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ADB Procurement Reforms



Agenda

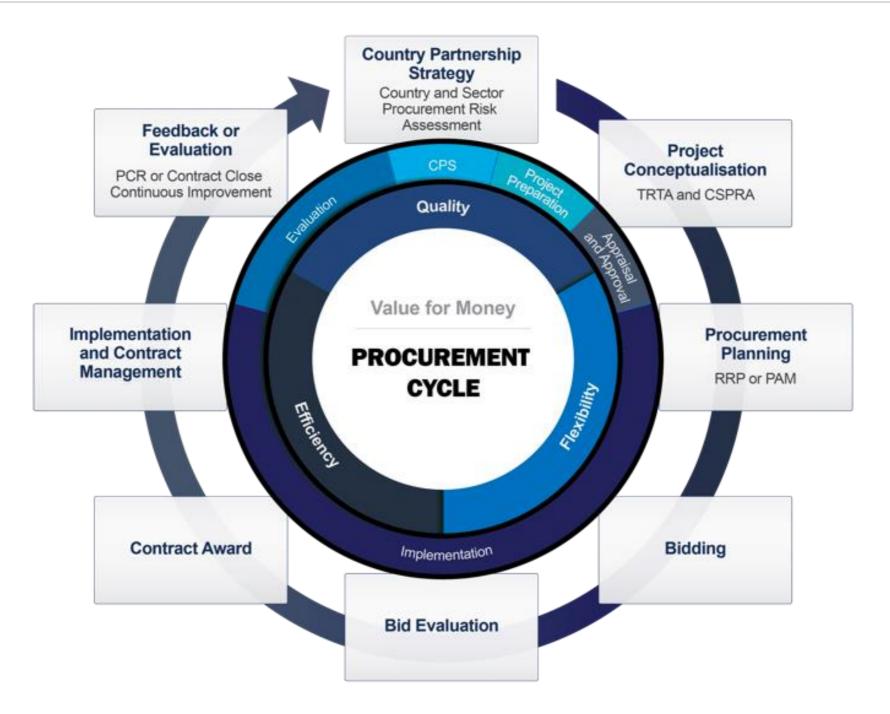
- i. Concept of the Reform
- ii. Implementation Plan
- iii. Expected Benefits

