

Project Administration Instructions

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GENERAL PROCEDURES FOR SELECTING AND ENGAGING CONSULTANTS

1. This Project Administration Instructions (PAI) contains general procedures for ADB and executing agencies (EAs) when recruiting consultants. This PAI should be read with PAI 2.01 on general definitions and principles, PAI 2.02 on preparatory work, and PAIs 2.04 and 2.05 on specific procedures for ADB and the EA, respectively.

A. General Procedures

2. The following requirements are essential for all consultant selection processes, unless otherwise specified:

a) Advertising (Consulting Services Recruitment Notice – CSRN)

3. To ensure transparency in selecting consultants under the *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers* (Guidelines on Use of Consultants), ADB requires the recruiting party to advertise all consulting services assignments that ADB finances, except under certain conditions when this requirement may be waived as specified in PAIs 2.04 and 2.05. A consulting services recruitment notice (CSRN) is posted in the “Business Opportunities” section of ADB’s website. The CSRN includes information on the terms of reference (TOR), cost estimate, selection method, and time frame for recruitment, as defined in the consultant recruitment plan. The CSRN allows time for consultants to submit an expression of interest (EOI) and is usually posted on ADB’s website for 30 days (or a minimum of 15 days when using CMS) for recruiting firms, and for a minimum of 7 days for recruiting individual consultants. In the case of the recruitment of individual consultants that ADB administers, the CSRN requirement may be waived under certain conditions provided in PAI 2.04. Such waiver generally requires a strong justification and the approval of the Director General, Procurement, Portfolio and Financial Management Department (PPFD).

b) Expression of Interest (EOI)

4. Depending on the services, consultants submit an EOI as an individual or an entity. An entity can be a single consulting firm, lead consulting firm with sub-consultants, or a joint venture (JV).

i. EOI by Individuals

5. When expressing interest as an individual, consultants offer up-to-date information on how their qualifications and experiences conform to the TOR requirements.

ii. EOI by Firms and Joint Ventures

6. When expressing interest as an entity, the firm highlights its most recent projects and geographical experiences relevant to the TOR, as well as its management capacity. If a consultant is submitting an EOI as JV, the EOI will be submitted by the lead firm or lead partner, and should clearly identify each joint venture partner. Except for recruitment using consultants' qualification

selection (CQS), curriculum vitae (CVs) are not required when an entity submits an EOI. Consultants submit EOIs on-line using a standard template provided in CSRN. EOIs submitted off-line may be accepted if they are submitted before shortlisting with adequate information following standard templates available at www.adb.org.

7. A JV is an association of more than one firm that may or may not have a distinct legal personality from that of its members. When expressing interest, the JV must nominate and authorize one firm as the lead firm, which will be the sole representative that will interact directly with the recruiting party.

8. If a JV is selected by the recruiting party to perform the consulting services, the lead firm shall represent the JV in signing a contract and shall have the authority to conduct all business for and on behalf of any and all the members of the JV, provided that each and every member of the JV shall be jointly and severally liable for the performance of the contract.

c) Recruiting Individual Consultants

9. Individual consultant recruitment does not require submission of proposals. Recruiting individual consultants requires advertising in CSRN. However, this may be waived under certain conditions indicated in PAI 2.04.

10. The user unit normally shortlists three or more candidates based on the EOIs received. Shortlisted candidates are ranked by their experiences and qualifications. All shortlisted candidates must meet the eligibility criteria in PAI 2.01. Only experts that submitted EOIs shall be shortlisted, unless an extended advertisement did not generate any qualified EOIs. In this case, all shortlisted candidates should be informed of their inclusion in the shortlist and requested to submit an EOI before proceeding with the selection process. If a shortlisted consultant does not submit an EOI, then his/her CV shall not be considered. An ADB staff member evaluating the EOIs shall not have any actual, potential or perceived conflict of interest. In case of actual, potential or perceived conflict of interest, the affected ADB staff shall request the relevant director of the user unit to nominate another staff to conduct the evaluation. A Consultant Selection Committee (CSC) may be called to evaluate the shortlist of individual consultants for large value consulting assignments.

11. The user unit requests the first ranked candidate to confirm his/her availability and to provide other information that may be required as stated in PAI 2.04 or PAI 2.05.

12. Upon receiving a confirmation of availability from the consultant, the user/project unit of the recruiting party completes the specific procedures outlined in PAI 2.04 (for consulting services administered by ADB), or PAI 2.05 (for consulting services administered by the EA), for clearances and approvals, and then submits the request to the authorized unit as stated in PAI 2.04 or PAI 2.05, to process an offer (contract) to the consultant.

