assistance supervising unit (TASU) for each TA supervises its implementation. 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' contracts, advises staff on issues that arise during implementation, and reports to Management and the Board on implementation progress. OCO 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.

5. Regional technical assistance (RETA) can 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 the RETA should be prepared by the concerned TASU, and then sent to the coordinating TASU director for further processing.

C. Effective Date

6. Most TAs become effective from the date the government signs the TA letter. Small-scale TA is effective from the date of approval. A RETA is effective from the date of approval (when ADB administers it) or from the date all the parties sign the RETA agreement (when a third party administers it).

7. If the government or executing agency (EA) does not sign the relevant TA letter or agreement within 12 months from the date ADB approves the TA, ADB's approval lapses. At the end of the 12-month period, the head of the user department or office asks the concerned vice-president to approve either an extension or the lapse of the approval (see PAI 1.03).

D. Recruiting Consultants

8. After a TA becomes effective, the TASU recruits the consultants required in the procurement plan, with assistance from COSO and in accordance with the *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers*, PAIs 2.01 to 2.03, and the other staff instructions on recruiting consultants provide details of these procedures.

E. Finalizing Contracts with Consulting Firms

9. 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 TA or RETA budgeted at \$600,000 or less by email and facsimile. COSO also negotiates contracts with individual consultants by correspondence.

10. Most of the TA operations that require consulting firms finance the expenses of one representative (and one interpreter if needed) from the government to attend face-to-face contract negotiations. When necessary, and if the budget provision is adequate, the TASU may invite more than one representative. If the government wishes to send more representatives than the number the TASU invites, the government must meet the costs of the additional representatives. As a condition of attendance, the representative(s) must have the authority to make decisions concerning the government's responsibilities for the TA. This includes the facilities the government will provide and the government's commitment to finance its share of the local currency costs, including any additions to the local currency costs during implementation.

11. 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, in normal circumstances COSO negotiates the amount down until it is within the budget.

12. 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 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 one.

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

F. Supervising Consultants' Outputs

14. 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.

15. 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. Tripartite Meetings

16. 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.

H. Review Missions

17. 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.

18. For most TA operations, the TASU's first review mission is an inception mission. The purposes of the inception mission 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.

I. Resolving Performance Problems and Terminating Contracts

19. 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; explains the performance levels required; and directs the consultant towards 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 a contract. In this case the TASU tells the consultant in its letter that it is considering suspension and/or 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 TASU 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 4 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.

J. Progress Reports

20. 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 TA progress.

K. Payments to Consultants

21. 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 expenditures 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.

22. 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.

23. 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 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.

24. 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.

25. 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.

26. The TASU asks CTLA for advice on any special disbursement procedures, particularly for cofinanced TA. Special disbursement procedures may include advance payments (paragraphs 50-60) or the procedures for liquidating advances, which are explained in the *Guidelines for Disbursement of Technical Assistance Grants*. When the TASU intends to request a resident mission (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 remittance cannot be made in time, the TASU should request CTLA to authorize an RM/RO to pay from its imprest account.

L. Purchasing Equipment and Vehicles

27. Consultants, governments, EAs, RMs/ROs, or the Procurement and Contracts Administration Section (OAIS-PC) may procure equipment and vehicles for TA. 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 OAIS-PC to decide on the most economic means of procuring the items. The TASU monitors the delivery of the items and notifies OAIS-PC when they are received.

28. When OAS-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, to obtain additional quotations from the capital or a regional city.

29. 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.

30. 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 TA.

31. 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 transferred to the government or disposed of.

32. 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.

M. Increasing the Budget

33. The TA budget amount is the ceiling, and the TASU must obtain approval from the Head of User Department, Management or the Board to increase it. Table 1 defines approval procedure and responsibility based on ceilings for amount (US\$) of the increase.

