CONSULTING SERVICES ADMINISTERED BY ADB BORROWERS

GUIDANCE NOTE ON PROCUREMENT

JUNE 2018

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Notes:

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ABOUT THIS PUBLICATION

In April 2017, the Asian Development Bank (ADB) approved its new procurement framework, the ADB Procurement Policy: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time); and the Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time). These replace the former Guidelines on the Use of Consultants (2013, as amended from time to time) and Procurement Guidelines (2015, as amended from time to time). The procurement policy and the procurement regulations address the procurement activities of project executing agencies and implementing agencies on projects financed in whole or in part by a loan or grant from ADB, or by ADB-administered funds. ADB designed the 2017 procurement policy to deliver significant benefits and flexibility throughout the project procurement cycle, as well as to improve project delivery through a renewed focus on the concepts of quality, value for money (VFM), and fitness for purpose.

This note is part of a series of guidance notes published by ADB in 2018 to accompany the 2017 procurement policy and the procurement regulations. Each note discusses a topical issue for borrowers (including grant recipients), bidders, and civil society under the new framework (see list below). The guidance notes cross-reference each other frequently and should be read in conjunction. All references to “guidance notes” pertain to these notes. The notes may be updated, replaced, or withdrawn from time to time.

List of Guidance Notes for the 2017 ADB Procurement Policy and the Procurement Regulations

1. Value for Money	14. High-Level Technology
2. Procurement Risk Framework	15. Quality
3. Strategic Procurement Planning	16. Bidding-Related Complaints
4. Procurement Review	17. Noncompliance in Procurement
5. Alternative Procurement Arrangements	18. Standstill Period
6. Open Competitive Bidding	19. State-Owned Enterprises
7. Price Adjustment	20. E-Procurement
8. Abnormally Low Bids	21. Framework Agreements for Consulting Services
9. Domestic Preference	22. Public-Private Partnerships
10. Prequalification	23. Contract Management
11. Subcontracting	24. Fragile, Conflict-Affected, and Emergency Situations
12. Consulting Services Administered by ADB Borrowers	
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ADB procurement reforms intend to ensure VFM by improving flexibility, quality, and efficiency throughout the procurement cycle (see illustration below and the *Guidance Note on Value for Money*). VFM is part of a holistic procurement structure with three support pillars: efficiency, quality, and flexibility. The two key principles of transparency and fairness weave across all elements of the structure.

Time

Time is an important element of VFM. When a project is delivered promptly or when a process is completed rapidly, greater value is created for all stakeholders. For example, a road project completed early provides economic benefit, security, or other value to the community it serves. It increases the return on investment to the executing agency and accelerates the project and payment cycle to the successful bidder. Likewise, a project delivered late loses significant value.

When considering VFM in the context of procurement, pay attention to anything that (i) shortens the procurement cycle time frame or (ii) accelerates delivery of the development project.

Objective

This guidance note is intended to assist readers by elaborating on and explaining ADB's 2017 procurement policy and procurement regulations for borrowers (including grant recipients).

This note identifies additional information for the reader to consider when applying ADB's procurement policy and procurement regulations to their circumstances.

Living Document

This guidance note is intended to be a living document and will be revised as required.

Be sure to check the ADB Business Center website for the latest version and updates, <https://www.adb.org/business/main>.

The Reader

In many circumstances, readers are expected to use this guidance note in a manner unique to their needs. For consistency throughout the suite of guidance notes, the following assumption is made about the reader:

The reader is a professional involved in activities financed in whole or in part by an ADB loan or grant, or by ADB-administered funds.

FAQs

Frequently asked questions, clarifications, examples, additional information, links to training, and other useful resources will be made available on the ADB website.

Be sure to check the ADB Business Center website for more information, <https://www.adb.org/business/main>.

Legal and Order of Priority

This guidance note explains and elaborates on the provisions of the Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time) applicable to executing (and implementing) agencies under sovereign (including subsovereign) projects financed in whole or in part by an investment loan from ADB (i.e., excluding ADB results- or policy-based loans), ADB-financed grant (excluding ADB-administered technical assistance and staff consultancies), or by ADB-administered funds.

In the event of any discrepancy between this guidance note and the procurement regulations, the latter will prevail. The financing agreement governs the legal relationships between the borrower and ADB. The rights and obligations between the borrower and the provider of goods, works, or services are governed by the specific procurement document issued by the borrower and by the contract signed between the borrower and the provider, and not by this guidance note.

ABBREVIATIONS

ADB	—	Asian Development Bank
BTP	—	biodata technical proposal
CMS	—	consultant management system
CQS	—	consultants' qualifications selection
CSC	—	consultant selection committee
CSRN	—	Consulting Services Recruitment Notice
EOI	—	expression of interest
FBS	—	fixed budget selection
FTP	—	full technical proposal
OAI	—	Office of Anticorruption and Integrity
OCB	—	open competitive bidding
OPE	—	out-of-pocket expense
QBS	—	quality-based selection
QCBS	—	quality- and cost-based selection
REOI	—	request for expressions of interest
RFP	—	request for proposals
SSS	—	single-source selection
STP	—	simplified technical proposal
TOR	—	terms of reference
VFM	—	value for money

EXECUTIVE SUMMARY

Substantial resources funded by ADB loans and grants are spent on professional advice provided by consulting firms and individual consultants. This guidance note provides information relating to the selection, contracting, and supervision of consulting firms and individual consultants by ADB borrowers (including grant recipients) under the ADB procurement policy. The note covers planning for consultant selection; selection and contracting methods; procedures applied to advertisement, bidding, contracting, contract management, and debriefing; and the resolution of complaints.

The note introduces

Faster Consultant Selection Processes

- Fewer consulting transactions require ADB's prior review of borrower submissions.
- ADB monitors lower-risk transactions using a faster post review (sampling) process that increases borrowers' ownership of the selection process.
- There are fewer submissions to ADB for transactions where prior review is still required.
- National e-procurement (online) systems are encouraged and supported.
- There is increased support for framework agreements as a faster way to process multiple consulting transactions.
- Shorter periods for advertising and for preparing requests for proposals are allowed.

Easier and More Flexible Procedures for Selecting Consultants

- The consultant selection process and its submission forms are simpler and less bureaucratic, with fewer ADB approvals.
- Shortlisting is more flexible: the mandatory minimum requirements of needing six firms shortlisted and of no more than two firms from any one member country are removed.
- ADB projects are allowed to adopt consultant selection rules of other involved donors to encourage cooperation, instead of having to use two different sets of rules.
- Individual consultants can be hired more flexibly using local procedures.