i. Concept of the Reform

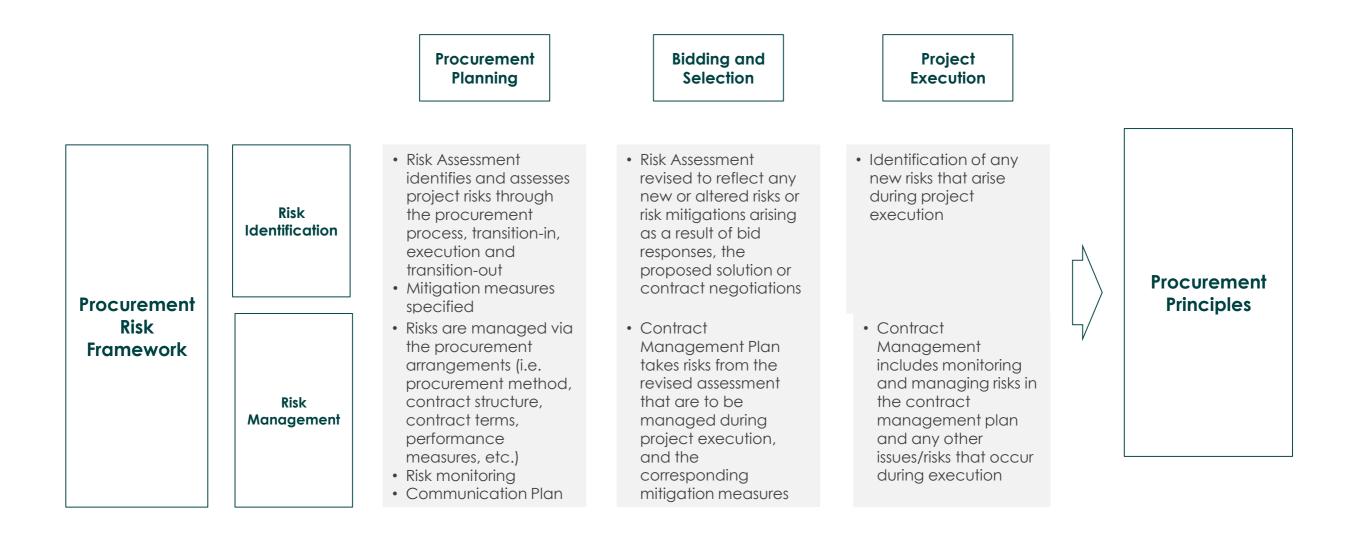
Drivers of ADB Procurement Reforms

- 1. Increased lending operations
- 2. Evolving needs of Developing Member Countries
- 3. Harmonization with Multilateral Development Banks
- 4. Need to improve procurement delivery systems

ADB Procurement Cycle



Risk Based Procurement Approach



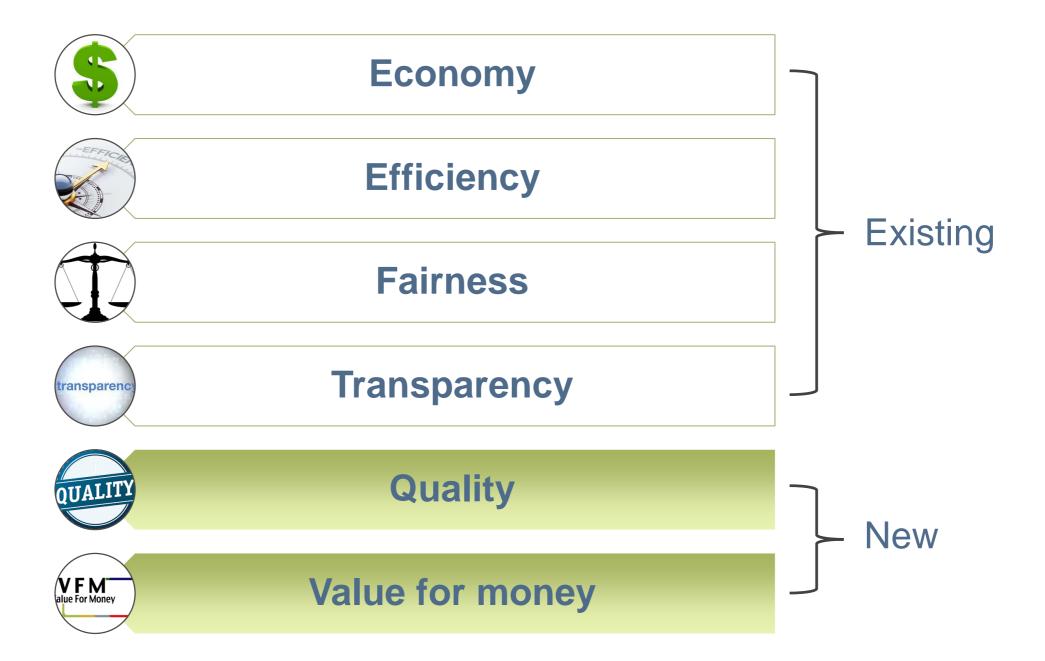
Old vs. New

| Category | Old | Approval |
|---|---|-----------|
| Procurement Policy | PROCUREMEN GUIDELINES | Deerel |
| Procurement & Consulting Procedures | APBU.2015 Guidelines on The Use of Consultants by Asian Development Bank and Its Borrowers Kash 2013 Asian Development Bank | Board |
| Staff Instructions | Project Administration Instructions (PAI 2 & 3) | President |
| Bidding Documents | Standard Procurement and Consulting documents | OSFMD |