Table 1: Increasing the TA Amount (US\$) – Procedure/Approval Responsibility

Ceiling for Amount of Increase (US\$)	Increasing the TA Amount (US\$) Approval Responsibility and Procedure	
	<u>PPTA and Other TA</u>	
<= \$ 225,000	Head of User Department 1. TASU sends draft memorandum to COSO,CTL, OGC and OCO ^a for comment 2. TASU sends memorandum for approval to the Head of User Department ^b	
> \$ 225,000 to <= \$ 750,000	Vice-President 1. TASU sends draft memorandum to COSO, CTL, OGC and OCO ^a for comment 2. TASU sends memorandum for approval to VP	
	PPTA	Other TA
> \$ 750,000 to <= \$ 1,500,000	Vice-President 1. TASU sends draft memorandum to COSO, CTL, OGC and OCO ^a for comment 2. TASU sends memorandum for approval to VP	President 1. TASU sends draft memorandum to COSO, CTL, OGC and OCO ^a for comment 2. TASU sends memorandum for approval to President
	<u>PPTA and Other TA</u>	
> \$ 1,500,000	Board 1. TASU sends draft memorandum and related Board paper to COSO, CTL, OGC and OCO ^a for comment 2. OSEC editing 3. TASU sends Board paper to Board through Management for approval	
^a If TA was co-funded initially, or later through additional financing from JSF and /or ADB administered external funds then all memoranda should be sent to OCO. ^b In case the original TA was approved as a S-TA, TASU sends a memorandum for approval to the respective VP.		

The approval limits are based on the amount of increase, not the resulting total budget amount. When assessing the ceilings referred to in Table 1, the financing sources should be considered separately¹. In the case of an increase of TA budget amount financed by ADB and one or more co-financiers, the financing sources will also be assessed separately for the purpose of determining the ceilings referred to above. Note that financing by ADB from TASF, JSF, and any other ADB Special Funds are aggregated for the purpose of determining the ceilings referred to above. A memorandum format for an increase in TA amount which does not need to be approved by the Board is attached as Appendix 5. For an increase in TA amount which requires Board approval refer to e-Board, Board documents and references.

¹ By way of example, when two or more co-financiers are financing the increase in TA budget simultaneously, the increase in TA budget will be submitted to the concerned Head of Department, Vice President or the President for approval even if the combined total is more than the designated ceiling, provided that none of the individual financing sources exceeds that ceiling.

N. Changing the Scope or Implementation Arrangements

34. The TASU sometimes needs to change a TA’s scope or implementation arrangements in order to achieve the TA’s objectives. Where the change of scope or implementation arrangements requires an increase in the TA budget amount, then the approval will follow the procedures defined under Table 1. Where the change of scope or implementation arrangements does not require an increase in the TA budget amount, then the approval will follow the underlying procedures.

35. A change in a TA’s scope or implementation arrangements is classified as ‘major’ or ‘minor’. A ‘major’ change substantially affects the TA’s outcome, components, benefits or implementation arrangements. A ‘minor’ change does not substantially affect the TA’s outcome, components, benefits or implementation arrangements. Table 2 defines the approval procedure and responsibility depending on whether the change in scope or implementation arrangement is ‘major’ or ‘minor’

Table 2: Changing the TA Scope or Implementation Arrangements – Procedure/Approval Responsibility

Changing the TA Scope and Implementation Arrangements Approval Responsibility and Procedure	
Major^a	Minor^a
<p>Vice President 1. TASU sends draft memorandum to COSO, CTL, OGC, and OCO^b for comment 2. TASU submits recommendation for approval to the VP. 3. Reported by COSO to the Board through the Quarterly Portfolio Updates</p>	<p>TASU Director 1. TASU Director decides if a change of scope is 'major' or 'minor'. 2. If necessary, TASU Director may consult with COSO, CTL, OGC, and OCO^b on whether the change of scope is 'major' or 'minor'. If the consultation is inconclusive, the Director General of the TASU department decides whether the change is 'major' or 'minor' 3. TASU sends copies of the approved memorandum to COSO, CTL, OGC, and OCO^b.</p>
<p>Board Board approval shall be required if the 'cost' of the change of scope is more than \$ 1.5 million, meaning a <u>re-allocation of funds</u> greater than \$ 1.5 million e.g., between components, cost categories, or for new components 1. TASU sends draft Board paper to COSO, CTL, OGC and OCO^b for comments 2. OSEC edits the Board paper TASU submits a recommendation for approval on a no-objection basis through management</p>	
<p>^a A major change substantially affects the TA outcome, components, benefits, procurement or implementation arrangements, a minor change does not. ^b If TA was co-funded initially or later through additional financing from JSF and /or ADB administered external funds then all memoranda should be sent to OCO.</p>	