13. For recruiting individual consultants, the recruiting party normally determines the remuneration rates based on market rates, while other expenses are based on the TOR. When the EA engages individual consultants, the ADB project staff and PPFDF may assist the EA in determining these rates. Individual consultants' offers are usually non-negotiable. Under special

circumstances, when strong justifications are provided, exceptions may be made under the procedures as stated in PAI 2.04 or PAI 2.05.

14. Upon receiving the consultant's acceptance of the offer, the user unit will issue a notice-to-proceed to the consultant for mobilization.

d) Recruiting Firms

i. Long List and Short List

15. To obtain high quality consulting services from geographically diverse ADB members, the recruiting party examines all EOIs from the consultants responding to the CSRN. The recruiting party lists all eligible firms (long list) that submitted EOIs. Although no mandatory minimum number is required, to ensure adequacy in competition, the long list should normally contain not less than 12 firms. The recruiting party may consider re-advertising if the EOIs received are insufficient. ADB has a discretion, but not an obligation, to accept late EOIs received prior to shortlisting.

16. From the long list, the recruiting party then selects a sufficient¹ number of entities to create adequate competition considering the complexity of the assignment, allocated budget, and potential considerations for downstream assignments, using the following criteria and conditions:

- The shortlisted firms meet the eligibility criteria in PAI 2.01, Section M.
- The shortlisted firms meet the technical competence, as determined by the recruiting party.
- The shortlisted firms meet the requirements for country/regional experience/s, considering any preference that has been expressly indicated by the recruiting party.
- For international assignments, short lists should have a wide geographic spread and should normally not have more than two firms from any single country. Short lists should include at least one firm from a developing member country (DMC), unless no qualified firm from a DMC has been identified. For shortlisting and where a JV comprises firms from a range of countries, only the country where the lead firm/partner is registered will be considered for a geographical spread, but all the firms in the consortium must meet the eligibility requirements.
- For national recruitments (PAI 2.02, para 61), the short list may comprise entirely national firms (registered in the project country). However, if foreign firms express interest, they should be considered.

17. A shortlist that comprises of two firms may be permitted under certain circumstances, such as when the recruiting party receives only a few EOIs from qualified firms and it is unlikely that a re-advertisement will attract sufficiently qualified firms. Firms that include an ineligible sub-consultant may be shortlisted provided that the user unit considers the EOI to be of a sufficient quality without the contributions to the EOI of the ineligible sub-consultant. The inclusion of an ineligible joint venture partner in an EOI will mean that the EOI shall be rejected. The shortlist approved by ADB will be posted on www.adb.org, except in exceptional cases that are approved by the Director General, PPF, such as to maintain the integrity of an ongoing investigation.

¹ A minimum of two shortlisted firms, although three or more are desirable

18. Except under CQS, ranking is not required for the shortlisting of firms. Shortlisting for CQS is discussed below in the CQS section.

19. The experiences and qualifications of all firms participating in a JV are assessed during shortlisting and, if circumstances so justify, the experience and qualifications of the lead firm or managing joint venture partner may be assigned more weight than those of other partners.

20. Changes in the joint venture arrangement among shortlisted firms are normally not allowed after the shortlist is finalized, unless otherwise stated in the RFP Data Sheet for a specific assignment, under certain conditions. Specific requirements on these restrictions are given in the Request for Proposals (RFP).

ii. Preparing the Technical Proposal Evaluation Criteria

21. The recruiting party prepares the technical proposal evaluation criteria for selecting consulting firms. At about the same time that the long list and shortlist are prepared, but before preparing the RFP, the recruiting party's user unit prepares the technical proposal evaluation criteria based on the type of technical proposal identified in the consultant recruitment plan. The standard templates for the detailed evaluation criteria are in the standard RFP (accessible from PPFH Hub or <http://www.adb.org> or generated by CMS when CMS is used for the recruitment). Suggested evaluation weight ranges for each proposal type follow:

(a) Full technical proposal (FTP):

▪ Firm's qualifications and experience	100–200 points
▪ Approach and methodology	200–400 points
▪ Personnel biodata	500–700 points
Total	1,000 points

(b) Simplified technical proposal (STP):

▪ Approach and methodology	generally 300 points
▪ Personnel biodata	generally 700 points
Total	1,000 points

(c) Biodata technical proposal (BTP):

▪ Work plan and personnel schedule	generally 100 points
▪ Personnel biodata	generally 900 points
Total	1,000 points

22. Include the summary evaluation sheet reflecting the above weights in the RFP.

23. Also include the personnel evaluation sheet in the RFP (accessible from PPFH Hub or <http://www.adb.org>, or generated by CMS when CMS is used for the recruitment). The personnel evaluation sheet should incorporate the weights suggested below for core/ key experts and pass/fail for other experts.