Old vs. New

| Category | Old | Approval | New | Approval | |
|---|---|-----------|--|-----------|--|
| Procurement Policy | PROCUREMEN' ADB GUIDELINES | Board | | Board | |
| Procurement & Consulting Procedures | APBS.2015 Guidelines on The Use of Consultants by Asian Development Bank and Its Borrowers Keath 2013 Asian Development Back | | <image/> <section-header></section-header> | President | |
| Staff Instructions | Project Administration Instructions (PAI 2 & 3) | President | Staff Instructions (Procurement of Goods, Works, Nonconsulting & Consulting Services) TA Staff Instructions | DG | |
| Bidding Documents | Standard Procurement and Consulting documents | OSFMD | Guidance Notes Standard Procurement and Consulting documents | OSFMD | |

New Procurement Principles

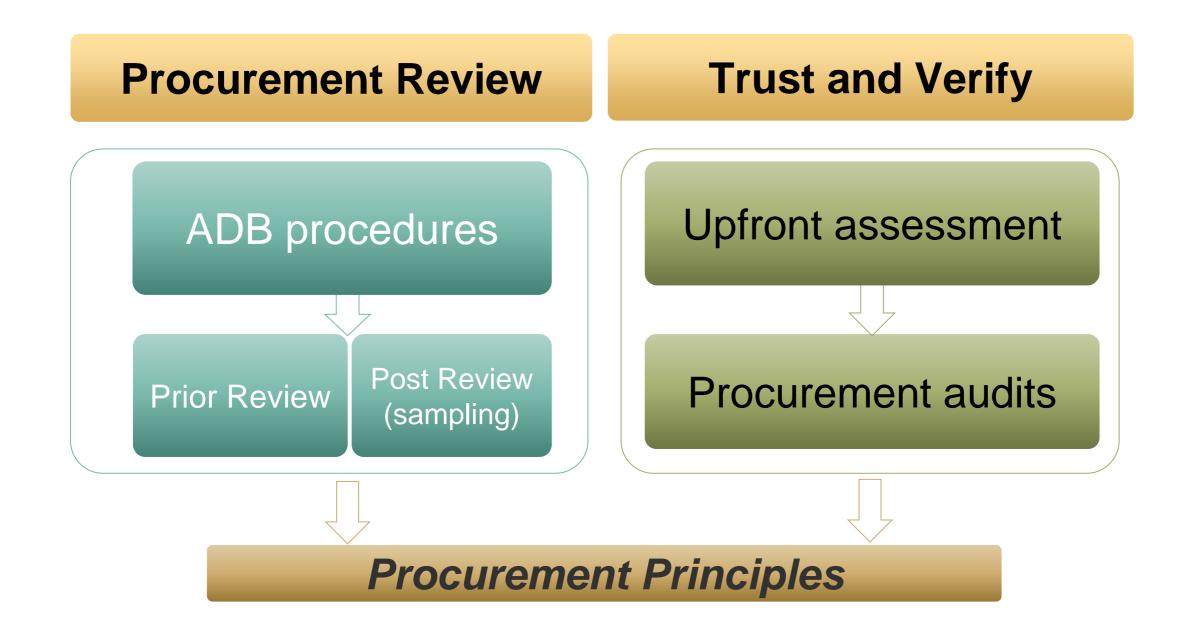


How principles work together

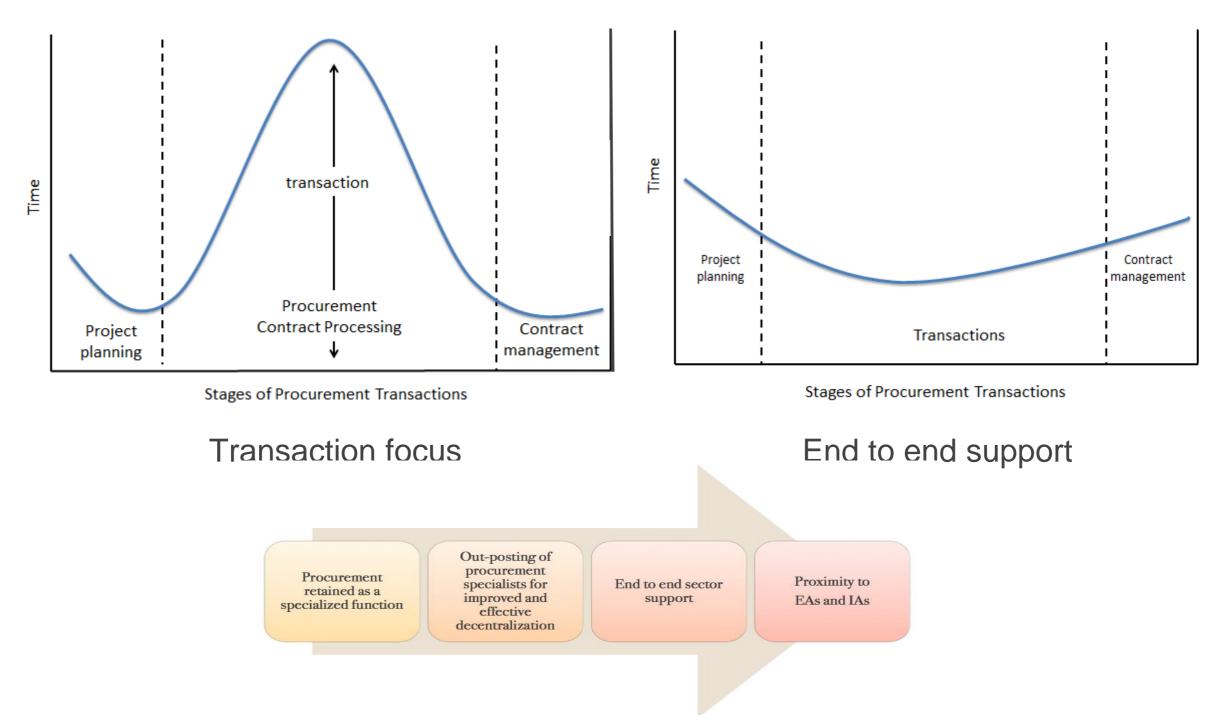
| Value for Money Is the effective, efficient and economic use of resources, which requires an evaluation of relevant costs and benefits along with an assessment of risks, non-price attributes and/or total cost of ownership as appropriate. | | | | | |
|---|--|---|--|--|--|
| Efficiency | Quality | Flexibility | | | |
| Decreased transaction costs Increased skills Increased HLT usage Improved procurement planning Support and encouragement of e- procurement systems | Contract management support Prompt resolution of complaints Improved developing member countries procurement process Improved procurement planning Governance Contracts with clear performance criteria Minimal number of complaints Improved ADB processes | Open competitive bidding Decentralization Accreditation APA Principles based decisions Improved procurement planning Delegation Tenders with weighted proposal criteria | | | |

| Fairness | |