- New focus on fitness for purpose allows ADB to tailor procedures to borrowers' needs.
- The consultant recruitment activity monitoring processes are easier and simpler.

New Principles That Promote Better Quality Consultancy and Value for Money

- Two new procurement principles focused on the quality of results and value for money allow new consultant selection criteria and support for high-level technologies.
- There is increased support for output-based terms of reference and performance-based contracting to encourage more innovative proposals and tie payments to the quality of outputs.
- More frequent use of 90:10 ratios for quality- and cost-based selection are encouraged and supported.

Stronger Support for Consultancy Planning and Contract Management

- ADB ensures quality by taking a more proactive role to support consulting transactions from beginning to end.
- More up-front work to develop detailed, risk-based consultant recruitment plans means less work needed for review and compliance later in the selection process.
- Procedures on consultant complaint handling are fairer and more transparent.

I. Introduction

A. Scope and Definitions

1.1 This guidance note is intended to explain and elaborate on the provisions of the Asian Development Bank (ADB) in its ADB Procurement Policy: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time) relating to the selection, recruitment, and supervision of consulting firms and individual experts by borrowers (including grant recipients) under projects financed in whole or in part by an ADB loan or grant, or by ADB-administered funds. It provides operational level guidance for borrowers' executing agencies and consultants interested in participating in these projects. It should be read in conjunction with ADB's various staff instructions, which provide equivalent guidance for ADB staff. It applies to all stages of the ADB procurement cycle (see Figure).

1.2 The 2017 procurement regulations (in para. 1.12) define consulting services under projects financed in whole or in part by an ADB loan or grant, or by ADB-administered funds, as those "which are of an intellectual and advisory nature requiring evaluation of technical proposals that offer tailored approaches, methodologies, and specially qualified experts." Examples of consulting services include policy and governance studies; advice on institutional reforms; engineering designs; construction supervision; legal advice; forensic audits; procurement services; social and environmental studies; and the identification, preparation, and implementation of projects. These are distinguished from nonconsulting services, for which the physical aspects of the activity predominate or that are based on recognized standard offerings.¹

¹ See the *Guidance Note on Nonconsulting Services Administered by ADB Borrowers* for more detail on planning, procuring, and implementing nonconsulting service contracts.

Figure: The ADB Procurement Cycle

Source: Asian Development Bank.

B. Eligibility

1. Country and Sanctions

1.3 ADB permits bidders from all eligible countries. The definition of eligibility varies depending on the financing source(s) for the specific loan or grant. There are three categories of eligibility:

- (i) full ADB member country eligibility: for loans or grants funded by ADB's ordinary capital resources or other ADB-administered funds;
- (ii) restricted ADB member country eligibility: for loans or grants funded by Special Funds, whereby only the ADB developed member countries that have contributed to such resources are eligible, as well as all ADB developing member countries; and
- (iii) eligibility beyond ADB member countries: only in cases where universal procurement applies.

1.4 Borrowers are otherwise not permitted to deny the participation of a bidder, or to disqualify the bidder, for reasons unrelated to those that are essential to ensure a bidder's capability and resources to successfully perform the relevant contract.

1.5 Consulting firms must be legally incorporated or organized as legal entities under the laws of the eligible country and individual consultants (whether engaged independently or through firms) must hold a valid passport or a valid government identification card issued to nationals of the relevant eligible country.

1.6 A consulting firm or individual consultant sanctioned or suspended by ADB in accordance with ADB's Anticorruption Policy (1998, as amended to date)² and Integrity Principles and Guidelines (2015, as amended from time to time)³ is ineligible to participate in or be awarded a contract that is financed, administered, or supported by ADB. Likewise, the firm or individual consultant must not be under any ADB-issued suspensions resulting from unsatisfactory performance.⁴

1.7 There are other important exceptions to these eligibility rules that are detailed in para. 1.18 (a) to (d) of the 2017 procurement regulations, including rules related to prohibitions on recruiting consulting services by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and the selection of government-owned enterprises, universities, and civil servants, among others.

2. Types of Consultants

1.8 Borrowers may recruit consulting firms and/or individual experts (collectively referred to as "consultants"). Firms are normally engaged for more complex assignments with higher impact that require a team of experts to provide a broad range of technical expertise. Usually firm engagements span over longer periods of time, where the risk of loss of continuity is comparatively higher.

1.9 Individual consultants are typically more suitable for assignments that can be carried out independently. In some cases, individual consultants are more appropriate because of needed flexibility in urgency of mobilization, geographic dispersion, and/or timing of deployment.

² ADB. 2010. *Anticorruption and Integrity*. Manila. <https://www.adb.org/sites/default/files/institutional-document/31317/anticorruption-integrity-policy-strategy.pdf>.

³ ADB. 2015. *Integrity Principles and Guidelines (2015)*. Manila. <https://www.adb.org/sites/default/files/institutional-document/32131/integrity-principles-guidelines.pdf>.

⁴ ADB may suspend consultants that receive an "unsatisfactory" performance evaluation, in accordance with ADB's various staff instructions. Consultants are notified of an unsatisfactory performance evaluation and are given an opportunity to respond prior to the issuance of a suspension. Consultants are notified of the nature and length of a suspension, if issued.

3. Anticorruption Policy

1.10 Any executing agency staff member (including any representative of the borrower), beneficiary, or consultant under a project financed in whole or in part by an ADB loan or grant, or by ADB-administered funds, is required to observe the highest standards of ethics during the consultant recruitment and supervision process and shall not commit integrity violations as defined in ADB's anticorruption policy and integrity principles and guidelines. Such integrity violations include corrupt, fraudulent, coercive, collusive, and obstructive practices. Conflicts of interest may also constitute integrity violations, if not appropriately addressed or mitigated (see Box). All those involved in the procurement process for a contract financed in whole or in part by an ADB loan or grant, or by ADB-administered funds, must avoid any conflict of interest and must immediately report the occurrence of any suspected prohibited practice to ADB's Office of Anticorruption and Integrity (OAI), in addition to any local reporting that may be required by the executing agency under its own anticorruption and related laws and regulations.

Box **Conflict of Interest**

A conflict of interest situation may arise if a party has interests that could improperly influence that party's performance of official duties or responsibilities, contractual obligations, or compliance with applicable law or regulation. If appropriately addressed and mitigated, a conflict of interest may not necessarily constitute a violation of ADB's Anticorruption Policy (1998, as amended to date) and Integrity Principles and Guidelines (2015, as amended from time to time).

Source: Asian Development Bank.