- Qualification and general experiences 10% to 20%
- Project-related experience 60% to 80%
- Overseas/country experience 10% to 20%

24. The recruiting party's user unit also prepares a set of narrative evaluation criteria for evaluation (templates available in PPFH Hub). The narrative evaluation criteria will give more weight to full-time employees of consulting firms and should be consistent with the evaluation sheets and should not include restrictive requirements. The narrative evaluation criteria should also be consistent with the TOR. The narrative evaluation criteria will be used internally to guide the evaluators. The recruiting party may include the narrative evaluation criteria in the RFP.

iii. Preparing the Request for Proposals (RFP)

25. For engaging firms, after the shortlist and the evaluation criteria are completed, the recruiting party prepares the RFP and submits the draft RFP with the shortlist, the TOR, and the evaluation criteria for approval by following PAI 2.04 (for consulting services that ADB administers), or PAI 2.05 (for consulting services that EAs administer). For consulting services that ADB administers, the standard RFP template is available in CMS or PPFH Hub when CMS is not used. For consulting services that the EA administers, the standard RFP template is available at www.adb.org. It is important to note that when there is a difference between the contents of the RFP for a specific assignment and the contents of the PAI, and if the RFP is already issued to the consultants, the RFP shall prevail, unless an amendment to the RFP is deemed necessary and is done following the procedures in para 27 of this PAI. Ensuring accuracy, consistency and clarity in the RFP is essential for a smooth and transparent selection process.

26. Apart from the standard instructions, the RFP contains the:

- shortlisted firms' names (including associated firms, joint venture partners when applicable);
- selection method and type of technical proposal for the selection;
- TOR and any information that the recruiting party decides the shortlisted firms need, with the full background and assignment requirements;
- evaluation criteria for the technical proposals;
- budget for the assignment; and
- specific information and data, required in the RFP data sheet.

iv. Clarifying and Amending the RFP

27. After the RFP is issued to shortlisted firms, the firms may request for clarifications on the RFP or TOR by writing to the recruiting party within the period specified in the RFP. The recruiting party answers the questions promptly to give shortlisted firms adequate lead-time before the deadline to incorporate the responses into their proposals. The answers are distributed with the original questions (with any appropriate revisions and without identifying the source of the question) to all shortlisted firms. An exception may arise when the question or response relates to a sensitive matter that cannot be disclosed to a third party, or when the circulation of a response may violate the questioner's privacy; provided that the response shall not favor the firm for selection.

28. The recruiting party may amend the RFP, following specific procedures in PAI 2.04 or PAI 2.05, as the case may be, but it must provide a notice to all shortlisted firms. When the answers and amendments are provided at a pre-proposal conference, these should be reflected in the minutes and distributed to all shortlisted firms.

29. The recruiting party shall record all clarifications and/or amendments that have been issued, and shall inform all the proposal evaluators of such clarifications and/or amendments.

v. Acquiring and Rejecting Proposals

30. The shortlisted firms should submit proposals to the address provided in the RFP by the indicated deadline. The proposals should be formatted, packaged and sealed (if not required to be submitted through the CMS) in accordance with the requirements of the RFP. Proposals received after the specified deadline, and proposals providing price information in the same envelope as the technical proposal, shall be rejected in accordance with the requirements of the RFP; except when the recruitment uses the CQS or single source selection (SSS) methods. Under special circumstances, such as *force majeure* or a system error in CMS, PPFDD directors may decide whether a late proposal can be accepted; but such decision should be based on the consideration that it will not affect the fairness, transparency and integrity of the selection process.

vi. Evaluating Technical Proposals

31. The recruiting party will designate evaluators or a CSC to evaluate technical proposals, in accordance with PAI 2.04 or PAI 2.05.

32. Evaluators will first independently assess whether the technical proposals comply with RFP submission requirements, and will then evaluate each proposal.

33. Five basic tools used during technical evaluation include the:

- TOR;
- narrative evaluation criteria;
- personnel evaluation sheet;
- summary evaluation sheet; and

- scoring guide.

