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ADB

Procurement Works, Goods & Services (Consulting & Nonconsulting) Under ADB's Procurement Policy

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Asian Development Bank

BUSINESS
OPPORTUNITIES

Procurement of Goods or Works or Non-consulting Service

Nature	Supply of Goods, Civil Works, Services (Non-Consulting), Turnkey (design-supply-install), etc.
Size	Scope, magnitude, nature, location, market condition
Contract Type	Unit Price, Lump Sum, Hybrid
Slicing	Multiple lots bid package
Methods	OCB, LCB, RFQ, Direct Contracting, etc.
Qualification	Pre-qualification or Post- qualification
Bid Submission	1S1E (Single-State One-Envelope), 1S2E, 2S2E, 2S

Procurement Process



Procurement Methods and Arrangements

ADB Procurement Regulations (Sec. II)

- OCB: Open Competitive Bidding
- LCB: Limited Competitive Bidding
- Framework Agreements
- RFQ: Request for Quotations (previously “Shopping”)
- Electronic Reverse Auction
- Direct Contracting
- Force Account

Open Competitive Bidding (OCB)

- Preferred method of procurement for goods, works, and services.
- It consolidates competitive procurement methods.
- All eligible bidders, who can potentially meet the quality and technical requirements of the borrower, have the equal opportunity to bid.
- The objective is to achieve value for money through a fair and transparent process.
- It is advertised nationally or internationally, providing bidders with sufficient time to prepare their bids.
- Its use depends on project context and supply market, not by following specific threshold.

Request for Quotations (RFQ)

- Comparison of price quotations obtained from several suppliers (goods), service providers, or contractors (works).
- An appropriate method for procuring readily available goods, small value standard commodities, standard or routine services, or simple works.
- RFQ includes descriptions, specification, quantity, delivery terms (location, time, etc.).
- Quotations may be submitted by electronic means, letter, or facsimile.
- The evaluation process follows the same principles as for open bidding
- Accepted offer to be issued a purchase order or a brief contract acceptable to ADB.

Direct Contracting

Contracting without competition (referred to as single source selection), and may be appropriate under special circumstances, such as the following:

- Additional items under an existing contract which was competitively awarded within 18 months of the original order, additional quantities not exceeding 30% of the original quantities, no increase in the original price.
- Additional purchases from the original supplier justifying standardization of equipment or spare parts compatible with existing equipment.
- Proprietary equipment.
- Conditions for performance guarantee.
- Natural extension of previous contract/assignment which was competitively awarded.
- Very small assignment.
- Response to natural disasters.

Force Account

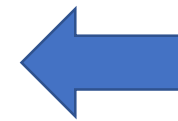
- Construction by the use of the borrower's own personnel and equipment.
- Quantities of work involved cannot be defined in advance
- Works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices.
- Work is required to be carried out without disrupting ongoing operations.
- Risks of unavoidable work interruption are better borne by the borrower than by a contractor
- There are emergencies needing prompt attention.



Advertisement

	International Advertising	National Advertising
Amount	Works/Turnkey/DBO > \$ 40M, Goods > \$10M (*)	\$100K to below OCB (international) according to the nature of work ✓ Local companies have capacity ✓ Lack of international interests
Bid Document	ADB's Standard Bidding Documents (SBDs)	ADB's SBDs or as per agreement ✓ Local language, local bank (bid securities), local currency
Invitation for Bidding (IFB)	Local English newspaper of national circulation or freely accessible website in English, ADB website	Local newspaper of national circulation or freely accessible website ✓ All eligible bidders (national & international) can participate*
Bid Preparation	≥ 42 days from IFB	≥ 30 days from IFB

