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ADB Procurement Reforms



Agenda

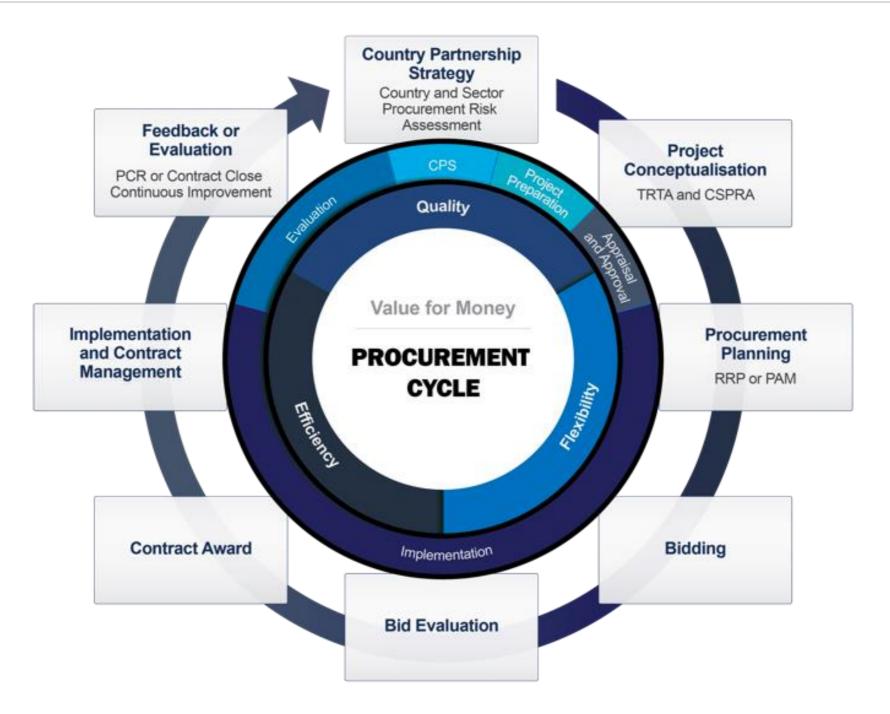
- i. Concept of the Reform
- ii. Implementation Plan
- iii. Expected Benefits