34. The evaluators assess each proposal by its responsiveness to the TOR. Based on the narrative evaluation criteria, evaluators start by rating the personnel (“core/ key experts” only) of each proposal, using the personnel evaluation sheet, and then by transferring the resulting scores (rating multiplied by the corresponding weight) from the personnel evaluation sheet to the summary evaluation sheet. If a firm fails to include in its proposal one of the core/ key experts identified in the TOR, the proposal may be a grounds for rejection. Other factors, such as approach and methodology, are then evaluated based on the narrative evaluation criteria, and the ratings are entered in the summary evaluation sheet. All the resulting scores corresponding to each criterion are then added on the summary sheet for a total score.

35. To ensure consistency in evaluation, evaluators may use the scoring guide indicated in the summary and detailed evaluation sheets to determine the ratings for each criterion.

36. Except for assignments that ADB administers under certain thresholds, as in PAI 2.04, the evaluation should be done by a CSC. The CSC meets to:

- confirm absence of actual, potential or perceived conflict of interest;
- confirm that the proposals comply with the RFP requirements;
- discuss each member’s independent evaluation;
- reach a consensus on a set of scores for each proposal that represents the committee’s collective view;
- complete a final ranking of the proposals; and
- finalize narrative comments on each proposal to supplement the evaluation forms. These highlight any omission or deficiency, and each proposal's strengths and weaknesses, compared against the given evaluation criteria.

37. The minimum passing technical score is specified in the RFP, which is 750 out of 1,000 points. The recruiting party then advises any firm whose technical proposal has scored less than 750 points that such firm has been unsuccessful. When Quality-and Cost-Based-Selection (QCBS), or Least-Cost-Selection (LCS) or Fixed-Budget-Selection (FBS) is used, the recruiting party returns the firm's financial proposal unopened at the end of the selection or keeps it encrypted, if CMS is used.

vii. Requesting and Evaluating Financial Proposals

38. The procedure for requesting and evaluating financial proposals varies depending on the selection method (see Section B of this PAI).

viii. Determining the Final Ranking of Proposals

39. The procedure for deciding the final ranking depends on the selection method (see Section B of this PAI).

ix. Negotiating Contracts

40. The recruiting party invites the firm with the highest overall ranking to contract negotiations. The procedure depends on the selection method. The following apply to all contract negotiations with firms.

(a) Preparing to Negotiate

41. In the letter inviting the selected firm to contract negotiations, the recruiting party requires the selected firm to meet the following requirements as preconditions:

- **Reconfirming/Replacing of Personnel** – Before contract negotiations, the consultant confirms the availability of all team members nominated in its technical proposal. Replacing personnel may be considered when: (i) the recruiting party decides to start the field services significantly later than the RFP date, or (ii) the proposed team member becomes unavailable due to reasons beyond the firm's control (e.g., illness, death or family difficulties). The replacement must have equal or better qualifications and experience than the originally nominated team member. The recruiting party may request the replacement of personnel when the firm obtains the highest overall ranking, but a particular expert has received a low score, is ineligible or was rated poorly for a previous consulting assignment. Under QCBS, FBS and LCS, the remuneration charged for the replacement expert should remain the same as that proposed for the original expert. Team members confirmed at contract negotiations can only be changed after the acceptance of inception report by the recruiting party.
- **Identifying Issues** – Before contract negotiation, the consultant receives a list of any issue/s identified during evaluation requiring clarification or correction.
- **Documentation** – The firm invited to negotiate submits to the recruiting party a letter of authority identifying the firm's representative who shall be authorized to negotiate and sign the contract, as well as a copy of the firm's legal certificate of incorporation or establishment.

(b) Contract Negotiation Agenda

42. The contract negotiation may be done face-to-face for large (typically above \$600,000) and complex contracts, or through telecommunications or electronic communications for smaller and simple contracts. The negotiation may take 2 days to 1 week, depending on the selection method and the nature of the issue/s to be discussed. The agenda includes:

- submitting written authorization for the consultant to negotiate and sign a contract with ADB;
- reviewing documentation submitted, including the financial proposals, review of project matters such as scope of work/TOR, work plan and personnel schedule, consultant's personnel, counterpart staff and facilities, and/or equipment;
- reviewing the financial terms and conditions;

- reviewing the consultant's contract;
- explaining the post-assignment questionnaire; and
- discussing contract administration and monthly progress reports.

