



ADB Consulting Services



EXPERIENCES IN USE OF THE QUALITY AND COST-BASED SELECTION METHOD (QCBS)

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ADB Reform Agenda 1

Goal is to make ADB more effective in helping its DMCs reduce poverty.

The needs of ADB's DMCs in the Asia Pacific Region are rapidly changing and ADB must adjust its products and operations to meet the new challenges.

ADB Reform Agenda 2

⌘ 4 specific objectives

- ☑ improve the way ADB manages itself for development results
- ☑ improve results on the ground
- ☑ improve openness, accountability & responsiveness
- ☑ enhance organization capability

ADB Guidelines on the Use of Consultants

⌘ Guidelines are used for all cases where ADB is financing consulting services

- ☒ if co-financing involved, ADB Guidelines prevail
- ☒ ADB selects technical assistance (TA) consultants, borrower selects loan consultants
- ☒ only nationals of ADB member countries may participate as consultants

ADB selection principles

- ⌘ process must be fair and well defined
- ⌘ selection must be conducted in a transparent manner
- ⌘ consultants are selected on a competitive basis
- ⌘ primary focus is on “quality”
 - ☑ consultants provided with evaluation criteria and budget
 - ☑ competing consultants advised of competitors

Selection Methods (recruitment of firms)

1. **(QCBS)** quality and cost based selection
2. **(QBS)** quality based selection
3. **direct selection**

☒ **used only in exceptional circumstances**

⌘ **QCBS is ADB's preferred selection method**

TA contracts by recruitment method

table 1:

**TA contracts by recruitment method
june 2002 - june 2003**

	recruitment method	
	QCBS	QBS
amount (\$million)	120.51	21.37
percentage (%)	81.9%	14.5%

ADB QCBS method

⌘ focus is on quality but price is a selection criteria

☑ minimum technical score of 750 from 1000 maximum

⌘ used for TA and ADB financed loan consultants

⌘ final ranking

☑ technical score 80%

☑ financial score 20%

benefits of using QCBS (1)

⌘ balance between quality and price without removing the focus on quality

☑ consultants must provide “quality” experts at market rates determined by consultants

⌘ reduction in time required for contract negotiations

☑ minimal technical discussions

☑ no financial discussions

benefits of using QCBS (2)

- ⌘ public opening of financial proposals adds transparency
 - ☑ technical scores and price read out
- ⌘ need for auditing consultants' accounts diminished
- ⌘ QCBS contracts provide consultants with more "flexibility" in contract expenditures
- ⌘ cost savings
 - ❖ currently QCBS selection is saving approximately 10% compared QBS selection

QCBS vs QBS remuneration

01 Jan. 2003 – 30 June 2004

		QCBS	QBS	Change QCBS/QBS
No. of international experts		991	187	
	from DMCS	165	18	
	from non-DMCs	826	169	
No. of domestic experts		1,747	178	
	(% of total 64%)			
Remuneration/person month (in US\$)*				
International experts				
	from DMCs	\$10,344	\$ 7,659	+26%
	from non-DMCs	\$18,652	\$20,133	-7.9%
Domestic experts				
		\$ 2,631	\$ 3,024	-15%
* remuneration per person month are weighted by person month inputs of experts				

ranking- the price factor

- ⌘ 706 firms shortlisted for 155 TA
- ⌘ impact of price on the final rankings
 - ☒ 122 first ranked firms with highest technical score – 78.71 %
 - ☒ 29 first ranked firms with second highest technical score – 18.71 %
 - ☒ 4 first ranked firms with third and lower technical score – 2.58 %
- ⌘ under **QCBS** “quality” remains the primary ranking criteria

errors made by consultants (1)

⌘ consultants attending opening of Financial Proposals make a final ranking calculation based on technical scores and prices announced **and assume** this will be the final outcome

☒ the final ranking is subject to ADB's evaluation and ranking of Financial Proposals

errors made by consultants (2)

- ⌘ **do not** carefully read the RFP and Data Sheet requirements and **do not** comply with instructions
- ⌘ Financial Proposal **not** in a sealed envelope
- ⌘ provisional sums **do not** match Data Sheet requirement
- ⌘ contingency **does not** match Data Sheet requirement
- ⌘ details shown in consultant's technical and financial proposals do not match

errors made by consultants (3)

⌘ consultants must 'pre-negotiate' with experts remuneration, per diem and travel costs to be paid to the experts as **these cannot be changed** during contract negotiations

⊠ this applies to both international and domestic experts

Summary



feed-back from consultants has been positive

QCBS has been well received by EAs

under **QCBS** ADB is recruiting quality consultant at cost saving of 10% (approx)

Summary



**further details concerning ADB's
operations and consulting services
opportunities can be found at**

adb.org

**please provide feed-back on your
experiences on the use of QCBS**



Thank you for your participation.