Project Administration Instructions

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PREPARING FOR CONSULTANT RECRUITMENT

1. This Project Administration Instructions (PAI) guides the recruiting party in preparing for consultant recruitment. This PAI should be read with PAI 2.01 on general definitions and principles, PAI 2.03 on general procedures, and PAIs 2.04 and 2.05 on specific procedures for ADB and the EA, respectively.

A. Consultant Recruitment Plan

- 2. To recruit consultants through a fair, efficient and transparent process, the user unit of the recruiting party prepares a consultant recruitment plan which includes all the details required for the recruitment. For loan/grant projects, the consultant recruitment plan is incorporated in the project procurement plan. Consultant recruitment plans should be publicly accessible at ADB's website.
- 3. Essential elements in a consultant recruitment plan include: (i) cost estimates for the consulting assignment, (ii) consultant selection method, (iii) type of proposal to be used (if a proposal is required), (iv) eligibility criteria for the assignment (indicating if the assignment will be international or national or combined), and (v) the recruitment mode (international or national competitive selection). The terms of reference (TOR) determines these elements and is, therefore, prepared first before finalizing the consultant recruitment plan. The following paragraphs elaborate how these elements are determined.

B. Terms of Reference (TOR)

- After identifying the need for consulting services, the user unit of the recruiting party prepares the TOR, sometimes with the assistance of an expert or a team of specialists. The TOR should be consistent with the project design and monitoring framework (DMF), if relevant. The scope of the services specified in the TOR should take into account budgetary and time constraints. The TOR defines the assignment objectives, scope, outputs of the services, and provides background information (including a list of studies and basic data, if available) to assist the consultants in preparing their proposals. The TOR for a project preparatory technical assistance (PPTA) should include a requirement for an EA procurement capacity assessment. If 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 the 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 the services and surveys for the assignment, if needed, and the expected outputs (for example, reports, data, maps and surveys). The TOR should be sufficiently flexible to allow consultants to propose their own methodology and work program, particularly when the assignment is complex. The TOR should define the EA's counterpart support responsibilities, materials, data and reports that can be made available to the consultants (when applicable).
- 5. A typical TOR includes

- assignment objectives;
- project background;
- scope of services;
- expertise required (including any requirement for international and/or national expertise);
- total inputs required (by person months or working days);
- detailed tasks/activities;
- output requirements (deliverables, milestones, etc.);
- counterpart support by the EA (when applicable); and
- other indications (such as assignment locations, responsibility level, and sector classification among other things).
- 6. For consulting services that ADB administers, the CMS provides an on-line TOR template. Project staff may recommend this template to the EA for use off-line² for consulting services that the EA administers.
- 7. For assignments requiring team work among multiple experts, the TOR defines each team member's role, responsibility and expected amount of inputs. This type of TOR is *position-based*.
- 8. The TOR for team work may also focus on outputs rather than on each single position to allow the invited firm's flexibility in preparing proposals for the assignment and in determining the optimal team composition. This type of TOR is *output-based*. However, even for *output-based TORs*, it is important to identify key experts for the assignment.
- 9. The user unit of the consulting services prepares the TOR. User units or project staff may seek general advice from Procurement, Portfolio and Financial Management Department (PPFD) on preparing the TOR.

C. Cost Estimate

- 10. When preparing the TOR, the user unit of the recruiting party also prepares cost estimates for the assignment under the available budget. Cost estimates normally include the following items:
 - Remuneration. This is the compensation for consultants' inputs (for a time-based contract) or outputs (for a lumpsum contract). To prepare the cost estimates, remuneration may be calculated using person-months as the basic unit. However, in the contract, remuneration may be indicated using working days (for individual consulting assignments) or person months (for consulting assignments with firms involving team of experts), or may be expressed as a lump sum, depending on the type of assignment.
 - Per Diem. This covers accommodation costs and daily subsistence allowances required for consultants to work in locations where they do not hold permanent residence or office. To prepare the cost estimate, the user unit may assume that the

² Currently not available to EAs on-line.