(c) Cancelling Contract Negotiation

43. If the selected firm cannot agree with the recruiting party on technical, financial or other matters, or fails to meet the requirement for personnel mobilization, the recruiting party may terminate the negotiation with the firm and negotiate with the next-ranked firm. This occurs after obtaining the necessary approval, following the procedures in PAI 2.04 or PAI 2.05, as the case may be.

x. Contract Award

44. If the negotiation succeeds, the selected firm signs the contract with the recruiting party and mobilizes its personnel as contracted. The recruiting party notifies the other firms that submitted proposals about the contract award.

B. Selection Processes

45. The major selection steps outlined below are read with the general procedures discussed in the preceding paragraphs of this PAI.

46. The explanations for obtaining clearance or approval² are found in PAI 2.04 or PAI 2.05.

a) Quality and Cost-Based Selection (QCBS)

47. Under QCBS, the recruiting party follows 16 steps:

- (i) Prepare the Consultant Recruitment Plan and obtain the required approval (footnote 2).
- (ii) Advertise the assignment and receive EOIs.
- (iii) Prepare the long list, short list, evaluation criteria and RFP, and obtain the required approval (footnote 2).
- (iv) Send the RFPs to shortlisted firms and request for technical and financial proposals in separate sealed envelopes, following the RFP submission requirements and deadlines. The recruiting party may clarify or amend the RFP and TOR.
- (v) Receive proposals and securely store the financial proposals, which remain unopened (encrypted when CMS is used), until the public opening.

² The specific requirements for obtaining approval are in PAI 2.04 (for consulting services that ADB administers), or PAI 2.05 (for consulting services that EAs administer).

- (vi) Open and evaluate the technical proposals using the RFP evaluation criteria and scoring system and then obtain the required approval (footnote 2) for the technical evaluation results.
- (vii) Notify all firms whose technical proposals failed to obtain the minimum qualifying score (750 points) about such failure, and invite those firms whose technical proposals obtained a score of at least 750 to the public opening of financial proposals.
- (viii) Conduct the public opening of financial proposals. At the opening, the recruiting party reads aloud the qualified firms' technical scores, opens their financial proposals, and reads aloud the total prices. The recruiting party gives attendees details of the applicable currency exchange rate, which will be used to compute US dollar equivalents when evaluating financial proposals. The source and date for determining the exchange rate are in the RFP. The recruiting party also indicates the likely schedule for contract negotiation and commencement of services. The party keeps all other information in the financial proposals confidential. After the opening, the recruiting party sends a letter informing all the firms that submitted proposals of the technical scores of all shortlisted firms and total prices for each qualified firm, whether or not they attended the public opening. When using CMS, the exchange rates are provided on-line on a specific date as in the RFP. The public opening is conducted electronically and the financial proposals submitted through CMS are decrypted at the time of public opening.
- (ix) Evaluate the financial proposals and verify the price of each using the procedures in the RFP. The recruiting party:
 - checks if the commercial terms in the proposal comply with the RFP requirements;
 - corrects any mathematical error and ensures the proposal includes all the service costs, fairly estimated;
 - ensures the provisional sums and contingency amount are clearly and separately identified in the proposal, and such amounts are consistent with those specified in the data sheet;
 - ensures the proposal identifies or excludes tax elements as stated in the RFP;
 - converts any non-United States dollar denominated prices to US. dollars using the source for the exchange rates in the RFP;
 - checks that the gross evaluated financial proposal (GEFP) (which relates to the proposal as corrected for errors, but including provisional sums and contingency) is within the assigned budget. If the GEFP exceeds the budget, the PPF staff decides whether the financial proposal is responsive based on the RFP instructions for the assignment;
 - calculates the financial score for each financial proposal. Calculations are only for variable (or competitive) cost items such as remuneration and out-of-pocket expenditures. Fixed (or non-competitive) cost items such as provisional sums and contingencies are excluded. They are subtracted from the GEFP, resulting in a net evaluated financial proposal (NEFP). The recruiting party then gives

the lowest NEFP a financial score of 1,000. To calculate the other proposals' financial scores, the recruiting party divides the lowest NEFP by the NEFP being considered and multiplies the result by 1,000.