A memorandum format for a change of scope and implementation arrangements which does not need to be approved by the Board is attached as Appendix 6. For a change of scope and implementation arrangements which require Board approval refer to e-Board, Board documents and references.

O. Contract Variations

36. 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.

37. The TASU director or head approves 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.

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

- scope or implementation arrangements (see also section N 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.

39. 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.

40. 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.

41. 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.

42. 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 stay in the same hotels as international consultants, COSO usually pays them the same per diem rates.

43. 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.

44. 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.

P. Advances to Consulting Firms and to Individual Consultants

45. 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.

46. 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.

47. 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.

48. 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.

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

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

Q. Other Advances

51. When the government, EA, or RM procures equipment or arranges a seminar, workshop, or training program, the TASU may approve an advance on request. The government, EA, or RM must include with the request a statement of the estimated cost of the activity, in accordance with the *Guidelines for Disbursement of Technical Assistance Grants*. When the government or EA asks for an advance, the TASU assesses whether it has sufficient capacity to complete the activity and liquidate the advance.

52. After the government, EA, or RM completes an activity funded by an advance, it must submit a report on its expenditure and supporting documents such as receipts within 30 days, in accordance with the *Guidelines for Disbursement of Technical Assistance Grants*. If necessary, the TASU or RM follows up the government or EA to make sure it liquidates the advance promptly. When the TA is completed, the TASU or RM follows up any outstanding advances to make sure the government or EA liquidates them within 90 days at the latest.

53. CTLA sometimes forwards advances to the government or EA through an RM. In these cases the RM is responsible for making sure the government or EA liquidates or repays the advance.

54. CTLA sometimes pays an individual consultant's expenses for travel, accommodation, seminars, workshops, or training programs by advancing funds to the service provider, such as a travel agent or hotel, rather than to the individual consultant. The TASU follows up to make sure the service provider liquidates the advance promptly.

55. When a TASU staff member arranges a seminar, workshop, or training program, the TASU may ask CTLA to provide an advance to the staff member.

R. Canceling Surplus Funds

56. Surplus funds are uncommitted funds that the TASU does not plan to use for a specific purpose and that are not needed to successfully complete a TA. It is important for the TASU to identify surplus funds early and ask CTLA to cancel them. Canceled TA funds may not be reinstated.

57. The TASU monitors the financial progress of a TA it is administering, the remaining requirements, and the expected physical completion date during each review mission and at least once every 6 months. When it identifies a surplus, the TASU consults the government, and then the TASU director or head normally approves cancellation. The TASU asks CTLA to cancel the surplus and sends a copy to COSO.

58. When the TASU identifies surplus funds that are cofinanced, it consults OCO. The TASU cancels cofinanced funds only if there is a cancellation provision in the cofinancing agreement or in consultation with the cofinancier.

59. The TASU reports on the finances of each TA it is administering in the TPR for the quarters ending 30 June and 31 December. The reports identify any surplus amounts and explain why the TASU is retaining them. COSO submits summaries of the reports to the concerned vice-presidents.

S. Completion Date

60. The TA completion date is the date on which all the activities financed by the TA are completed. It is sometimes called the physical completion date. For many TAs, it is the date that the TASU receives the consultant's final report.