- consultants will need per diem, although the actual need for per diem will be determined when the consultant has been selected.
- Travel. This includes cost of round trip travel by air (economy or business class). To
 prepare the cost estimate, the user unit of the recruiting party may assume that travel
 will originate from the most remote place of an ADB member to the assignment
 location if the actual travel route cannot be determined before the recruitment of the
 consultant.
- Transportation. This covers local transportation costs for activities the TOR requires.
- Communication. This covers communication costs for activities the TOR requires.
- Report (and possibly translation). This covers the cost of printing, translation and distribution of the reports the TOR requires.
- Translation/interpretation, when required.
- Miscellaneous TA administration and support cost. Comprises costs of a Microsoft Office 365 E3 license to allow individual consultants access to ADB collaborative tools including MS SharePoint, Outlook, and Teams, and may be provisioned under the contract for the individual consultant to procure on a reimbursable basis from a roster of suppliers empaneled by ITD. The user unit should ensure that the license is coterminus with the contract duration. Other miscellaneous costs may be included within this item with clearance from CTL.
- Equipment. Specialized tools/machines/software that are procured and produced in ADB members. Purchase should be supported by at least three quotations and receipt/s.
- Other costs the TOR justifies.
- Provisional Sum (normally used in engagement of firms). This may cover the cost of workshops, seminars, conferences, surveys, and equipment. For equipment, the cost estimate includes a list of the equipment to be purchased. User unit should note that certain special funds have certain conditions/restrictions on use of the fund to purchase vehicles or finance overseas training, study tours or conferences. User unit should therefore consult PPFD when it is uncertain about these conditions.
- Contingency (usually 5-10% of the total cost estimate).
- 11. User units use the on-line cost estimate program in the CMS to calculate the cost estimates for consulting services that ADB administers. User units and project staff may seek PPFD's guidance when preparing the cost estimate for any consulting assignment including those that the EA administers.

D. Selection Method

12. The user unit may choose one of the following selection methods for a consulting assignment:

a) Quality and Cost-Based Selection (QCBS)

13. QCBS uses a competitive process among short-listed firms that evaluates proposals on the basis of the quality of the proposal and cost of the services.

- 14. QCBS is the most appropriate selection method when the TOR requires teamwork and contains specific requirements with respect to team composition, detailed tasks and reporting. For QCBS to be effective, TORs should be of high quality and specific. QCBS is the preferred method for selecting consultants for ADB-financed projects.
- 15. Normally under QCBS, technical proposals are assigned a weight of 80%, while financial or cost proposals are assigned 20%. The weight for "cost" shall be chosen taking into account the complexity of the assignment and the relative importance of quality.
- 16. The user unit may also opt for one of three alternative weightings:
 - For complex assignments and/or where greater priority for quality is needed, or when the
 impact of the consultant's assignment will be major, the technical proposal may be
 weighted at 90%, and the financial proposal at 10%. This alternative weighting is
 encouraged for project preparatory, advisory and supervision assignments where there is
 an impact on the delivery and success of downstream or related ADB operations.
 - For assignments of relatively low levels of complexity and with minimum downstream impact, the technical proposal may be weighted at 70%, and the financial proposal at 30%.
 - For audit, procurement agent and inspection agents, the technical proposal may be weighted at 50%, and the financial proposal at 50%.
- 17. If the user unit opts for the QCBS method, this should be indicated in the Procurement Plan for the consulting service, along with the distribution of weights to be assigned to the technical and financial proposals. For example, if the technical proposal is assigned a weight of 80%, and the financial proposal 20%, then the selection method in the consultant recruitment plan is identified as "QCBS (80:20)".
- 18. PAI 2.03 provides the details for the QCBS procedure.

b) Quality-Based Selection (QBS)