i. Concept of the Reform

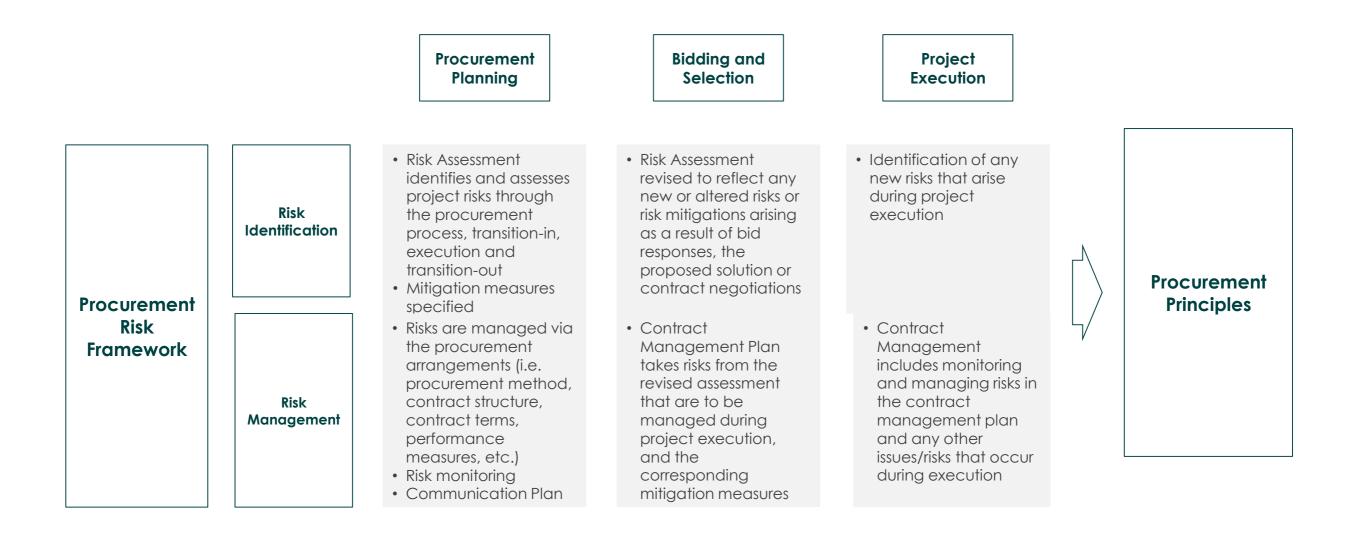
Drivers of ADB Procurement Reforms

- 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



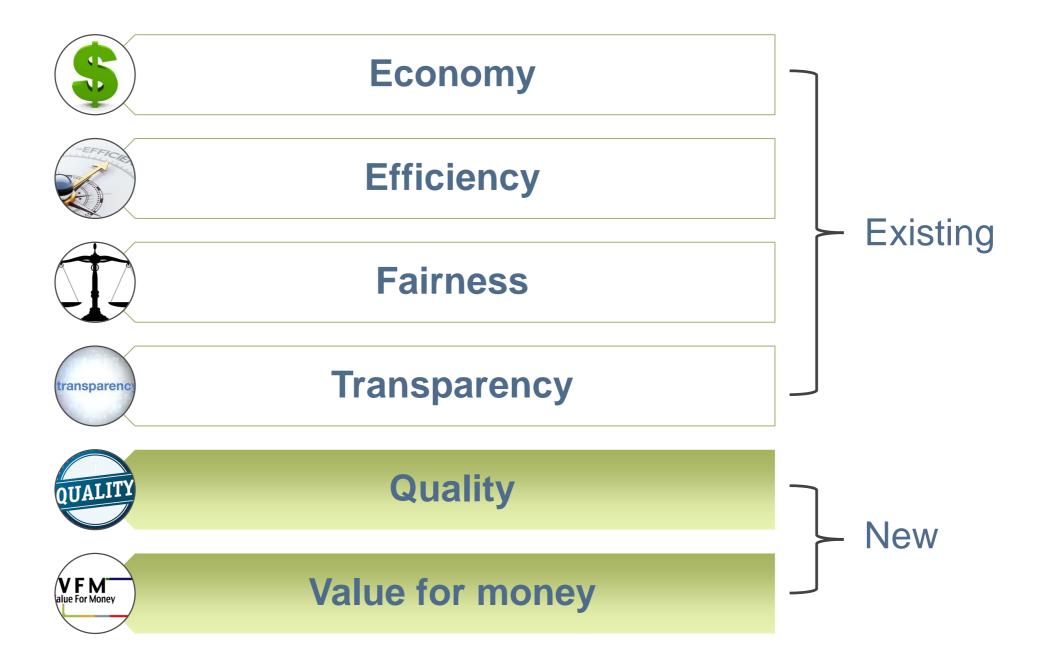
Old vs. New

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

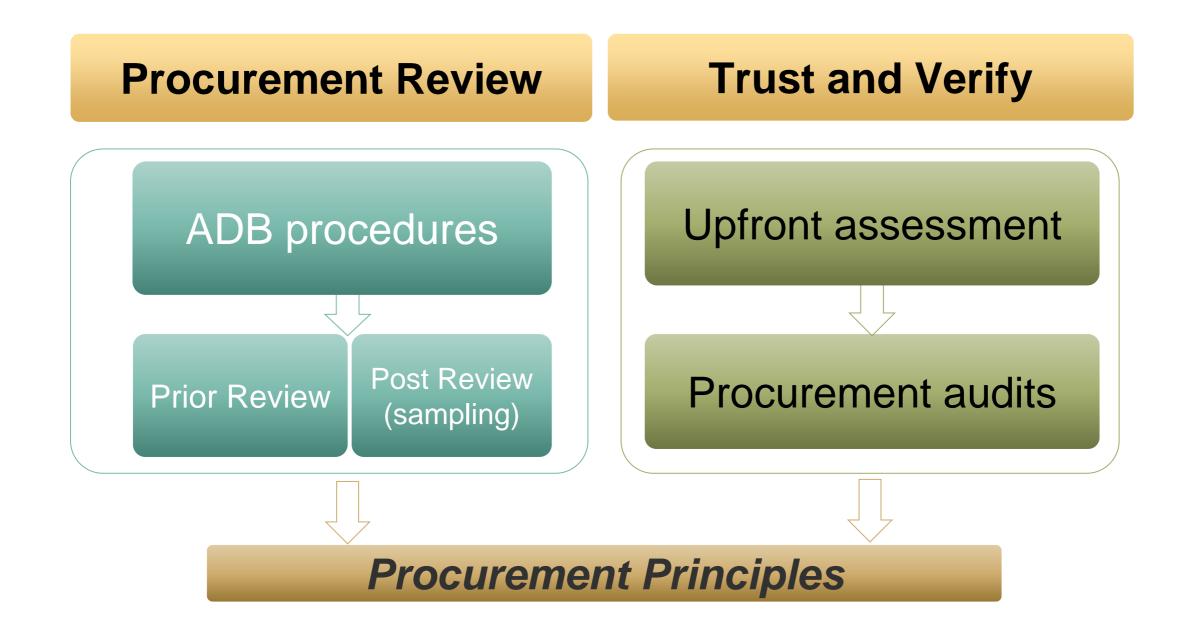


How principles work together

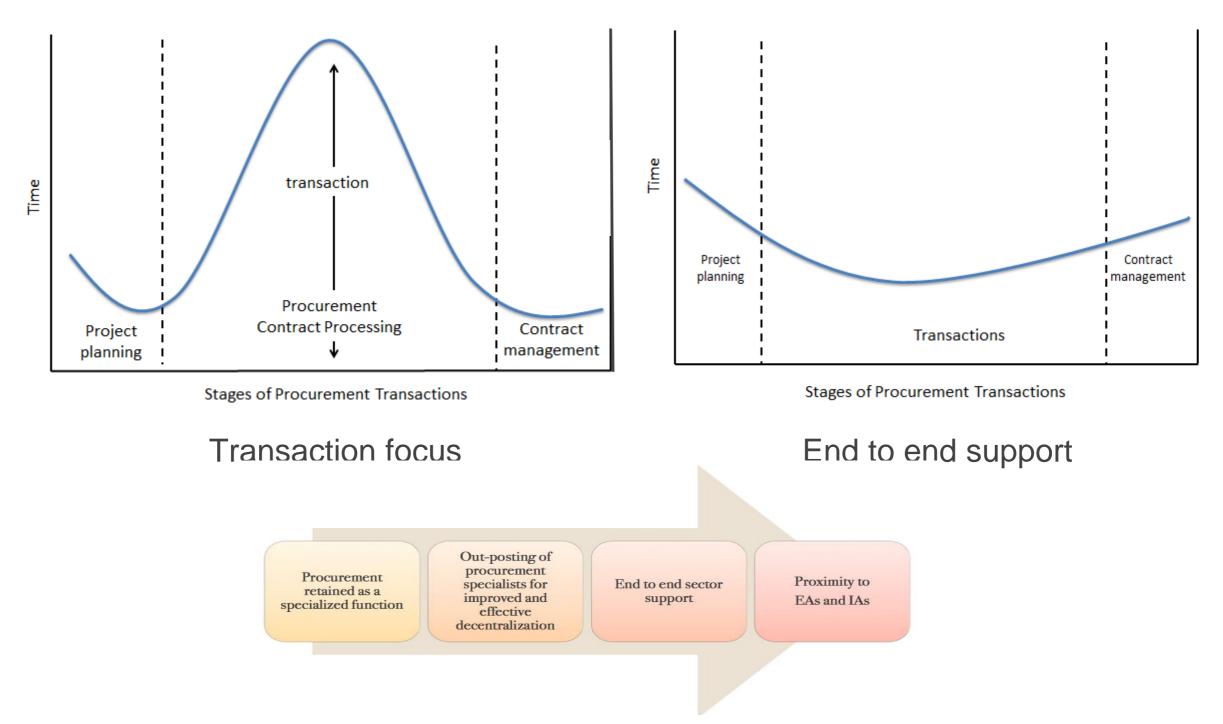
Value for Money Is the effective, efficient and economic use of resources, which requires an evaluation of relevant costs and benefits along with an assessment of risks, non-price attributes and/or total cost of ownership as appropriate.					
Efficiency	Quality	Flexibility			
 Decreased transaction costs 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