1.11 If an executing agency staff member involved in the selection of a consultant is faced with an actual or potential conflict of interest situation (including circumstances where there may be a perception of conflict of interest), the staff member should disclose the situation to the head of the agency concerned (and, as required, to relevant local anticorruption or integrity officials). The ADB project officer concerned should seek guidance from OAI.⁵ If it is concluded that such staff member is conflicted, he or she may be required to recuse themselves and be excluded from the entire consultant selection process and contract supervision.

C. Development of National Consulting Industry

1.12 ADB encourages the development of domestic consulting industries within its developing member countries and may accept provisions that encourage the engagement of national consulting firms or individual experts from these countries, provided that such schemes satisfy the core procurement principles of economy, efficiency, fairness, transparency, quality, and value for money (VFM). Any such approaches must be agreed upon in the project procurement plan.

⁵ OAI may be reached through e-mail: integrity@adb.org.

D. Roles and Responsibilities

1. Borrower-Administered Loan- or Grant-Financed Projects

1.13 For investment loans and grants financed in whole or in part by ADB, or by ADB-administered funds, borrowers normally undertake the procurement planning, consultant selection, contract management, and complaint resolution process. Sections II through V of this guidance note give further detail on the processes that borrowers should follow at each stage of the procurement cycle.

1.14 ADB may review the borrower's activity through key steps in the consultant selection process. Through the project procurement plan, ADB and the borrower will discuss and determine whether each consulting selection will follow a prior review or a post review (sampling) process. The type of review process depends on the procurement risk level, the executing agency's track record of selecting consultants for similar engagements, and the value of the package. In cases of prior review, the borrower is required to make up to three submissions to ADB covering, as applicable, shortlisting and evaluation of technical and financial proposals. Standard templates for these three submissions are available on ADB's website. In cases of post review (sampling), the project procurement plan will elaborate on the applicable review procedures, including the sample size, the range of consulting service transactions covered and the points in the selected procurement processes when the reviews will be conducted. More information on the types of review and the documents subject to review can be found in the *Guidance Note on Procurement Review*.

1.15 When using post review (sampling), the borrower is responsible for ensuring that ADB's core procurement principles are met. If through post review, ADB determines that the consulting services were not procured in accordance with the agreed procedures as reflected in the procurement plan, it will take a proportionate approach to the breach and may take appropriate actions consistent with the terms of the loan or grant agreement. The *Guidance Note on Noncompliance in Procurement* gives more information on reporting noncompliance and the consequences of noncompliance.

1.16 Consultants must direct any questions or complaints relating to any aspect of the procurement to the executing agency concerned. Debriefing shall be limited to firms that submitted proposals in response to a request for proposals (RFP). The borrower is required to address any procurement-related complaint objectively and in a timely manner, with transparency and fairness. Consultants unsatisfied with the debriefing provided by the borrower, or whose questions have not been answered by the borrower, may contact ADB to request a debriefing or to submit a complaint. The *Guidance Note on Bidding-Related Complaints* gives further detail.

2. Delegated Loan- or Grant-Financed Projects

1.17 In special circumstances, the borrower may request ADB's assistance in consultant selection. This occurs, for example, on high-value, complex procurement where the executing agency significantly lacks capacity or perceived independence from undue pressures. This approach may have already been identified in the procurement plan and reflected in the project documents (e.g., the report and recommendation of the President or project administration manual). Any delegation (and the extent of such delegation) will depend on the particular circumstances, taking into account the capacity of the executing agency and other relevant considerations. However, the executing agency will retain responsibility for contract negotiations, contract signing, and contract management. Once the required ADB approvals have been obtained, the borrower needs to reflect this arrangement in the project procurement plan.

3. Consultants

1.18 Consultants interested in particular assignments should carefully review the terms of reference (TOR) and other commercial and contractual conditions, and express their interest as desired. If shortlisted or otherwise so requested, they should prepare a responsive proposal including, as necessary, seeking associations or joint ventures, undertaking site visits, collecting documentation, constituting the needed team, etc. Consultants should seek clarifications from the executing agency if they find any ambiguity, omissions, or internal contradictions in the RFP documentation, or any provision that appears unduly restrictive or discriminatory, particularly in the selection procedure and evaluation criteria. Consultants should ensure that they submit fully responsive proposals, including all supporting documentation, within the deadlines stated in the RFP. Noncompliance with such requirements may result in proposal rejection.

E. Use of the Consultant Management System

1.19 ADB's Consultant Management System (CMS) is an online information technology system that allows borrowers to advertise consulting services opportunities. Consultants use CMS to register in ADB's consultant database and to submit expressions of interest. ADB uses CMS to distribute RFPs, collect proposals, open proposals, and publish results of the selections administered by ADB. Borrowers use CMS to advertise for all international open competitive bidding selections, as discussed further in section IV. Borrowers may use CMS or other acceptable forms of electronic procurement to advertise for national open competitive bidding selections and other procurement methods. The CMS website⁶ and the *Guidance Note on E-Procurement* provide more details.

⁶ ADB Consultant Management System. <http://cms.adb.org>.

II. Planning

A. General

2.1 It is the responsibility of the borrower to prepare the project procurement plan describing how procurement activities support the development objectives of the project and deliver VFM under a risk managed approach. The plan should include

- (i) a summary of the executing agency's procurement capacity assessment when such assessment relates to consultant recruitment, and when prior review or post review (sampling) will apply;
- (ii) a summary of the market survey undertaken to determine if and when open, limited, or direct selection market approaches should apply for consultant recruitment under the project, and the type of consultant selection method to be applied, including whether national or international advertising will be used;
- (iii) the type of prequalification or shortlisting process to be applied and the type of technical proposal to be used, if applicable;
- (iv) outline TOR for each contemplated assignment; and
- (v) cost estimates for each assignment.

2.2 The *Guidance Note on Strategic Procurement Planning* gives more detail on these elements. The *Guidance Note on Procurement Risk Framework* gives more detail on the procurement risks and market assessments that will inform the procurement plan and the use of prior or post review (sampling) processes by ADB.

2.3 The executing agency must constitute a consultant selection committee (CSC) of no less than three members. The CSC will supervise and manage the consultant recruitment. The key criteria for the composition of the CSC will include the availability of staff, suitable experience and qualifications, and comparable seniority among the members. Executing agencies may propose to use external expertise if necessary. CSC decisions are final if the decision is achieved by consensus. If a CSC does not reach a unanimous decision, its chair refers the matter to the relevant director(s) representing the CSC members for a final decision. Each CSC member signs the standard Statement on Ethical Conduct form, available on ADB's website.