- 19. QBS is a selection method based on the evaluation of the quality of the technical proposals, and the subsequent negotiation of the financial proposal and the contract with the consultant that submits the highest ranked technical proposal.
- 20. QBS is the appropriate selection method for:
 - complex or highly specialized assignments for which it is difficult to precisely define
 the scope of work in the TOR and the required consulting inputs, and for which the
 recruiting party expects the consultants to submit innovative proposals (for example,
 country economic or sector studies, multisectoral feasibility studies, design of a
 hazardous waste remediation plant or of an urban master plan, or financial sector
 reforms);
 - assignments with high downstream impact (for example, feasibility and structural engineering design of major infrastructures such as large dams, policy studies of national significance, and management studies of large government agencies); or

- assignments that can be carried out very differently, making it difficult to evaluate proposals (for example, management advice, and sector and policy analysis).
- 21. PAI 2.03 provides the details for the QBS procedures.

c) Fixed-Budget Selection (FBS)

- 22. FBS is a selection method that evaluates the quality of technical proposals, provided that the costs of service are within a specified budget.
- 23. FBS is the appropriate selection method when:
 - the TOR is precisely defined with no changes expected during implementation;
 - the time and personnel inputs can be assessed accurately; and
 - the budget is fixed and cannot be exceeded.
- 24. PAI 2.03 provides the details for the FBS procedure.

d) Least-Cost Selection (LCS)

- 25. LCS is a selection method that initially determines if the technical proposals of the shortlisted firms are technically qualified, followed by the selection of the firm proposing the lowest price.
- 26. LCS is the most appropriate selection method for small (generally less than \$300,000) and well-defined standard assignments (for example, audits, engineering design/supervision of simple projects and simple surveys), where well-established practices and standards exist.
- 27. PAI 2.03 provides the details for the LCS procedure.

e) Consultants' Qualifications Selection (CQS)

- 28. CQS is a selection method based on consulting firms' qualifications, reflected in the Expressions of Interest (EOIs) submitted by firms in response to the recruiting party's advertisement.
- 29. CQS may be used for small assignments (usually less than \$200,000) when:
 - highly specialized expertise is required, such as from "boutique" consulting firms with depth of expertise in specific areas;
 - recruitment time is critical and the assignment is short-term;
 - few consultants are qualified; and
 - preparing and evaluating competitive proposals is unjustified.
- 30. PAI 2.03 provides the details for the CQS procedure.
 - f) Individual Consultants Selection (ICS)

- 31. The recruiting party recruits individual consultants based on how closely their qualifications and experience conform to the TOR requirements and the consultant's availability. Normally the individual candidates need not submit proposals.
- 32. Individual consultants are typically recruited when:
 - collective responsibility is not a requirement;
 - additional outside (home office) professional support is not required; and
 - individual experience and qualifications are the main requirements.
- 33. When coordination, administration, or fixing the collective responsibility of a number of individual consultants may become difficult, employing a firm is preferable.
- 34. PAI 2.03 provides the details for ICS.
 - g) Direct Contracting or Single-Source Selection (SSS)
- 35. The selection of consultants under SSS does not capitalize on the main benefits of competition, particularly with respect to quality and cost. SSS lacks transparency, and may increase the risk of unacceptable recruitment practices. Therefore, justification for SSS is closely scrutinized to ensure adherence to principles of economy, efficiency, and equal opportunity for all qualified consultants.
- 36. SSS is appropriate:
 - for tasks that represent a natural continuation of previous work performed by the firm;
 - in emergencies, such as responding to disasters and for consulting services required immediately following the emergency:
 - usually for small assignments (\$100,000 or less, if a firm is engaged); or
 - when only one firm or individual is qualified and available, or has exceptional experience for the assignment.
- 37. When a user/project unit proposes that ADB or the EA use SSS to select a firm for an assignment under a TA, loan or grant project, it should provide adequate justification in consultation with PPFD, together with the identification of the firm, in the concept paper (CP), TA report or the Report and Recommendation of the President (RRP). For assignments financed by internal administrative budget, staff development budget, or capital budget, user units are required to use a competitive selection procedure. Any proposal for using SSS for such assignments will be considered as a change in selection method, and therefore will follow the procedure in para. 41 of this PAI.