|--------------|--|
| Transparency | |
| | |

Risk-Based Oversight



Decentralized Procurement Support



ii. Implementation Plan

Rollout of the new framework

New Investment Lending projects:

 Applies to all projects with concept notes approved on or after 1 July 2017;

Projects under preparation:

- Quality assurance meeting scheduled on or after 1 October 2017;
- Regional Departments, in consultation with OFSMD, will review based on request by borrowers for use of the new framework;

Projects under implementation:

- Regional Departments, in consultation with OFSMD, will review based on request by borrowers for use of the new framework;
- Only procurement transactions to be initiated after 1 October 2017 will be considered.

iii. Expected Benefits



- Use of a less-prescriptive, more principles-based procurement policy to meet the emerging needs of ADB clients and changing market conditions;
- Adoption of fitness for purpose as the operational model in designing project procurement arrangements;
- Use of risk-based procurement review approaches in order to improve operational efficiencies;
- Support for the procurement of high-level technologies, particularly to help developing member countries address climate change and meet other growth aspirations; and
- Use of alternative procurement arrangements to reduce transaction costs for developing member countries and ADB's cofinanciers.

Expected Benefits

- 1. Reduced procurement time, improved quality and delivery systems
- 2. Faster implementation of ADB-financed projects
- 3. Greater engagement with DMCs
- 4. Lower transaction costs in co-financing
- 5. Fiduciary comfort throughout the project cycle

For more information

https://www.adb.org/documents/adb-procurement-policy https://www.adb.org/documents/procurement-regulationsadb-borrowers