B. Terms of Reference

2.4 The TOR is the most important component of a consulting services assignment. It is derived from the consulting services needs assessment undertaken as part of project design and procurement planning. The TOR defines the nature and scope of the assignment, guides the work of the consultant, and gives the basis against which the performance of the consultant will be assessed. If, for instance, the transfer of knowledge or training is included in the scope of work, then the TOR should indicate the level of effort required, the estimated number of trainees, the length of the training program, and other related requirements (such as the need for customized training materials) to enable consultants to estimate the required resources. The TOR should also list any necessary services and surveys for the assignment, and the expected outputs (e.g., reports or datasets).

2.5 The TOR should be sufficiently flexible, when the circumstances justify, to allow consultants to propose their own methodology and work program, particularly when the assignment is complex. The TOR should define the borrower's counterpart support responsibilities, materials, data, and reports that shall be made available to the consultants (when applicable).

2.6 A typical TOR will, at a minimum, include

- (i) purpose of the assignment (refer to fitness for purpose);
- (ii) project background;
- (iii) objectives of the assignment (and how they relate and contribute to the overall project objectives);
- (iv) scope of services;
- (v) detailed outputs of the assignment (and applicable quality standards, where relevant);
- (vi) key timelines or milestones, and reporting requirements;
- (vii) relevant background information and material for the assignment;
- (viii) preliminary team composition and qualification requirements for key experts, to be replaced with team composition and qualification requirements for key experts as accepted by the client prior to contract award;
- (ix) counterpart support, personnel, and facilities to be provided by the borrower (if any); and
- (x) duration and location of the assignment, and other relevant information.

2.7 Most TORs are assignment-specific and require a detailed review by the borrower concerned, often with significant guidance from project (i.e., sector) specialists. There are two main types of TOR.

1. Performance- or Output-Based Terms of Reference

2.8 In an output-based TOR, the borrower defines the expected outputs or deliverables, but does not instruct the consultant on methods and inputs of achieving them. This type of TOR focuses on outputs or results, rather than specifying each required position, to allow the invited firms flexibility in preparing proposals for the assignment and in determining the optimal team composition. Performance TORs focus primarily, if not strictly, on the description of the outputs of an assignment with little, if any, predefined input requirements. In this manner, shortlisted consultants are free to propose their own best approach and methodology to execute a contract, and define the quantity, nature, skills, and person-month allocation of experts and other required inputs. Such TORs often use simplified or full technical proposals for selection. Performance TORs are best suited for assignments where

- (i) the desired outputs are clear and well-defined;
- (ii) any entity's specific technical, sector, and/or country expertise and experience could bring about innovative and/or economical ways of delivering on the objectives of the assignment; or
- (iii) the assignment is in a sector or field where the borrower has little or no in-house expertise, and the borrower wishes to consider the broadest possible choice of approaches and methodologies to achieve a project's objectives.

2. Conformance- or Input-Based Terms of Reference

2.9 In a time-based TOR, the borrower instructs the consultant on methods of achieving the outputs. These are applicable when the borrower is able to precisely define the nature of the assignment and the expected deliverables, and provides the detailed breakdown of inputs—the nature and number of experts required and the person-month allocation for each. They should be used only when the borrower can accurately estimate the optimal nature and quantity of inputs required for the successful execution of an assignment and minimal advantage will be gained by considering varied approaches and/or methodologies. Such TORs often use biodata or simplified technical proposals for selection.⁷ They may also be used for individual consultant selection.

C. Cost Estimates and Budget

2.10 Normally, once the TOR is reasonably defined, the borrower prepares cost estimates for the assignment. In preparing cost estimates, the borrower quantifies the type of consultants needed and, particularly in the case of input-based TORs, their estimated time inputs to deliver the various contemplated work tasks to be

⁷ ADB. Business Opportunities. Documents on Consulting Services. <https://www.adb.org/site/business-opportunities/operational-procurement/consulting/documents#loans>. The website has narrative and summary templates for biodata, simplified, and full technical proposals.

assigned to each expert, among other cost items discussed below. Cost estimates normally cover remuneration and out-of-pocket expenses (OPEs) and are included as competitive cost categories (as distinct from provisional sums) and evaluated in any proposer's financial bid. For output-based TORs, a borrower should still prepare detailed cost estimates based on their own experience of what may be needed to deliver the desired outputs using a hypothetical project team. These cost estimates should not be shared with bidders, but may be used as the basis for budgeting for the selection and for assessing the financial proposals of bidders.

2.11 In addition to remuneration and OPE, the other major cost category—normally used in the engagement of firms—may include what are termed “provisional sums.” This may cover the cost of workshops, seminars, conferences, surveys, and equipment for which the borrower can develop reasonably accurate cost estimates. Provisional sums are normally excluded from evaluation of competitive financial proposals as these amounts are noncompetitive and may be increased or decreased by the borrower during final contract negotiations and subsequently through contract administration.

2.12 Apart from remuneration, OPE, and provisional sums, cost estimates typically include costs for contingency (usually 5%–10% of the total cost estimate). Amounts allocated under contingency can cover estimated cost increases or potential costs arising from exchange rate fluctuations, if foreign currency payments are contemplated.

2.13 To the extent possible, remuneration, OPE, and provisional sums may be accurately estimated based on similar prior assignments in terms of TOR and project location.

D. Personnel or Staffing Schedule

2.14 Particularly for input-based TORs, time estimates for completion of the work tasks set out in the TOR should be made, taking into account the logical sequencing of such tasks. The time required may be expressed in days, weeks, months, or years, depending on the overall length of the consulting services.

2.15 A preliminary personnel or staffing schedule for the planned consulting services can be developed by considering the identified work tasks with their estimated sequencing and duration. This effort may not be required for output-based TORs, though borrowers should still develop some estimates that they can use to assess the schedules proposed by consultants. The preliminary schedule will be refined so that the timing for the contemplated TOR deliverables, either overall or for each relevant expert, can also be plotted into the finalized schedule. Once finalized, the borrower and the first-ranked consultants will agree on the personnel or staffing schedule during contract negotiations.

III. Selection and Contracting Methods

3.1 Consulting services selections aim to achieve VFM through the best combination of quality and price appropriate to the service in question. This is normally achieved through open competition among shortlisted firms in which the selection is based on the quality of the proposal and, as appropriate, on the cost of the services to be provided, or among qualified individual consultants.

A. Firms

3.2 There are five approved competitive selection methods for consulting firms under open competitive bidding (OCB) (see Table). The borrower needs to determine the best selection method in the planning stage, based on the draft TOR, budget availability, and anticipated selection and implementation timelines.