For ADB-Administered Selections

For contracts estimated at \$100,000 and below: no justification or prior PPFD approval is required. For contracts estimated above \$100,000: may be used in exceptional circumstances with the approval of Director, PPFD and only if justified by value for money considerations, such as

i. for tasks that represent a natural continuation of previous work performed by the firm;

- ii. in emergencies, such as responding to disasters and for consulting services required immediately following the emergency; or
- iii. when only one firm is qualified, available, or has exceptional experience for the assignment.

For Borrower-Administered Selections

When the EA proposes to use direct contracting to select a consultant for an assignment, it should, via the ADB user unit, identify and justify this proposal, together with the identification of the firm (for firm selections only), in the concept paper, technical assistance report, and/or the report and recommendation of the President (or relevant appendixes), as the case may be, for PPFD review and Management or Board approval.

38. When a user/project unit officer proposes that ADB or the EA use SSS for an individual consultant, the officer should discuss the selection method with PPFD and submit a recommendation for SSS to the head of the user department for approval, if the SSS is used by ADB; or to the relevant PPFD director for approval, if the SSS is used by the EA. Approval for using SSS of individual consultants for assignments administered by ADB, except for the SSS of an ADB spouse or former ADB staff, may be waived for relatively small assignments. Relatively small assignments are those requiring total inputs of not more than 66 working days and a job level that is below international level 6 or its equivalent, as described in the CMS/ICS.

E. Selection Method for NGOs and Non-Commercial Entities

39. QBS is the method of recruitment to be used when an international nongovernmental organization (NGO) is shortlisted along with commercial consulting firms. QCBS may be used when the shortlist contains only NGOs.

F. Change in Selection Method

40. A change in selection method may be justified after a TA or loan has been approved. Where the original procedure is QCBS and an international NGO is shortlisted along with commercial consulting firms, the selection method changes to QBS and such change does not require specific approval, but shall be documented in the RFP document. Change to QCBS from another selection method does not require approval. The procedures to effect a change in selection method that requires an approval are described below. The requirement for an approval also applies to changes in the quality-cost ratio for the QCBS selection method and to the introduction of new selection methods.

a) Consulting Services that ADB Administers

41. If the cost estimate for the consulting services is \$1,000,000 or less, the user unit prepares a recommendation and justification for changing the selection method, and submits it to the relevant PPFD director, for approval. If the cost estimate is above \$1,000,000, the user unit submits the recommendation and justification, through the user department head, to the Director General, PPFD, for approval. Approval is given through a memorandum or email outside the CMS.

b) Consulting Services that the EA Administers

- 42. When an EA proposes changing the consultant selection method after ADB has approved the project, it submits a proposal and justification for ADB's approval. The project unit prepares a recommendation in consultation with PPFD and the Office of the General Counsel (OGC), and submits it for approval following the same procedures as for changing selection methods for consulting services that ADB administers.
- 43. The user/project unit updates the consultant recruitment plan through CMS or, in the case of a loan project, in the Procurement Plan (which is posted on ADB's website), to reflect any approved changes in selection method. When using CMS, the user unit may contact the CMS administrator for assistance in changing the selection method in the system.
- 44. PPFD reports the changes to the Board in the quarterly portfolio update.