Review by ADB



Prior Review

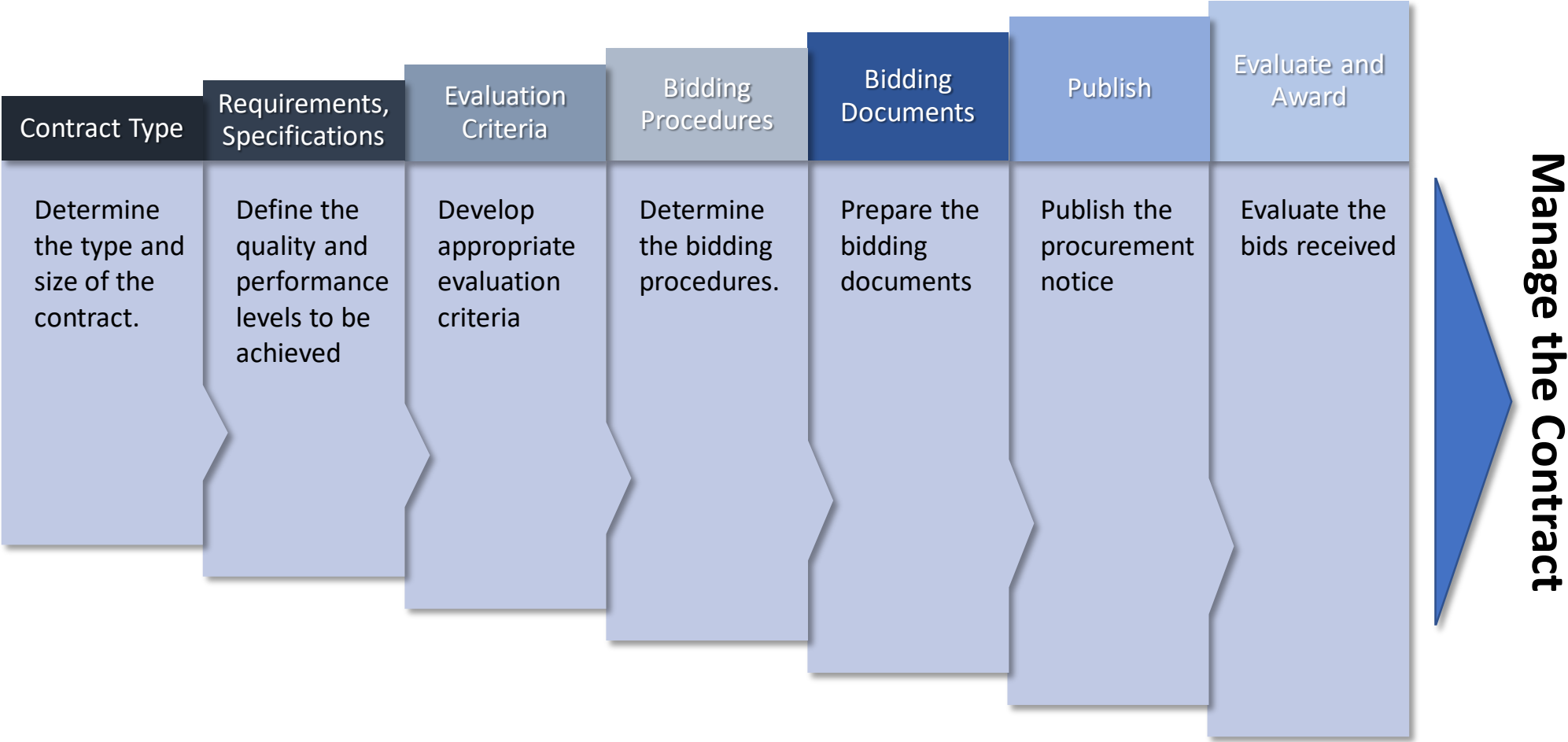
- Procurement Plan
- Prequalification (if used) and Bidding Documents
- Tender advertisement
- Technical Bid Evaluation Report
- Price Bid Evaluation Report and contract award recommendation
- Extension of bid validity
- Tender cancellation
- Complaint
- Contract modification and variation

Post Review

- Can be used depending on the outcome of the procurement capacity assessment
- Often subject to satisfactory prior review of the first contract package
- All procurement documents to be promptly submitted after completion
- Sampling & response conducted within 6 months
- Records to be kept for 2 years



Open Competitive Bidding (OCB): Steps to Develop OCB





Contract Type

Contract Type

Determine the type and size of the contract.