Table: Selection Methods for Consulting Firms

Selection Method	Description
Quality- and Cost-Based Selection	Evaluated based on the quality of the proposal and cost of the services. The winning firm demonstrates the best combination of quality and cost based on a predetermined quality:cost ratio (i.e., 90:10, 80:20; 70:30, 50:50).
Quality-Based Selection	Evaluated based on the quality of the technical proposals. Financial proposal of the firm with highest technical score is subsequently negotiated.
Fixed Budget Selection	Firm with the highest technical score wins the tender provided that its financial proposal is within the specified budget.
Least-Cost Selection	Firms evaluated for technical qualification. The qualified firm with the lowest price wins the tender.
Consultants' Qualifications Selection	Evaluated based on consulting firms' qualifications, reflected in amplified expressions of interest submitted by firms in response to the borrower's advertisement.

Source: Asian Development Bank.

3.3 Quality is the primary consideration for consulting services. The nature of the services to be provided and the degree of intellectual input needed will dictate the level of quality required versus the cost during the evaluation process. In planning the consulting services packages, the borrower needs to select the most appropriate evaluation process. Appendix 1 gives a summary of each competitive selection method and process. For the use of framework agreements in the context of selecting consulting firms, refer to the *Guidance Note Framework Agreements for Consulting Services*.

3.4 OCB, through the five selection methods, is the preferred mode of consulting recruitment in general. It achieves VFM by seeking bids from qualified bidders following a timely notification of the borrower's requirements to all eligible prospective bidders using requests for expressions of interest (REOIs).

3.5 In specific circumstances, such as where there are known to be a limited number of potential qualified and eligible bidders, the borrower may be permitted to dispense with the requirement to publish a consulting services recruitment notice and invite bids from a list of known potential bidders. This process is known as limited competitive bidding.

B. Individuals

3.6 Recruitment of individual consultants may be through open, limited, or direct contracting. Individual consultant recruitment should only be undertaken if this approach is the most effective and efficient way in which a particular assignment can be undertaken. Engaging more than five individual consultants under a single project for assignments, rather than recruiting a team of experts through a consulting firm, is discouraged because of the potential difficulties in supervision and administration. The engagement of more than five individual consultants will only be permissible where it can be demonstrated that the benefits outweigh the allocation of additional resources for recruitment, contracting, disbursement, coordination, and management of such individual consultants. For the use of framework agreements in the context of selecting individual consultants, refer to the *Guidance Note on Framework Agreements for Consulting Services*.

3.7 REOIs advertised for recruitment of individual consultants will include detailed TOR and specify the criteria that will be applied for shortlisting and selection of final candidates. The successful consultant will be selected from those that have filed an expression of interest (EOI) in response to the REOI, whether issued through advertisement or by invitation.

3.8 Evaluation procedures for selection of individual consultants are simpler and quicker than those applicable for consulting firms. An individual consultant is recruited based on his or her qualifications and experience for the assignment. The recruitment usually follows the local procedures of the borrower for such recruitment if permitted under the project procurement plan.

C. Direct Contracting

3.9 In special circumstances, and only if fit for purpose and justified by VFM considerations, direct contracting (also referred to as single-source selection or SSS) may be considered in accordance with para. 2.17 of the 2017 procurement regulations, including

- (i) when only one consultant is qualified or has experience of exceptional worth for the relevant assignment;
- (ii) when the relevant consulting service tasks represent a natural continuation of previous work carried out by the consultant, provided such continuity in downstream work is considered essential and offers a clear advantage over renewed competition;
- (iii) for very small consulting assignments that generally do not exceed \$100,000 in value;⁸ and/or
- (iv) in exceptional circumstances, such as in response to disasters when immediate or urgently required consultant mobilization is necessary.

3.10 For any direct contracting, the borrower must ensure fairness and transparency and have procedures in place to ensure that (i) the prices paid are reasonable and consistent with market rates for similar assignments, and (ii) the consulting contract values are not split into smaller-sized engagements to circumvent a competitive process.⁹ Firms selected through use of SSS will normally be required to submit a biodata technical proposal to ensure that adequate information is provided to the borrower in relation to the staffing schedule and the profile of proposed experts, upon which the financial aspects of the contract can be accurately negotiated.

D. Contract Types

3.11 There are different contracting options available for the selection methods summarized above, including time-based, lump sum, framework, retainer or contingency fee, and performance-based contracts. The borrower selects the most appropriate form of contract to be used, based on the specifics of a particular assignment. Selection of the proper form of contract must consider factors such as

- (i) nature and duration of the assignment,
- (ii) the extent to which the nature and quality of outputs can be clearly defined and quantified,
- (iii) distribution of risks between the parties, and
- (iv) the need for providing particular types of incentives or penalties for issues such as performance quality or timeliness of deliverables.

⁸ This criterion alone is normally not sufficient to award a contract without competition. Value thresholds (under \$100,000) shall be determined in the context of the particular selection and agreed with ADB, considering the nature and complexity of the relevant assignment.

⁹ A tabular list of all consultants recruited through direct contracting during the previous period must be periodically published (ideally each quarter) in an English language newspaper or freely accessible website. The publication should include details of the consultant's name, contract amount, duration, and summary of scope of the assignment.

IV. Procedures

A. Firms

1. Advertisement

4.1 All OCB consulting assignments for firms financed in whole or in part by an ADB loan or grant, or by ADB-administered funds, for which international advertising is suitable or required must be publicly advertised on ADB's CMS using the Consulting Services Recruitment Notice (CSRN)¹⁰ mechanism and on an appropriate website in the borrower's country (or newspaper of national circulation including at least one English language newspaper, if available), except in exceptional circumstances with strong justification, where ADB may waive the requirement.

4.2 For OCB consulting assignments that are likely to be adequately serviced by expertise available through the national consulting industry (and are unlikely to attract foreign competition), publication may be in the national press, official gazette, or a free and publicly accessible website. Such national OCB selections are typically for low-value assignments. Advertisement in ADB's CMS using the CSRN is strongly encouraged for any such national consulting assignments. For limited competitive bidding and direct contracting or SSS, advertising is not required and the designated firm(s) may be requested to submit EOIs by invitation.

2. Requests for Expressions of Interest

4.3 Prequalification of bidders through REOIs and shortlisting may be used for all borrower-administered procurement, and is generally recommended for consulting services selections.¹¹ REOIs in the CSRN format should be clear and precise. They should include, at a minimum, an outline TOR for the assignment, either input- or output-based depending on the circumstances, and, generally, an allocated budget for consulting services. The selection process must allow

¹⁰ For CSRN publication, executing agencies must register with ADB by sending an e-mail to csrns@adb.org along with all relevant details. A standard CSRN template is normally used. Once the executing agency's account is established, they may publish CSRNs. Executing agencies are advised to safeguard access credentials to CMS/CSRN.

