

**USE OF CONSULTANTS BY
ASIAN DEVELOPMENT BANK
AND ITS BORROWERS**

**Orientation Program for DMC Officials
13 September 2006**



Guidelines on the Use of Consultants

- New Guidelines:
 - Approved on 6 February 2006 and effective on 1 April 2006
 - Two parts structure, Part I Policies, Part II Procedures
 - More detailed
 - Focus on the role and responsibilities of EAs recruiting consultants
 - Harmonized with the World Bank's Guidelines
 - More options and flexibility responding closer to EA requirements

Part One: Policies

- Conflict of Interest
- Eligibility
- Advance Contracting and Retroactive Financing
- ADB Review, Assistance and Monitoring
 - Prior review and post review
 - Generating a Long-list
 - Consultants Recruitment Activity Monitoring (CRAM)
- Misprocurement



Guidelines on the Use of Consultants

Part One: Policies

- Capacity Development
 - Country system
 - EA's capacity for procurement
 - DMC consulting industry

- Performance Evaluation

- Procurement Plan



Guidelines on the Use of Consultants

Implications for EAs

- EAs will be required to participate in the EA procurement capacity assessment
- EAs will prepare a Procurement Plan for “delegated” TA or loan consultants who will be recruited by the EA
- EAs will undertake performance evaluation for consultants



Guidelines on the Use of Consultants

Part Two: Procedures

- Selection Methods for Consulting firms and NGOs
 - Quality- and Cost-Based Selection (QCBS)
 - Quality-Based Selection (QBS)
 - Fixed Budget Selection (FBS)
 - Least Cost Selection (LCS)
 - Consultant's Qualification Selection (CQS)
 - Single Source Selection (SSS)

- Contracting Arrangements
 - Time-based contract
 - Output-based contract (Lump sum contract)
 - Performance-based contract
 - Indefinite delivery contract

Selection Methods for Firms

Quality- and Cost-Based Selection (QCBS)

- Preferred selection method
- Selection is based on quality of technical and financial proposals
- Technical and financial proposals are submitted at the same time
- Technical proposals are evaluated first (a minimum technical qualifying score of 750 applies)
- Firms with technically qualified proposals are invited for public opening of financial proposals
- Financial proposals are evaluated and financial scores given
- Fixed weight of 80:20 ratio for technical and financial scores
- Overall first-ranked firm is invited for contract negotiations
- No substantial modifications to TOR and price (unit price non-negotiable)
- Successful negotiations conclude with signing of the contract



Selection Methods for Firms

Quality-Based Selection (QBS)

- Selection is based on quality of technical proposals only
- The firm who submitted highest ranked technical proposal is invited to prepare a financial proposal as the basis for contract negotiations
- Appropriate when assignment is complex or highly specialized ; quality of services is of overriding importance; and diversified methodology to make financial proposals difficult to compare

Selection Methods for Firms

Fixed Budget Selection (FBS)

- Select highest technically ranked firm provided their financial proposal is within budget specified
- Technical and financial proposals submitted at same time
- After technical proposal evaluation, public opening of financial proposals
- Financial proposals are evaluated and rejected if exceeding the fixed budget
- **REQUIREMENTS:** for well – defined, simple assignments where there is precise TOR and compatible budget
- **ADVANTAGES:** shorter processing period, less complicated negotiations (usually lump sum contracts); useful where lack of flexibility in funding

Selection Methods for Firms

Least Cost Selection (LCS)

- Select lowest evaluated cost proposal (minimum TP score: 750)
- Technical and financial proposals are submitted at same time
- After technical proposal evaluation, public opening of financial proposals
- Lowest evaluated cost proposal wins
- REQUIREMENTS: small assignments (usually under \$100,000); standard or routine where there are well established practices or standards
- ADVANTAGES: shorter processing period; less complicated negotiations; cost factor is critical because service delivery relatively uniform

Selection Methods for Firms

Consultant's Qualification Selection (CQS)

- Amplified expressions of interest (EOIs) requested
- Details of consultant qualifications, i.e. experience and competence, relevant to the assignment, provided at EOI stage
- Firm with first ranked EOI submits combined technical and financial proposal
- **REQUIREMENTS:** Applies to smaller assignments, generally under \$200,000, that are short – term for which highly specialized expertise required;
- **ADVANTAGES:** Reduces time and cost of consultant engagement and particularly relevant where cost of full – fledged selection process would not be justified

Selection Methods for Firms

Single Source Selection (SSS)

- Used only in exceptional cases due to lack of transparency, no competition
- Appropriate for assignments with nature of continuation of previous work; in emergency cases; when only one firm is qualified or has experience exceptionally required
- Biodata technical proposal (BTP) and a financial proposal submitted at the same time
- A contract is negotiated and awarded to the firm

Selection Methods for Firms

General

- Where shortlist comprises only NGOs
 - Quality and Cost Based Selection (QCBS)
- Where shortlist comprises NGOs and consulting firms
 - Quality Based Selection (QBS)

NGO Contracts <USD200,000

- Consultant's Qualification Selection (CQS)

EA Submissions for ADB Prior Review

- Submission 1
 - Shortlist and draft Request for Proposals
- Submission 2
 - Technical Evaluation Report
- Submission 3
 - Financial Evaluation Report and Overall Ranking
- Submission 4
 - Negotiated Contract with the Consultant
- Submission 5
 - Signed Contract

Selection Methods for Individuals

- Selected directly or through an organization
- Selection methods are simpler than those for firms
- Follows ADB's procedure or applicable government procedure acceptable to ADB
- Selected on the basis of qualifications

EA Capacity Assessment

- Purpose
 - Provide an assessment of procurement risk
 - Define ADB's level of oversight (prior and/or post reviews)
 - Identify EA training requirements
- Approach
 - Assessment conducted at time of loan appraisal
 - Major elements of the Assessment :
 - General Procurement Assessment
 - General Agency Resource Assessment
 - Agency Procurement Processes, Goods and Work
 - Agency Procurement Process, consulting Services
- Output
 - Risk Report including action plan that feeds into the Procurement Plan



Procurement Plan

- Covers goods, works, supplies and consulting services
- Outline procurement plan for project and detailed plan for first 18 months
- “Rolling” plan updated periodically, normally every 12 months
- Consulting services component
 - Consulting packages
 - Selection methods, types of technical proposals
 - Budget for each assignment
 - Definition of prior review and/or post review
 - Recruitment schedule for each assignment (CRAM)



Difference from The World Bank Guidelines

World Bank's Guidelines

- have no restriction to non-member countries for procurement of goods, works and consultants
- allow bidding documents in the national language of a borrower
- are flexible in 80:20 weight under QCBS
- allow addition/deletion of firms following approval of shortlist
- allow no less than 4 weeks or no more than 3 months for submission of proposals
- do not define a standard 'minimum qualifying score' for technical proposal
- allow submission of technical and financial proposals in two envelopes at same time for QBS
- have percentage contract but not performance contract
- allow bid and performance securities in consultant's contract
- do not include a formal performance evaluation process