- (x) Calculate the final score for each firm by adding the agreed technical score weighting to the agreed financial score weighting.
- (xi) Rank the firms by their final scores, prepare an evaluation report, and obtain the required approval (footnote 2).
- (xii) Invite the first-ranked firm to contract negotiation. During the negotiation, the recruiting party may only make minor changes in the TOR, the consultant's inputs, and the quantities of expenses. The recruiting party normally cannot change the consultant's rates for remuneration and expenses.
- (xiii) If the negotiation succeeds, obtain the required approval (footnote 2) for the negotiated contract; otherwise obtain the required approval (footnote 2) for inviting the next ranked firm to negotiate and repeat the process from step (xii).
- (xiv) Issue a notice-to-proceed to the contracted firm for mobilizing the team.
- (xv) Return the unopened financial proposals to consultants whose technical proposals scored less than 750 points. When CMS is used, these financial proposals remain encrypted.
- (xvi) Notify all competing/participating firms of the contract award and, if so requested, verbally debrief, either face-to-face or through telecommunication, shortlisted firms by appointment. The debriefing is limited to the evaluation of the proposal submitted by the firm that requested debriefing.

b) Quality-Based Selection (QBS)

48. For QBS, the recruiting party follows 11 steps:

- (i) Prepare the Consultant Recruitment Plan and obtain the required approval (footnote 2).
- (ii) Advertise the assignment and receive EOIs.
- (iii) Prepare the long list, short list, evaluation criteria and RFP, and obtain the required approval (footnote 2).
- (iv) Send the RFPs to the shortlisted firms and request for technical proposals, following the RFP submission requirements and deadline. The recruiting party may clarify or amend the RFP and TOR. When CMS is used, financial proposals may be invited at this stage.

- (v) Receive and evaluate the technical proposals using the RFP evaluation criteria and scoring system, rank the firms by technical scores, and obtain the required approval (footnote 2). When CMS is used and financial proposals are requested, the financial proposals should remain unopened (encrypted).
- (vi) Invite the first-ranked firm to submit a financial proposal.
- (vii) Review the financial proposal to check if it complies with the RFP requirements and identify any major issues for contract negotiation.
- (viii) Invite the first-ranked firm to contract negotiation. Before or during negotiation, the recruiting party may request the firm to substantiate the remuneration rates and expenses, especially if they are higher than the market rates or the recruiting party's cost estimates. ADB may audit the firm's supporting documents.
- (ix) If the negotiation is successful, obtain the required approval (footnote 2) for the negotiated contract; otherwise, obtain the required approval (footnote 2) for inviting the next ranked firm to negotiate, and repeat the process from step (vi).
- (x) Issue a notice-to-proceed to the contracted firm for mobilizing the team.
- (xi) Notify all competing/participating firms of the contract award and, if so requested, verbally debrief, either face-to-face or through telecommunication, shortlisted firms by appointment. The debriefing is limited to the evaluation of the proposal submitted by the firm that requested debriefing.

c) Fixed-Budget Selection (FBS)

49. For FBS, the recruiting party follows 15 steps:

- (i) Prepare the Consultant Recruitment Plan and obtain the required approval (footnote 2).
- (ii) Advertise the assignment and receive EOIs.
- (iii) Prepare the long list, short list, evaluation criteria, and RFP, and obtain the required approval (footnote 2).
- (iv) Send the RFP to the shortlisted firms and request for technical and financial proposals in separate sealed envelopes, following the RFP submission requirements and deadline. The RFP indicates the budget ceiling for the assignment and the firms submit their best technical proposal, whose cost should be within the budget ceiling. The recruiting party may clarify or amend the RFP and TOR.
- (v) Receive proposals and securely store the financial proposals, which remain unopened until the public opening.

- (vi) Open and evaluate the technical proposals using the RFP evaluation criteria and scoring system, and obtain the required approval (footnote 2) on the technical evaluation results.
- (vii) Notify all firms whose technical proposals failed to obtain the minimum qualifying score (750 points) about such failure, and invite firms whose technical proposals obtained a score of at least 750 to the public opening.
- (viii) Conduct the public opening of financial proposals using the same procedures for public opening for QCBS. Proposals with total cost exceeding the budget are rejected.
- (ix) Evaluate the financial proposal of the firm that received the highest score for its technical proposal and verify the price of the financial evaluation using the same methodology for QCBS, except that no calculation of the financial score is required. If the evaluated price exceeds the budget, the firm will be disqualified and the financial evaluation will continue with the proposal that has the second highest technical score, until a firm is selected.
- (x) Prepare an evaluation report recommending the selected firm and obtain the required approval (footnote 2).
- (xi) Invite the selected firm to contract negotiations. During the negotiations, the recruiting party may only make minor changes in the TOR, the consultant's inputs, and the quantities of expenses. The recruiting party normally cannot change the consultant's remuneration and expenses. A lump sum contract may be considered.
- (xii) If the negotiation succeeds, obtain the required approval (footnote 2) for the negotiated contract; otherwise, obtain the required approval (footnote 2) for inviting the next ranked firm to negotiate, and repeat the process from step (xi).
- (xiii) Issue a notice-to-proceed to the contracted firm for mobilizing the team.
- (xiv) Return the unopened financial proposals to consultants whose technical proposals scored less than 750 points. When CMS is used, these financial proposals remain encrypted.
- (xv) Notify all competing/participating firms of the contract award and, if so requested, verbally debrief, either face-to-face or through telecommunication, shortlisted firms by appointment. The debriefing is limited to the evaluation of the proposal submitted by the firm that requested debriefing.