¹¹ There is no shortlisting process under the consultants' qualifications selection (CQS) method. The CSRN sets out the necessary requirements for amplified EOI submissions, as appropriate, and the criteria to be applied to determine the most qualified firm. The most qualified firm is requested to submit a joint technical-financial proposal that is then negotiated.

sufficient time for interested consultants to submit EOIs. A CSRN standard template is typically used.

4.4 For higher-value contracts, the normal advertisement period is not less than 15 calendar days when using electronic methods, such as CMS, with electronic collation of all EOIs, or 30 calendar days in other cases. For lower-value contracts or in situations where quick mobilization is necessary (e.g., emergencies), normally a minimum of 7 calendar days should be provided if electronic submission of EOIs is used (e.g., through CMS).

4.5 Any CSRN clarifications or addenda must be documented in writing, electronically or otherwise. When a borrower uses CMS for advertisement, it is possible to change the content of the CSRN by editing the notice. All consultants that expressed interest electronically are then notified that the notice has been changed and can either change or withdraw their EOI. The borrower may exercise discretion in accepting late EOIs in case an insufficient number of qualified EOIs were submitted prior to the deadline. The borrower may extend the period of CSRN or readvertise the assignment if necessary.

4.6 The CSRN must set out the key objective criteria to be applied to determine an appropriate shortlist of firms from EOIs submitted for the assignment at hand. Such criteria include technical competence, country and/or sector experience, managerial and organizational capabilities, and any other criterion set out in the CSRN (e.g., past performance on similar consulting contracts).

4.7 If a joint venture submits an EOI, they must submit a Memo of Intent to Form a Joint Venture that explicitly identifies the lead entity entitled to conduct all business on behalf of the joint venture and commits to submitting a joint venture agreement on required terms and conditions if shortlisted. This memo is not required if the entity intends to associate with other entities as subconsultants.

3. Shortlisting

4.8 As previously noted, executing agencies will advertise a REOI in CSRN format that sets out the criteria to be applied to select the shortlist of bidders. The executing agency may limit the number of bidders appearing on the shortlist and the objective criteria for doing so will be set out in the CSRN. Such a limit shall not undermine fair competition. Shortlisted firms are invited to bid through RFPs. RFPs will contain all required documents and forms.

4.9 In cases of OCB, the shortlist may be limited to a reasonable number of firms in the circumstances, as specified in the CSRN, provided that the limit does not undermine fair competition. In undertaking the shortlisting process, the executing agency must first conduct a preliminary review of EOIs to screen entities that do not meet the basic requirements of the assignment—i.e., entities not eligible or without any background or experience in the subject matter. The outcome of this first screening is referred to as the “refined” long-list. The executing agency must then conduct a more detailed assessment of the refined long-list using the key criteria detailed in the CSRN, to develop the shortlist.

4. Request for Proposals

4.10 The executing agency prepares the specific RFP for the selection by using the standard RFP issued by ADB, unless the project procurement plan specifies the use of other documentation. The RFP includes the instructions to consultants, assignment-specific datasheet, finalized TOR, general conditions of contract, special conditions of contract, and forms to be completed by shortlisted firms. The RFP shall include evaluation criteria for technical proposals and related summary evaluation and personnel evaluation sheets. Failure to provide summary evaluation and personnel evaluation sheets invalidates the bidding procedure.

4.11 The shortlisted firms are invited to respond to the RFP document under the applicable selection method. The RFP documents specify the procedures relating to obtaining clarifications, issuing addenda, submission of technical and financial proposals, receiving and opening of proposals, handling late or incomplete proposals, and evaluation and ranking of proposals. For more details, refer to the standard RFP.

5. Evaluation

4.12 After RFP submissions have been made, the executing agency undertakes its evaluation by applying the narrative and summary evaluation criteria applicable to the particular selection, which were circulated to shortlisted bidders as part of the RFP. The evaluation process may be one- or two-step, depending on the selection method. Quality- and cost-based selection is two-step: evaluation of the technical proposals, followed by evaluation of the financial proposals, and then computing a combined final score for each bidder, with applicable weightings. In other cases, such as quality-based selection (QBS), there is only evaluation of the technical proposal. The financial proposal of the first-ranked firm is then opened and negotiated.¹² For more detail, refer to the standard RFP.

6. Contract Negotiations

4.13 The borrower must confirm that the conditions for project effectiveness, as applicable, have been satisfied. The executing agency then issues the letter of invitation to negotiations to the first-ranked bidder. The letter of invitation must stipulate the key conditions to be met for negotiations to proceed. Appendix 2 sets out the main areas to be covered during contract negotiations.

¹² This happens in typical “two-envelope” submissions under QBS, when both technical and financial proposals are submitted at the same time in separate sealed envelopes. However, in some cases, the borrower and ADB may agree that submission of only technical proposals can be requested under QBS, and the firm receiving the highest technical score would be subsequently requested to submit a financial proposal that is then negotiated.

7. Debriefing

4.14 Borrowers must respond to any requests for debriefing made by unsuccessful consultants that submitted a proposal in response to an RFP. The circumstances of such debriefing differ slightly depending on whether a standstill period is applicable.¹³ Debriefings must cover only the substance of the requesting bidder's proposal, and under no circumstance should the detail of other bidders' proposals or their scoring be discussed. The executing agency will conduct such debriefings in person, in writing, or by phone or video link at a time mutually convenient for both parties. There is no debriefing for parties that were not shortlisted.

4.15 When a standstill period applies, it usually commences upon notice of intention to award the contract, and the borrower will need to respond to any requests for debriefings according to the period and manner as specified for such response in the relevant bidding documents or by applicable law or regulations.

4.16 When a standstill period does not apply, the borrower will need to respond to any requests for debriefings after the contract is signed with the winning firm.

4.17 In either case, consultants unsatisfied with the debriefing provided by the executing agency, or whose questions have not been answered by the executing agency, may contact ADB to request a debriefing or to submit a complaint. The *Guidance Note on Bidding-Related Complaints* gives further detail.

8. Contracting and Contract Management

4.18 The contract becomes effective once the executing agency has issued via e-mail or fax the notice to proceed to the consultant, copied to the project unit. Once the contract has been awarded, and the notice to proceed is issued, contract implementation commences.