Types of Contract

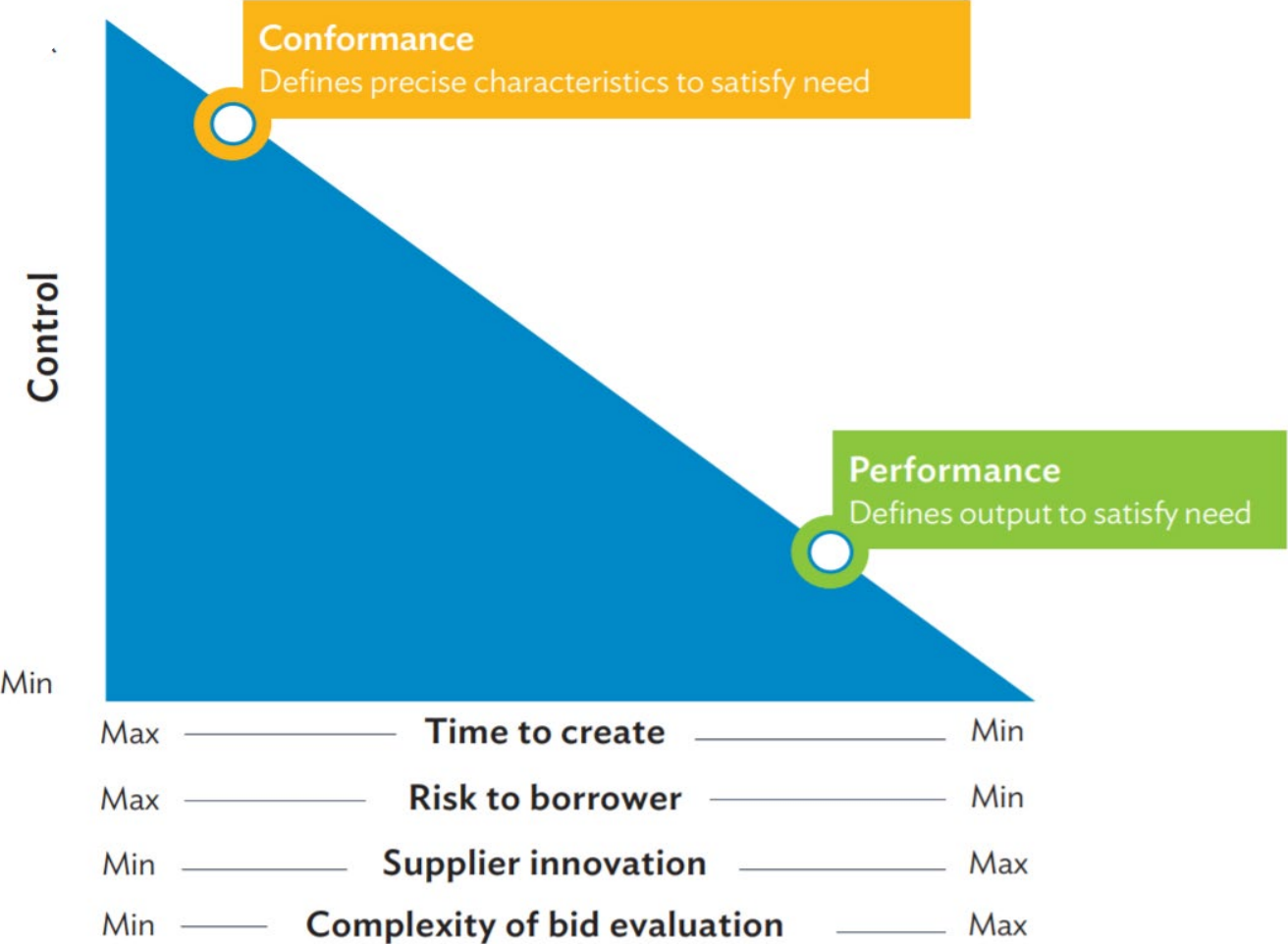
- Build – unit rate
- Lump-Sum
- Performance-Based Contracts
- Design – Build (DB)
- Design – Build – Operate (DBO)
- Turnkey
- Time-Based

Sizing of Contract

Packaging is to be based on risk, environmental and market considerations – not financial thresholds.



Requirements and Specifications



max = maximum, min = minimum.



Bidding Procedures Options

Bidding Procedures

Determine the bidding procedures.

1. Single-Stage-One-Envelope

Often used for goods, works, and nonconsulting services contracts

Bidders submit their bids in one envelope containing both the technical and financial proposals

2. Single-Stage-Two-Envelope

Used generally for consulting services, but also applies to procurement of goods, works, and nonconsulting services contracts, if suitable

Bidders submit two sealed envelopes simultaneously—one containing the technical proposal and the other the financial proposal, enclosed together in an outer single envelope.



Bidding Procedures Options

Bidding
Procedures

Determine
the bidding
procedures.

3. Two-Stage

Used for large and complex works (including plant and turnkey contracts) and nonconsulting services of special nature (e.g., information and communication technology systems)

Bidders submit first-stage technical proposals only and, later, second-stage bids in one envelope containing a financial proposal and revised technical proposal.

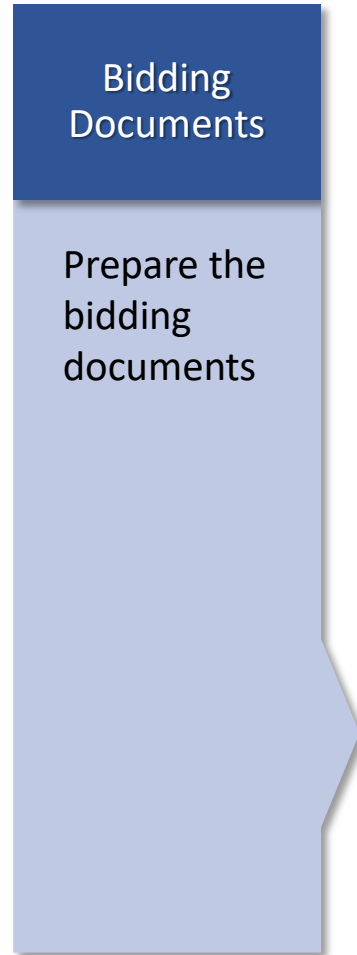
4. Two-Stage-Two-Envelope

Used for complex goods, works, and nonconsulting services

In the first stage, bidders submit two sealed envelopes simultaneously—one containing the technical proposal and the other the financial proposal, enclosed together in an outer single envelope. In the second stage, bidders submit one envelope containing both a supplementary (revised) financial proposal and revised technical proposal.