d) Least-Cost Selection (LCS)

50. For LCS, the recruiting party follows 15 steps:

- (i) Prepare the Consultant Recruitment Plan and obtain the required approval (footnote 2).
- (ii) Advertise the assignment and receive EOIs.
- (iii) Prepare the long list, short list, evaluation criteria, and RFP, and obtain the required approval (footnote 2).
- (iv) Send the RFP to shortlisted firms and request for technical and financial proposals in separate sealed envelopes following the RFP submission requirements and deadline. The recruiting party may clarify or amend the RFP and TOR.
- (v) Receive proposals and securely store the financial proposals, which remain unopened until the public opening.
- (vi) Open and evaluate the technical proposals using the RFP evaluation criteria and scoring system, and obtain the required approval (footnote 2) for the technical evaluation results.
- (vii) Notify all firms whose technical proposals failed to obtain the minimum qualifying score (750 points) about such failure, and invite firms whose technical proposals received a score of at least 750 to the public opening.
- (viii) Conduct the public opening of financial proposals, following the same procedures used for the public opening under QCBS.
- (ix) Evaluate the financial proposals and verify the price of each, following the same procedures used for financial evaluation under QCBS.
- (x) Prepare an evaluation report to recommend selecting the firm with the responsive technical proposal and the lowest price and obtain the required approval (footnote 2).
- (xi) Invite the selected firm to contract negotiation. During the negotiation, the recruiting party may only make minor changes to the TOR, the consultant's inputs, and the quantities of expenses. The recruiting party normally cannot change the consultant's remuneration and expenses. Lump sum contract may be considered.
- (xii) If the negotiation succeeds, obtain the required approval (footnote 2) for the negotiated contract; otherwise, obtain the required approval (footnote 2) for inviting the next ranked firm to negotiate, and repeat the process from step (xi).
- (xiii) Issue the notice-to-proceed to the contracted firm for mobilizing the team.
- (xiv) Return the unopened financial proposals to consultants whose technical proposals scored less than 750 points. When CMS is used, these financial proposals remain encrypted.

- (xv) Notify all competing/participating firms of the contract award and, if so requested, verbally debrief, either face-to-face or through telecommunication, shortlisted firms by appointment. The debriefing is limited to the evaluation of the proposal submitted by the firm that requested debriefing.

e) Consultants' Qualifications Selection (CQS)

51. CQS simplifies the selection of a consulting firm by requesting amplified and detailed EOIs in a standard template, and by inviting the best-qualified consultant based on the EOIs to submit a combined technical and financial proposal. The firm will be engaged if the proposal meets the requirements and if the negotiation succeeds.

52. CQS quickly selects a consulting firm based on the firm's qualifications. For CQS, the recruiting party follows 10 steps:

- (i) Prepare the Consultant Recruitment Plan and obtain the required approval (footnote 2).
- (ii) Prepare an invitation for EOIs. The invitation contains: (i) specific requirements for EOIs (such as project experiences, regional/country experiences, and key personnel available for the assignment); (ii) specific EOI format; (iii) criteria for assessing EOIs; and (iv) deadline for submitting EOIs.
- (iii) Advertise the invitation with the TOR and request for submission of amplified EOIs.
- (iv) Whenever possible, establish a shortlist of at least three firms by ranking the EOIs based on the evaluation criteria and obtain the required approval (footnote 2).
- (v) Send the RFP to the first-ranked firm and request a technical and a financial proposal.
- (vi) Receive proposals.
- (vii) Open and evaluate the technical proposal using the RFP evaluation criteria and scoring system. If the technical proposal is unacceptable, repeat step (v) by inviting the next ranked firm to submit a technical and a financial proposal. If the technical proposal is acceptable, obtain the required approval (footnote 2) for selecting the firm.
- (viii) Invite the selected firm to contract negotiation, through telecommunications or electronic communications. Before or during negotiation, the recruiting party may request the firm to substantiate the remuneration rates and expenses, especially if they are higher than the market rates or the recruiting party's cost estimates. ADB may audit the firm's supporting documents.
- (ix) If the negotiation succeeds, obtain the required approval (footnote 2) for the negotiated contract; otherwise, the recruiting party may repeat the process from