G. Types of Technical Proposals

45. Depending on the TOR and the cost estimates, the user unit of the recruiting party may use one of the three types of technical proposals below to select consulting firms. The cost estimate thresholds for each type of technical proposals described below are indicative, and the user/project unit, after consulting PPFD, may propose any type of technical proposal regardless of the thresholds, provided it is fully justified.

a) Full Technical Proposals (FTP)

- 46. FTP is the default type of proposal for an assignment with a complex TOR.
- 47. The shortlisted firms are normally given 45 days to prepare FTPs. When recruiting through CMS, the FTP preparation period may be reduced to a minimum of 35 days.
- 48. The following information needs to be provided as part of the FTP:
 - description of the approach, methodology, and work plan for performing the assignment;
 - team composition, task assignments, and CV summary;
 - work schedule;
 - personnel schedule;
 - CV of proposed experts;
 - consultant's organization and experience;
 - · comments or suggestions on the TOR; and
 - comments on EA counterpart staff and facilities.

b) Simplified Technical Proposals (STP)

- 49. STP is the default type of proposal for an assignment with a well-defined TOR.
- 50. The shortlisted firms are normally given 35 days to prepare STPs. When recruiting through CMS, the STP preparation period may be reduced to a minimum of 25 days.

- 51. The following information needs to be provided as part of the STP:
 - description of the approach, methodology and work plan for performing the assignment;
 - team composition, task assignments, and CV summary;
 - work schedule;
 - personnel schedule; and
 - CV of proposed experts.
- 52. STPs are shorter than FTPs because they do not include information on the firms' previous experiences. Therefore, before shortlisting when using STP, the user unit should carefully examine the firms' and their partners' or associates' experiences, as the case may be.

c) Biodata Technical Proposals (BTP)

- 53. BTP may be used for assignments with well-defined, position-based TORs.
- 54. The shortlisted firms are normally given 21 days to prepare BTPs. When recruiting through CMS, the BTP preparation may be reduced to a minimum of 15 days.
- 55. The following information needs to be provided as part of the BTP:
 - team composition, task assignments, and CV summary;
 - work schedule;
 - personnel schedule; and
 - CVs of proposed experts.
- 56. Because BTPs do not include the firms' previous experiences, the recruiting party should carefully examine the firms' experiences during shortlisting.

H. Changing Type of Technical Proposal

57. A change in the type of technical proposal may be justified after a TA or loan has been approved. The user/project unit does not need approval to change the proposal type from BTP to STP or FTP, or to change proposal type from STP to FTP. However, the user/project unit should consult PPFD and obtain the user/project unit director's approval to change the proposal type from FTP to either STP or BTP, or to change the proposal type from STP to BTP. The user/project unit updates the consultant recruitment plans through CMS or, in the case of a loan project, in the procurement plan itself. When using CMS, the user unit may contact the CMS administrator for assistance in changing the selection method in the system.

I. General Timeframe for Recruitment

58. Although the actual time (excluding advertisement time) for recruitment may vary, the following estimates may be used for planning consulting services that ADB administers:

- QCBS/QBS/FBS/LCS using FTP: approximately 5 months or less (usually 3.5 months) if using the CMS.
- QCBS/QBS/FBS/LCS using STP: approximately 4 months or less (usually 2.5 months) if using the CMS.
- QCBS/QBS/FBS/LCS using BTP: approximately 3 months or less (usually 1.5 months) if using the CMS.
- 59. The recruitment period for consulting services that the EAs administer could often be longer than the periods outlined above. The project unit should consider all factors identified in the EA capacity assessment when helping or advising the EA about consultant recruitment.

J. Determining International or National Expertise

60. The determination of international or national expertise should be based on the needs of the assignment and requirements specified in the TOR. During finalization of the consultant recruitment plan, the user unit may consult PPFD to determine the appropriate combination of international and national expertise by considering the nature of the assignment, the national consulting market (the availability of the expertise required by the TOR in the project country), and other relevant factors. For consulting services that the EA administers, the project unit helps the EA prepare its consultant recruitment plan in a way that the availability and qualifications of national consultants are discussed with the EA. The project unit shall also check the relevant data and information available in CMS. When the project unit and the EA agree that national consultants have the capacity to handle some consulting assignments, and such agreement is supported by sufficient information and justifications, the project unit may then assist the EA in defining which assignments and positions are appropriate for international and national consultants. Changing an international position from a national position in the TOR or vice versa after the consultant recruitment plan is approved would require the project unit director's approval in consultation with PPFD.