Standard Bidding Documents



ADB SBDs are available through the ADB website, covering:

- Prequalification of Bidders
- Procurement of Goods
- Procurement of Works – Large Contracts
- Procurement of Works—Small Contracts
- Procurement of Plant—Design, Supply, and Installation.



Advertising of Bid Documents

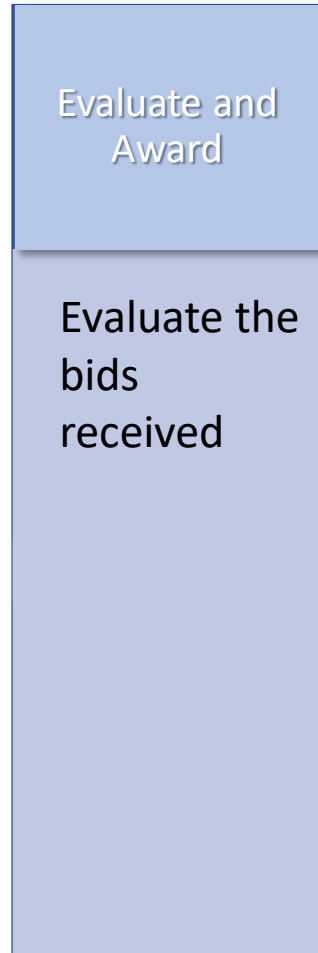
Publish

Publish the
procurement
notice

- It is important to maximize participation through the timely notification and advertisement of adequate bid information.
- Procurement opportunities are advertised on the ADB website:
 - ✓ “Business Opportunities” and “Projects and Tenders” sections.
 - ✓ Consulting contracts are specifically advertised in the Consultant Management System (CMS).
- Depending on the use of international or national advertising, opportunities areas also advertised in national newspapers, gazettes, borrower country websites, or through other electronic means.
- Electronic procurement tools acceptable to ADB are recommended to be used whenever available.



Bid Evaluation



- The award of contract results from a bid evaluation process that determines the winning bidder by strictly following the criteria and methodology described in the bidding documents.
- The borrower will make its own arrangements on who undertakes the evaluation and how it is done, e.g., by a designated evaluation committee or other arrangements, and by the committee in joint session or by individual evaluations deliberated and put to a committee vote.
- There must be procedural guarantees
 - ✓ against conflicts of interest; and
 - ✓ for maintaining the confidentiality of information.
- ADB strongly recommends that the evaluation (and contract award) be completed within the initial period of bid validity, to avoid problems such as bidders not agreeing to extend the validity of their bids.