step (v) by inviting the next ranked firm to submit a technical and a financial proposal.

- (x) Issue the notice-to-proceed to the contracted firm for mobilizing the team.

f) Single-Source Selection (SSS)

53. SSS requires prior approval, as in paras. 35-38 of PAI 2.02. After approval, the recruiting party asks the consultant to submit a technical proposal and a financial proposal at the same time. The recruiting party reviews the technical proposal to ensure it is adequate, and negotiates a contract with the firm. The threshold for the CSC may be waived by the relevant PPFD director, in which case the user/project unit takes the primary responsibility to evaluate the technical proposal when SSS is justified and approved.

54. SSS of individual consultants follows a simplified procedure. Para. 38 of PAI 2.02 details the procedure.

C. Contract Types

55. The following paragraphs discuss the standard ADB contract forms. The recruiting party uses the standard ADB contract form with minimum changes, acceptable to ADB, for specific country and project issues. When using ADB's standard contract forms, changes may be made to the special contract conditions but not to the general contract conditions, unless cleared by the Office of the General Counsel (OGC).

56. Selecting the contract form depends on: (i) the type of assignment, (ii) whether the scope and output are definable, and (iii) the distribution of risks between the parties.

a) Time-Based Contract

57. ADB and its borrowers commonly use this contract form when they anticipate that the scope or length of service may be adjusted during contract implementation. This may occur because the service involves activities of third parties that may vary the completion date. This type of contract is widely used for complex studies, supervision of construction, advisory services. Payments are for agreed daily or monthly rates for the consultant (normally named in the contract) and for reimbursable items using actual expenses and agreed unit prices. This contract includes a maximum amount of total payments to the consultants. This ceiling amount includes a contingency for unforeseen work and duration, and price adjustments. The recruiting party's user unit monitors the contract to ensure the assignment progresses satisfactorily and consultants' payments are made as stated in the contract.

b) Lump Sum Contract

58. Lump sum contracts are for straightforward assignments with clearly defined scope of work, service duration, and consultant outputs. This includes simple studies, design of standard or common structures, and preparation of data processing systems. Prices include all costs and

normally cannot be changed during contract implementation. Payments under the contract are linked to achieving milestones specified in the contract.

c) Performance-Based Contract

59. A performance-based contract may be used for assignments for which a set of performance indicators can measure the consultant output. Consultant payments may vary based on consultant performance. Bonus for advance or excellent delivery and penalty for delayed delivery and less than satisfactory quality may be used when the performance standards can be clearly and quantitatively defined. Contract milestones need to be specified with performance indicators for effective monitoring. The milestones and indicators to verify their achievement are agreed with the consultant and/or borrower during contract negotiations.

d) Indefinite Delivery Contract (Price Agreement)

60. This contract is used when ADB or its borrower needs “on call” specialized services to advise on a particular activity, the extent and timing of which cannot be forecast. This is commonly used to retain “advisers” for implementing complex projects (e.g., dam panel), expert adjudicators for resolving disputes, and experts on institutional reforms, procurement advice, technical troubleshooting, normally for 1 year or more. The recruiting party and the firm agree on the unit rates for the experts, and payments are for the time actually used.

D. Confidentiality and Absence of Undue Influence in the Selection Process

61. From the shortlisting date until the recruiting party signs a contract with a consultant, the selection and recruitment process should remain confidential. The recruiting party only discloses details to staff who are directly involved in the selection process. Any attempt to influence selection may violate ADB’s Anticorruption Policy. No recruiting party staff may discuss the selection and recruitment with the competing or participating consultants. If, at any time, it is determined that there has been a violation of ADB’s Anticorruption Policy, ADB may reject a proposal for award and take other remedial action, as stated in para. 1.23 of the Guidelines on Use of Consultants, and in ADB’s *Integrity Principles and Guidelines*.