4.19 After contract award, it is essential that the borrower takes a proactive role in managing the contract to deliver successful results, with related oversight and administration by ADB. This includes developing and implementing a contract management plan, and effectively and efficiently supervising consultant outputs, timing, payments, variations, and issues of suspension or termination, among others. For higher-value consulting contracts, there needs to be continuing focus by the executing agency on effective and efficient contract management under the framework set out in the applicable contract management plan. The responsible executing agency must actively manage consulting contracts throughout their duration to ensure that consultant performance is satisfactory, that stakeholders concerned are adequately engaged, and that all contract requirements and

¹³ A standstill period is defined in the relevant bidding documents. It generally refers to the duration subsequent to notification of intention for award of contract within which any unsuccessful bidder can challenge the proposed award. The *Guidance Note on Standstill Period* gives more detail.

deliverables are fully met. The *Guidance Note on Contract Management* gives further detail.

4.20 ADB assists borrowers directly and indirectly with their contract management, by making training, capacity development, and expert advice available through its project and procurement staff. These staff are increasingly being outposted to work more closely with borrowers within ADB's resident missions in its developing member countries.

B. Individuals

1. Advertisement and Requests for Expressions of Interest

4.21 For OCB consulting assignments for individual consultants financed in whole or in part by an ADB loan or grant, or by ADB-administered funds, where international advertising is suitable or required, the executing agency must issue a CSRN specifically requesting submission of EOs of interested individuals, save for exceptional circumstances with strong justification, where ADB may waive the requirement. For OCB consulting assignments that are likely to be adequately serviced by expertise available through national consultants (and are unlikely to attract foreign competition), publication may be in the national press, official gazette, or a free and publicly accessible website. Such national OCB selections are typically for low-value assignments. Advertisement in ADB's CMS using the CSRN is strongly encouraged for any such national consulting assignments. For limited competitive bidding and direct contracting or SSS, advertising is not required and the designated firm(s) may be requested to submit EOs by invitation.

4.22 Advertising through an open competitive process is the preferred mode of selection for individual consultants. The normal advertisement period is not less than 7 calendar days. Any clarifications or addenda must be documented in writing, and the executing agency may extend or readvertise the advertisement if necessary. The REOI must set out the key objective criteria to evaluate EOs, including qualifications, experience, and country and regional exposure.

2. Shortlisting and Evaluation

4.23 For competitive selection, the executing agency prepares a shortlist of at least three qualified candidates, based on an initial review of credentials and screening of those that do not meet the basic requirements of the assignment, except when proposing to use direct contracting of a single candidate or limited competitive bidding. The executing agency then evaluates those shortlisted in more detail, with a final ranking based on qualifications, experience, country and/or regional exposure, and any other factors listed in the applicable criteria for shortlisting and evaluation. Shortlisting may be supported by a formal interview process of all shortlisted candidates to establish or confirm the ranking, which needs to be properly documented.

3. Negotiations and Debriefing

4.24 After identification of the first-ranked individual consultant, the executing agency will negotiate a contract with that candidate. Prior to commencement of any negotiations, after the executing agency has completed the evaluation, the executing agency will issue a noncommittal letter of inquiry to the first-ranked individual consultant to confirm that such candidate remains interested in, and available to undertake, the assignment. The negotiations are typically conducted by e-mail and, when required under the project procurement plan, a standard ADB contract for such purpose will be used.

4.25 Borrowers are not required to debrief unsuccessful individual experts that submitted EOIs.

4. Contracting and Contract Management

4.26 Individual consultants may be contracted as freelancers or through the firms that employ them. When contracted as freelancers, the executing agency and the individual will negotiate and sign the contract between themselves. When contracted through firms, the contract is entered into between the relevant firm and the executing agency, but it is conditioned on the availability of the specified individual for the assignment. The originating firm may charge a modest overhead for use of such individual consultant, provided such overhead is reasonable in the circumstances and fully substantiated by documentation that the executing agency may require during negotiations. As with firms, the contract becomes effective once the executing agency has issued the notice to proceed to the individual consultant.

4.27 It is essential that the borrower takes a proactive role in managing the contract to deliver successful results, with related oversight and administration by ADB. This includes effectively and efficiently supervising consultant outputs, timing, payments, variations, and issues of suspension or termination, among others. The responsible executing agency must actively manage consulting contracts throughout their duration to ensure that consultant performance is satisfactory, that stakeholders concerned are adequately engaged, and that all contract requirements and deliverables are fully met. ADB assists borrowers directly and indirectly with their contract management, by making available training, capacity development, and expert advice through its project and procurement staff.

V. Resolution of Complaints

5.1 Borrowers are required to address any procurement-related complaint objectively and in a timely manner, with transparency and fairness. Appendix 7 of the 2017 procurement regulations provides details on the procedures for handling complaints related to consulting service transactions—noting that the process differs depending on whether the transactions are subject to prior or post review (sampling) by ADB under the project procurement plan. The *Guidance Notes on* (i) *Bidding-Related Complaints*, (ii) *Standstill Period*, and (iii) *Noncompliance in Procurement* have additional relevant detail.

Appendix 1: Selection and Evaluation Methods for Consulting Firms

A. Quality- and Cost-Based Selection

A1.1 Selection. This is a competitive method requiring shortlisting and submission of separate technical and financial proposals at the same time (“two envelopes” or, in case of use of electronic procurement, the financial proposal is encrypted and digitally locked). Quality- and cost-based selection (QCBS) considers both quality and cost in determining proposal ranking, based on chosen proportions or weightings that depend on the nature of the assignment. QCBS is appropriate if (i) the scope of work can be precisely defined, (ii) the terms of reference (TOR) are well-specified and clear, and (iii) the personnel time and other required inputs can be estimated with reasonable precision. The request for proposal (RFP) document sets out the procedure for evaluation of responsive proposals. The proposal of the firm with the highest quality-cost weighted score is considered first-ranked.

A1.2 Evaluation. Quality and cost weightings are chosen based on complexity and impact of the assignment and typically range from 90% to 70% for quality. There may be exceptional circumstances where quality and cost weightings justify a 50:50 split, where services are relatively standardized and quality and cost are equally important, e.g., selecting procurement or inspection agents. Under QCBS, the technical evaluation is undertaken based on the type of technical proposal used and application of a minimum qualifying mark (for example 750 out of 1,000 points). Any of the three main types of technical proposal evaluation criteria may be used (or customized criteria): biodata technical proposal (BTP), simplified technical proposal (STP), or full technical proposal (FTP). Financial proposals are opened publicly after technical evaluation for all firms receiving the minimum qualifying mark and overall scores are computed.