Evaluation and scoring - criteria

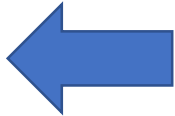
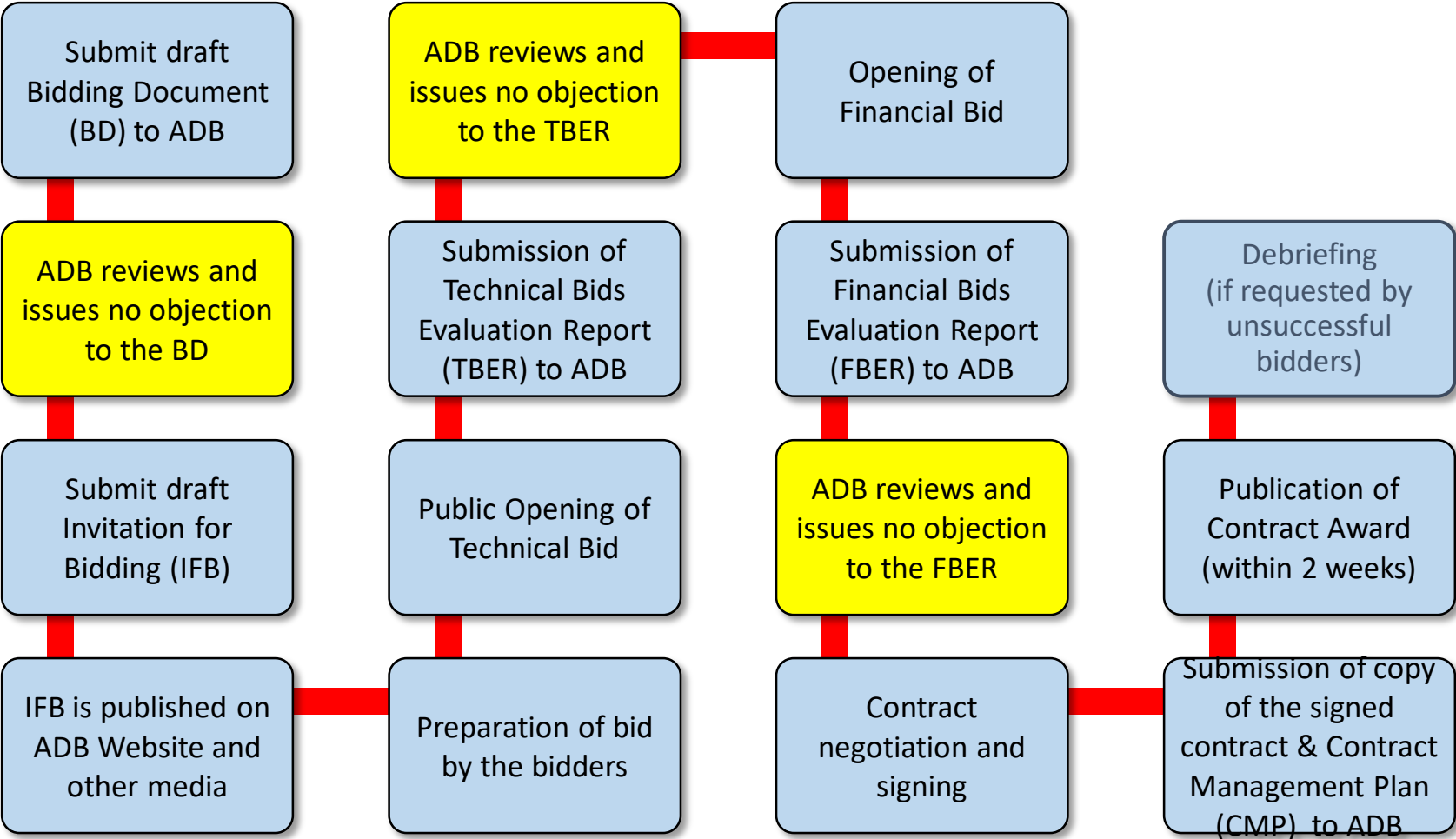
Evaluate and
Award