61. Initially, the TASU officer states the expected completion date in the TA paper. During contract negotiations with a consulting firm, the relevant COSO director, in consultation with the TASU director or head, approves necessary extension of the completion date.

62. During project implementation, the TASU decides whether it is necessary to extend the completion date. An extension is often needed after a change in the scope or implementation arrangements. The TASU director or head approves cumulative extensions of 1 year or less, and the head of the project department or office approves cumulative extensions of more than 1 year.

63. After an extension of the completion date is approved, the TASU processes or asks COSO to process a contract variation (section O). The TASU and COSO copy the extension approval and variation order to each other, plus CTLA. The TASU includes the justification for the extension in its next TPR.

64. The TAIS automatically records necessary extensions of the TA completion date, up to a cumulative total of 1 year from the original TA completion date, whenever COSO or the TASU enters new completion dates for the consultant's contract. The TASU must ask CTLA to enter any extensions of the TA completion date that exceed a cumulative total of 1 year.

65. The TASU needs to advise CTLA promptly of extensions, especially when the current completion date entered into the TAIS is near, because after the current completion date has passed, CTLA may disburse only the final payment to the consultant.

66. The TASU decides when the consultant has completed the assignment. At assignment completion, the TASU promptly writes to the consultant to confirm the date and advise the deadline for the consultant to submit its final claim and the certificate of turnover or disposal of equipment and vehicles. When a consultant disagrees with the TASU on whether the assignment is complete, the TASU considers the consultant's comments and then decides. See paragraphs 73-76 below for the specific procedure to be followed in handling final claims of consultants.

67. The TASU does not normally endorse claims for expenditure incurred after the completion date.

T. Turning Over or Disposing of Equipment and Vehicles

68. 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. If applicable, a follow-up request for submission of this certification of turnover can be included in the TA close out letter (see Appendix 2). If the consultant does not submit the certificate by the deadline, but has complied with required turnover of vehicles/equipment, the TASU confirms that the consultant turned over or disposed of the equipment and vehicles and completes the certificate.

U. Consultants' Final Claims

69. 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*.

70. 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 for cases where there is no dispute with the consultant.

71. 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 consultant 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.

72. 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 the 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.

V. Closing the Account

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

74. 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.

75. 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.

W. Evaluating the Consultant's Performance

76. After the consultant completes the assignment and submits the final report, the TASU 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.

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.

Finally, please complete and sign the attached Certificate of Turnover/ Disposal of TA Equipment and Vehicles, if you have not already done so, and return the signed certificate to us within thirty (30) days from the date hereof.¹

Yours sincerely,

[name of director]
[user division]

cc: COS1 or COS2/CTL

¹ Attach Appendix 1 from letter if applicable

**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 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)**

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

- [ADB has fully settled the consultant's final claim; or
- The consultant has failed to submit any claims within the required deadline. A copy of ADB's closing notice is attached; or
- The consultant has failed to file a notice to arbitrate within the required deadline. A copy of ADB's final notice is attached.]¹
- Turnover/disposal or transfer of ownership of the TA equipment/vehicles has been completed.
- 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

¹ Use applicable option

Memorandum¹ for an Increase in TA Amount

FOR APPROVAL OF PARA. _____

To: Approval Authority
From: User Division or Resident Mission
Subject: **TA No. ___ - [Country]: Title of the TA
- Increase in TA Amount**

I. Background Information

Provide brief information on type of TA (PPTA, CDTA, PATA, RDTA, R-TA, S-TA, C-TA, etc.), classification, TA amount, date of approval, date of TA Letter, completion date, financing plan, TA components, executing agency, etc.

II. Current Status of TA Implementation

Provide brief information on the TA status including implementation progress (what has been done and what remains to be done), and the major issues and problems.

[III. Change in TA Scope and/or Implementation Arrangements]²

[Describe the proposed change in the TA's scope and/or implementation arrangements and the reasons for it. Describe the implications for TA costs, the financing plan, implementation schedule, and implementation, consulting services and procurement arrangements, where applicable.]