B. Fixed Budget Selection

A1.3 Selection. This selection method is substantially similar to QCBS. However, under fixed budget selection (FBS), the total budget for the services is specified in the RFP and cannot be exceeded. FBS is appropriate if (i) the TOR is precisely defined, (ii) the time and personnel inputs can be accurately assessed, and (iii) the cost estimates are considered reasonably accurate and sufficient to perform the assignment. The RFP specifies the applicable minimum technical score (usually 750 points out of a possible 1,000 points), and also sets out the procedure

for evaluation of responsive proposals. The proposal of the firm with the highest technical score within the fixed budget is considered first-ranked.

A1.4 Evaluation. Similar to QCBS, under FBS, shortlisted firms submit technical and financial proposals in separate envelopes at the same time. There is first a technical evaluation, using the FTP, STP, or BTP (or customized) evaluation criteria, as applicable, and application of a minimum qualifying mark (normally 750 out of 1,000 points). The financial proposals of all qualifying firms will then be opened. The firm with the highest technical score above the minimum qualifying mark and within the specified budget will be called to negotiate a consulting contract.

C. Least-Cost Selection

A1.5 Selection. This selection method is similar to QCBS, in that competitive technical and financial proposals are sought from shortlisted firms. Least-cost selection is appropriate if (i) the value of the assignment is small and (ii) the assignment is of a standard or routine nature in cases where well-established practices and standards exist (e.g., audit or inspection services). The RFP specifies the applicable minimum technical score (usually 750 points out of a possible 1,000 points) and sets out the procedure for evaluation of responsive proposals. The proposal of the firm with the lowest cost (within the applicable budget) out of the responsive proposals meeting the minimum technical score is considered first-ranked.

A1.6 Evaluation. Similar to FBS, shortlisted firms submit technical and financial proposals in separate envelopes at the same time. There is a technical evaluation, using the FTP, STP, or BTP (or customized) evaluation criteria, as appropriate, and application of a minimum qualifying mark (normally 750 out of 1,000 points). The financial proposals of all firms with technical points over the minimum qualifying mark are opened and the firm with the lowest price will be called to negotiate a consulting contract.

D. Quality-Based Selection

A1.7 Selection. Under quality-based selection (QBS), only the quality of the technical proposals is evaluated. If the RFP requires submission of financial proposals in addition to technical proposals, this may be done in separate sealed envelopes and only the financial proposal of the highest ranking, technically qualified firm is opened and negotiated. Requesting submission of both proposals at once may shorten recruitment time. Alternatively, the RFP may require only the submission of technical proposals. In that case, the firm with the first-ranked technical proposal is requested to submit a financial proposal for negotiation. QBS is appropriate if (i) the assignment is complex or highly specialized and precise TOR and consultant inputs are difficult to define, (ii) the downstream impact of the assignment is large, and (iii) the assignment can be carried out in substantially

different ways such that corresponding financial proposals are potentially difficult to compare.

A1.8 Evaluation. Under QBS, shortlisted firms submit technical proposals. The executing agency will evaluate the submitted technical proposals, applying the relevant FTP, STP, or BTP (or customized) evaluation criteria, as appropriate. The first-ranked firm, technically, will then be invited for contract negotiations, which will cover both technical and financial aspects.

E. Consultants' Qualifications Selection

A1.9 Selection. Similar to QBS, consultants' qualifications selection (CQS) does not focus on cost as part of the evaluation process, but only on quality as reflected in submissions of amplified expressions of interest (EOIs) responding to a request for such EOIs. Based on EOI submissions that cover qualifications, experience, geographic exposure, and any other relevant factors set out in the request for such EOIs, the first-ranked firm is invited to submit a technical and financial proposal. CQS is appropriate if shortlisting and preparation, submission, and evaluation of multiple technical and financial proposals is not justified and (i) highly specialized or "boutique" consulting firms are contemplated for the assignment because of depth of expertise in specific areas; (ii) few consulting firms are qualified; (iii) the value of the assignment is small; and (iv) the assignment is, typically, short-term.

A1.10 Evaluation. Under CQS, the firm assessed to have the most appropriate qualifications and references, meeting the stated requirements of experience and competence, as determined from the EOIs submitted, is called to submit a combined technical-financial proposal and negotiate a consulting contract. The technical portion of the proposal usually focuses on consultant's biodata, similar to a BTP.

Appendix 2: Typical Issues Covered during Contract Negotiations

A. Confirming and Replacing Personnel

A2.1 Provided that contract negotiations are conducted within the original validity period of the proposals, the consultant must confirm the availability of all team members nominated in its technical proposal. The consultant should ensure that all proposed personnel are available to participate under the contract. This can be done by the consultant by requiring the relevant experts to sign an express undertaking to this effect. The executing agency should only allow the consultant to replace personnel in exceptional circumstances, as set out in the relevant request for proposals or other invitation document (e.g., significant delays occur before the negotiations beyond the validity period of the bidder's proposal, the proposed team member becomes unavailable due to reasons beyond the bidder's control such as illness or death, or similarly exceptional circumstances). A replacement expert's qualifications and experience must be equal or superior to those of the original qualified expert, and the remuneration rate applied must not exceed the rate originally quoted in the entity's financial proposal.

B. Identifying Issues

A2.2 The letter of invitation to negotiations must also include information on any issue identified during the technical or financial evaluation that can be subject to clarification or correction during negotiations. For quality- and cost-based selection, fixed budget selection, and least-cost selection, negotiations on any aspect of the bidder's price proposal is normally not permitted in the absence of manifest error or other exceptional circumstances.

C. Documentation

A2.3 Prior to negotiations, the selected consultant must submit a letter of authority identifying the entity's authorized representative designated to negotiate and sign the contract, as well as a copy of the entity's legal certificate of incorporation or establishment.

A2.4 At negotiations, the executing agency will confirm the support and facilities it will provide to the consultant and agree on mutual responsibilities with the consultant. A statement to that effect should be recorded in the minutes of contract negotiations. The executing agency will also finalize amounts to be used

under the contract allocated as provisional sums for activities to be administered by the consultant such as training programs, workshops, etc.

A2.5 The executing agency must prepare the minutes of the important points of discussion and agreement addressed during contract negotiations. The minutes must be dated and signed by authorized representatives of the executing agency and the consultant.

Consulting Services Administered by ADB Borrowers

Guidance Note on Procurement

A substantial portion of ADB loans and grants are spent on consulting firms and individual consultants. This guidance note offers information on the selection, contracting, and supervision of consulting firms and individual consultants by ADB borrowers and grant recipients under the ADB 2017 procurement policy. This note introduces faster consultant selection processes, easier and more flexible procedures for selecting consultants, new principles that promote better quality consultancy and value for money, and stronger support for consultancy planning and contract management.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to a large share of the world's poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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