Evaluate the
bids
received

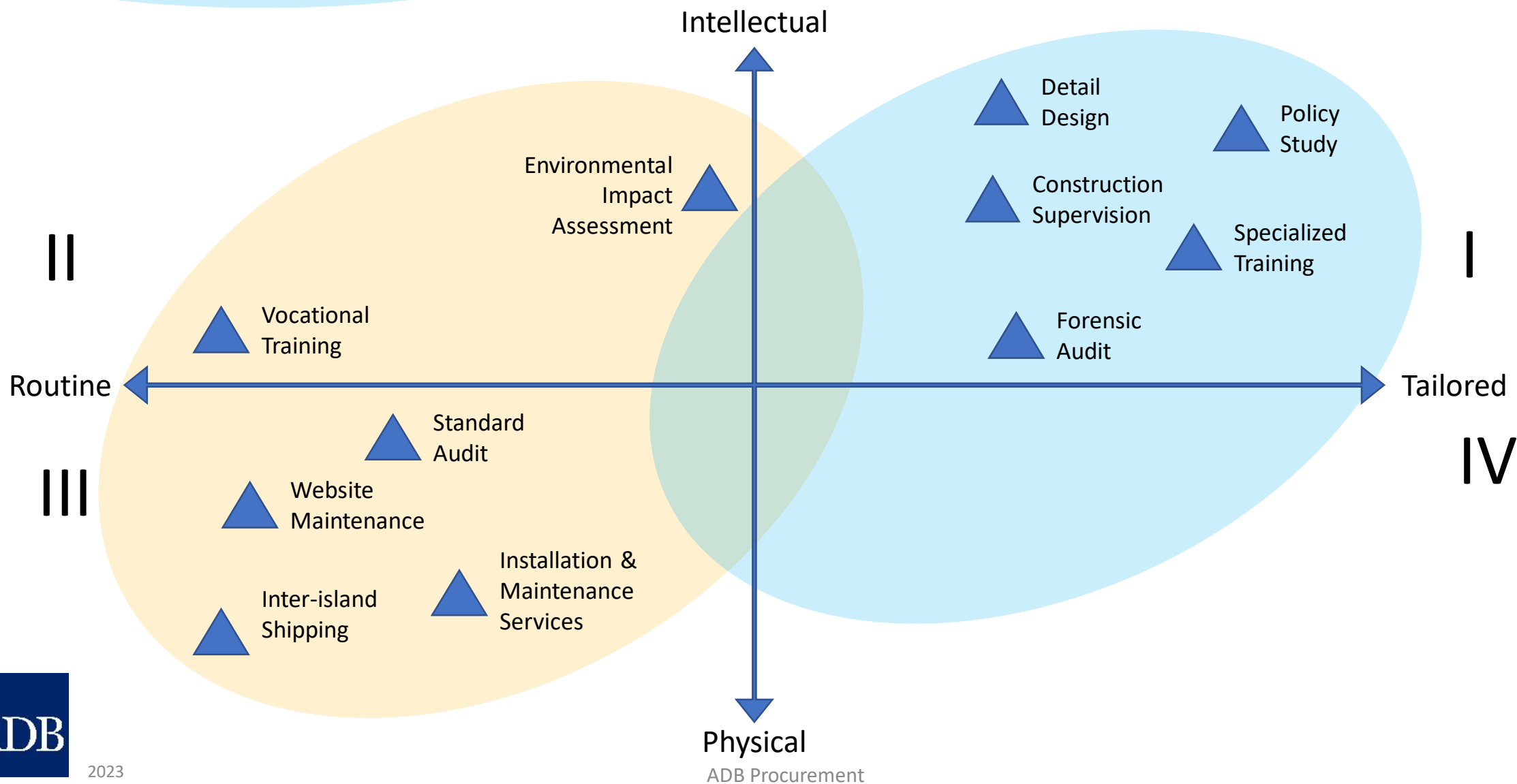
- Mandatory factors are the ‘pass / fail’ criteria which the respondents either have or do not have. The threshold for passing needs to be defined in a transparent and definitive way, and the normal issues that would warrant inclusion as mandatory criteria are:
 - ✓ Certifications or professional registration
 - ✓ Approvals or registrations
 - ✓ Insurance cover e.g. professional indemnity or public liability
 - ✓ Capacity or availability
- Weighted scoring criteria, such as Merit Point System (MPS), where an allowance or adjustment is made in order to take account of special circumstances or compensate for a distorting factor, is now allowed in bid evaluation criteria.



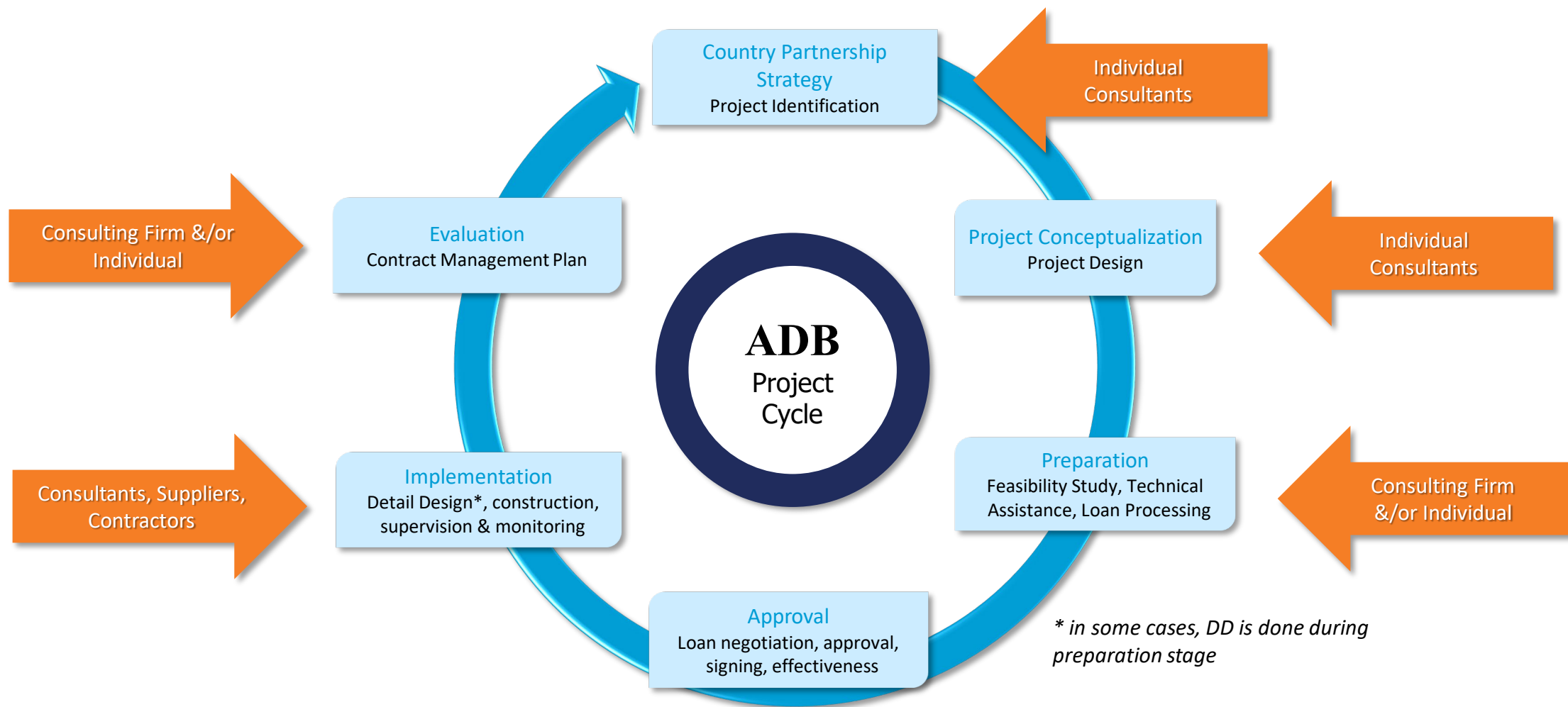
Procurement Steps (OCB Works, 1S2E, post-qualification)