IV. Increase in the TA Amount

Provide information on the current TA amount, proposed increase in TA amount and revised TA amount (after increase). Provide information on source(s) of funding for the increase in TA amount. If the source of funding is not from ADB funds (TASF, JSF, other Special Funds of ADB), specify whether ADB administers the funds (single-donor trust funds, multi-donor trust funds, or a TA specific grant). If the increase in TA amount is not due to a change in TA scope and/or implementation arrangements, explain what is the reason for the increase in TA amount (for example increase in TA costs due to currency fluctuation or increase in price).

¹ This template should be used for an increase in TA amount where the approval of the Board is not required (See section M of PAI 5.11).

² Only include this section if the increase in the TA amount is required to finance a change in the TA scope (new component, additional activities in an existing component, etc.) and/or implementation arrangements.

V. Staff Views

Provide the views of User Division/Resident Mission. Include consultations with COSO, CTL, OCO³ and OGC, and other departments and offices concerned, where applicable.

VI. Recommendations

Pursuant to para. 33 of *Project Administration Instructions 5.11*, it is recommended that you approve the increase of the amount of the TA by \$[*amount of the increase in figures*] as described in para. [] to [] above {which will finance the change in [scope] [and] [implementation arrangements] as described in para. [] to [] above}⁴.

Attachment: Revised Cost Estimates and Financing Plan

cc: COSO, CTL, OCO⁵, OGC and other departments and offices concerned.

³ Table 1 under para. 33 of PAI 5.11 explains when consultation of OCO is required.

⁴ Only include where the increase in TA amount is required to finance a change in TA scope and/or implementation arrangements.

⁵ Only where required. See footnote 3 above.

Memorandum¹ for a Change in TA Scope or Implementation Arrangements

FOR APPROVAL OF PARA. _____

To: Approval Authority
From: User Division or Resident Mission
Subject: **TA No. ___ - [Country]: Title of the TA**
- [Minor] [Major] Change in TA Scope or Implementation Arrangements

I. Background Information

Provide brief information on type of TA (PPTA, CDTA, PATA, RDTA, R-TA, S-TA, C-TA, etc.), classification, TA amount, date of approval, date of TA Letter, completion date, financing plan, TA components, executing agency, etc.

II. Current Status of TA Implementation

Provide brief information on the TA status including implementation progress (what has been done and what remains to be done), and the major issues and problems.

III. Change in TA Scope and/or Implementation Arrangements

Describe the proposed change in the TA's scope and/or implementation arrangements and the reasons for it. Describe the implications for TA cost categories (whether there is a need to reallocate funds from one category to another category), the financing plan, implementation schedule, and implementation, consulting services and procurement arrangements, where applicable.

IV. Staff Views

Provide the views of User Division/Resident Mission. If required² include consultations with COSO, CTL, OCO and OGC, and other departments and offices concerned, where applicable.

V. Recommendations

Pursuant to paragraph 35 of *Project Administration Instructions 5.11*, it is recommended that you approve

¹ This template should be used only for change in TA scope and/or implementation arrangements where there is no increase in the TA amount (See section N of PAI 5.11), and where the approval of the change in scope and/or implementation arrangements by the Board is not required.

² See Table 2 under para. 35 of PAI 5.11. Consultation with COSO, CTL, OCO and OGC is not required for the approval of a minor change in scope or implementation arrangement. Consultation with COSO, CTL OCO and OGC is required for a major change in scope or implementation arrangements. See footnote b in Table 2 under para. 35 of PAI 5.11 for cases where consultation with OCO is required.

the [minor] [major] change in [scope] [and] [implementation arrangements] as described in paragraph[s] [] to [] above.

Attachment: Revised Cost Estimates and Financing Plan³

cc: COSO, CTL, OCO⁴, OGC and other departments and offices concerned.

³ A revised cost estimates and financing plan should be attached where the change in scope or implementation arrangements requires a reallocation between cost categories.

⁴ Only where required. See PAI 5.11, para. 35.