K. Recruitment Mode (International or National Competitive Selection)

- 61. International competitive selection is the standard mode for recruiting consultants. However, when sufficient qualified national firms are available to provide the services with competitive costs as required by the TOR, and when competition, including foreign consultants, is generally unjustified, the recruitment may be done through competition among national firms (registered in the project country).
- 62. For loan projects, national shortlisting may be permitted if the assignment is defined as national in the consultant recruitment plan. Such determination is made by the project unit in consultation with PPFD when assisting the EA to prepare the consultant recruitment plan before loan negotiations, taking into account the nature of the project, the capacity of national consultants, and the complexity of the assignment. When ADB provides local cost financing under a loan/grant, the borrower/recipient may use these funds to finance part or all of the assignments identified for national consultants. In assisting the EA with the consultant recruitment plan, the project unit may also help the EA prepare the budget for international and national consultants.

L. Consulting Services Provided by United Nations (UN) and Other International Organizations

- 63. UN and other similar specialized agencies may be hired as consultants where they are qualified to provide technical assistance and advice in their areas of expertise. However, they shall not receive any preferential treatment in a competitive selection process, except that borrowers may accept the privileges and immunities granted to UN agencies and their staff under existing international conventions, and may agree with UN agencies on special payment arrangements as required by their agency's charter, provided these are acceptable to ADB. To neutralize the privileges of UN agencies, including other advantages such as tax exemption and facilities, and special payment provisions, the QBS method is used. UN agencies may be hired on a SSS basis if the criteria outlined in para 36 of this PAI are fulfilled.
- 64. When a special cooperation agreement exists between ADB and a UN agency or any other international organization which explicitly indicates that consulting services to be provided by the UN agency or international organization are covered under the agreement, the agreement may serve as a relevant factor for SSS. The user/project unit should consult PPFD, OGC, and SPD, when relevant, prior to formulating the implementation arrangements for engaging the UN agency or international organization, and spell out such arrangements in the TA paper, CP or the RRP.

M. Nongovernmental Organizations (NGOs)

65. To improve the effectiveness, quality, and sustainability of its operations, ADB cooperates with a range of international and national NGOs. Large international NGOs are sometimes included in shortlists for TA and loan projects provided that ADB or the borrower finds their qualifications satisfactory. Simplified recruitment procedures and contracting arrangements will be applied for smaller (particularly national) NGOs. Where an international NGO is included in the shortlist with consulting firms for TA or loan projects, the QBS method will normally be used. Where TA or loan projects require in-depth knowledge of local issues, community needs, and/or participatory approaches for which either international or national NGOs are clearly more qualified, the shortlist may entirely comprise of NGOs, and the selection method will normally be QCBS. Where national NGOs are being recruited, either for a TA or loan project, ADB may apply a modified (simplified) QCBS recruitment procedure to reflect the capacity of the competing NGOs where the evaluation criteria reflect the unique qualifications of the NGOs including: (i) history of work with local communities and evidence of satisfactory performance; (ii) familiarity with participatory development approaches; (iii) committed leadership and adequate management; and (iv) capacity to co-opt beneficiary participation. ADB or its borrower may select the NGO by SSS, provided the criteria outlined in para 36 of this PAI are fulfilled.

N. Commercial Practices

66. In the case of loans on-lent by a financial intermediary to private sector enterprises or autonomous commercial enterprises in the public sector, the sub-borrower may follow well-established private sector or commercial practices that have been determined by ADB to be acceptable. Consideration shall also be given to the use of competitive procedures outlined earlier, particularly for large assignments.