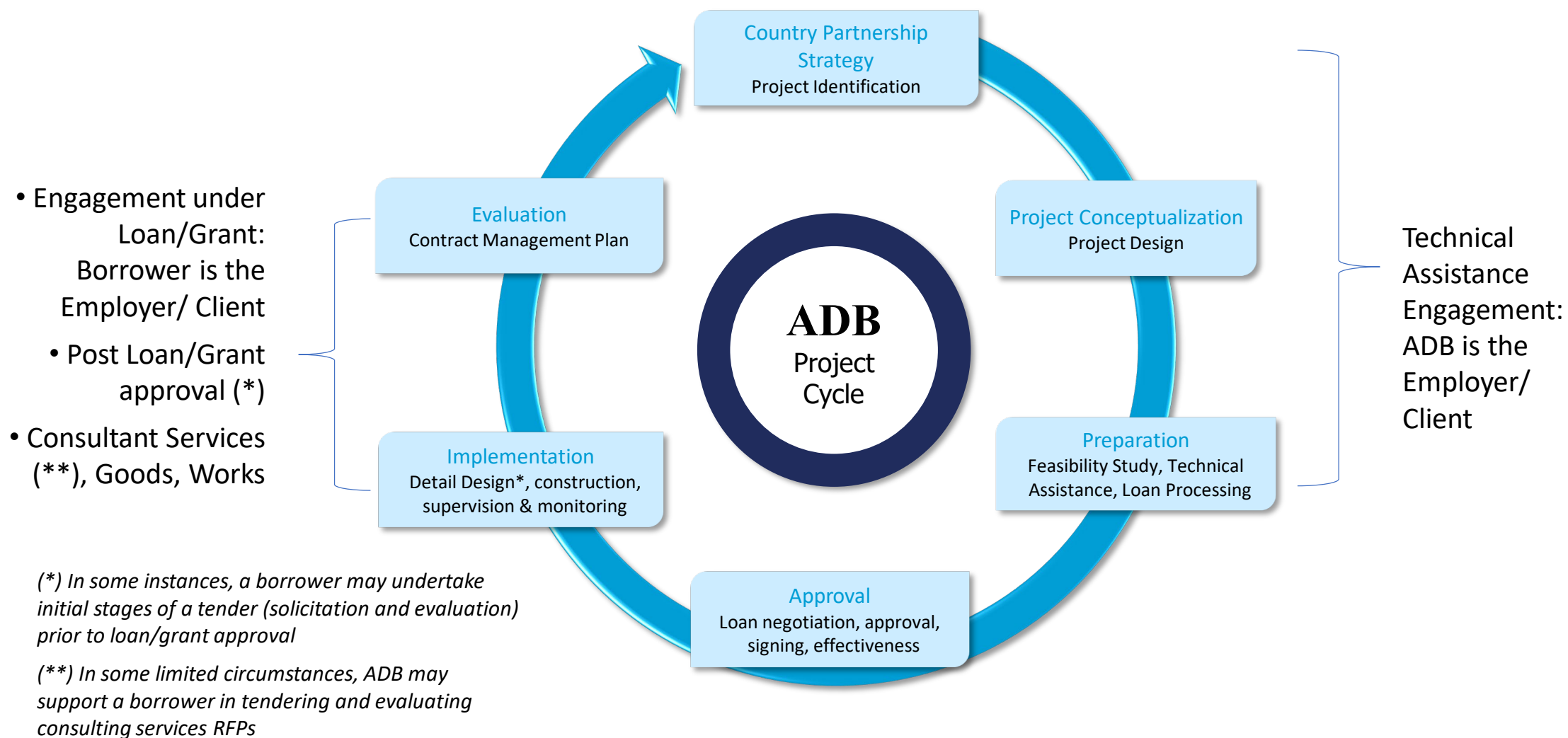
Consulting Services ≠ Nonconsulting Services



Consultant Services throughout ADB Project Cycle



Consultant Services throughout ADB Project Cycle

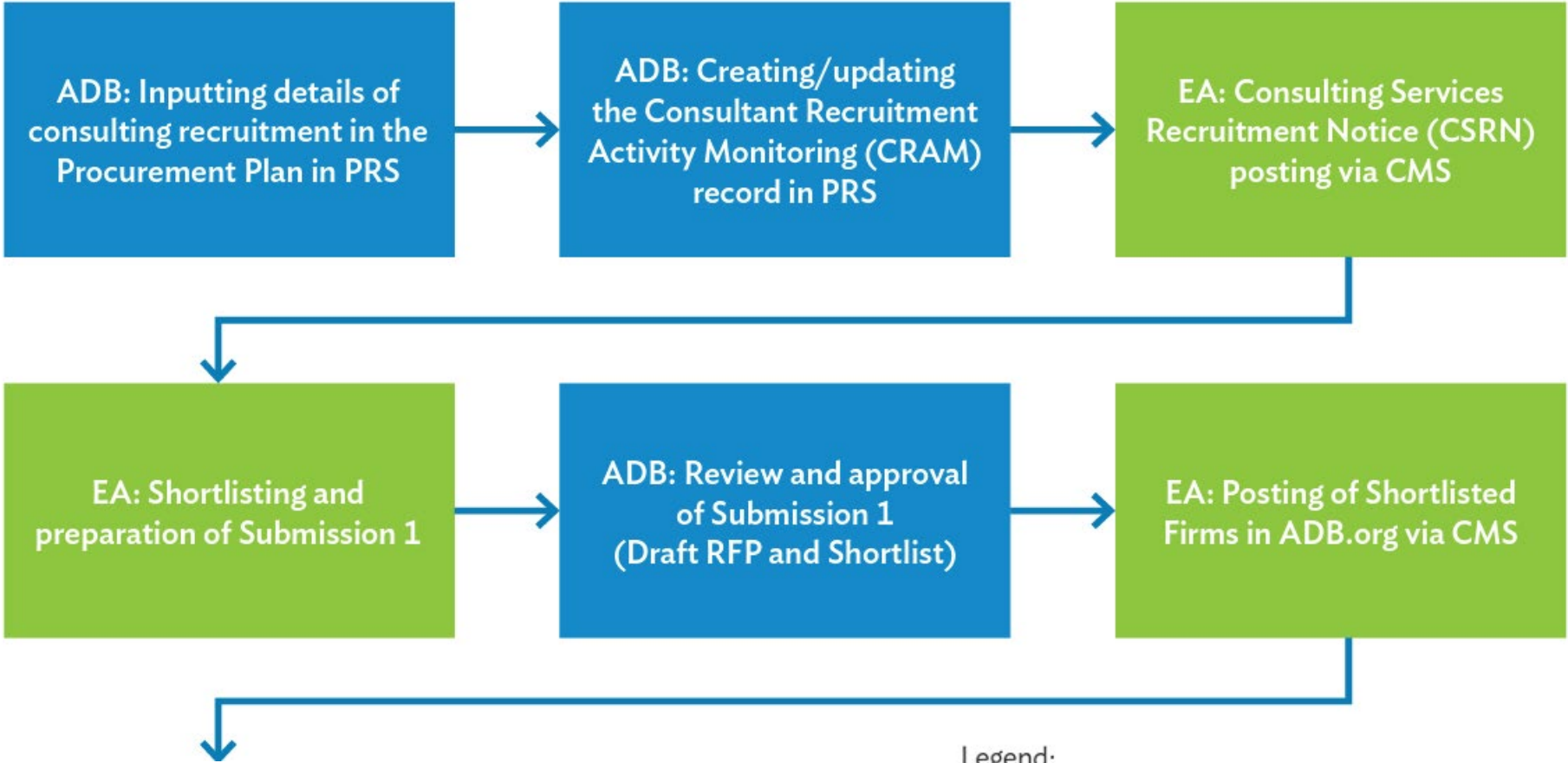


Steps in Selection and Recruitment of Consultant





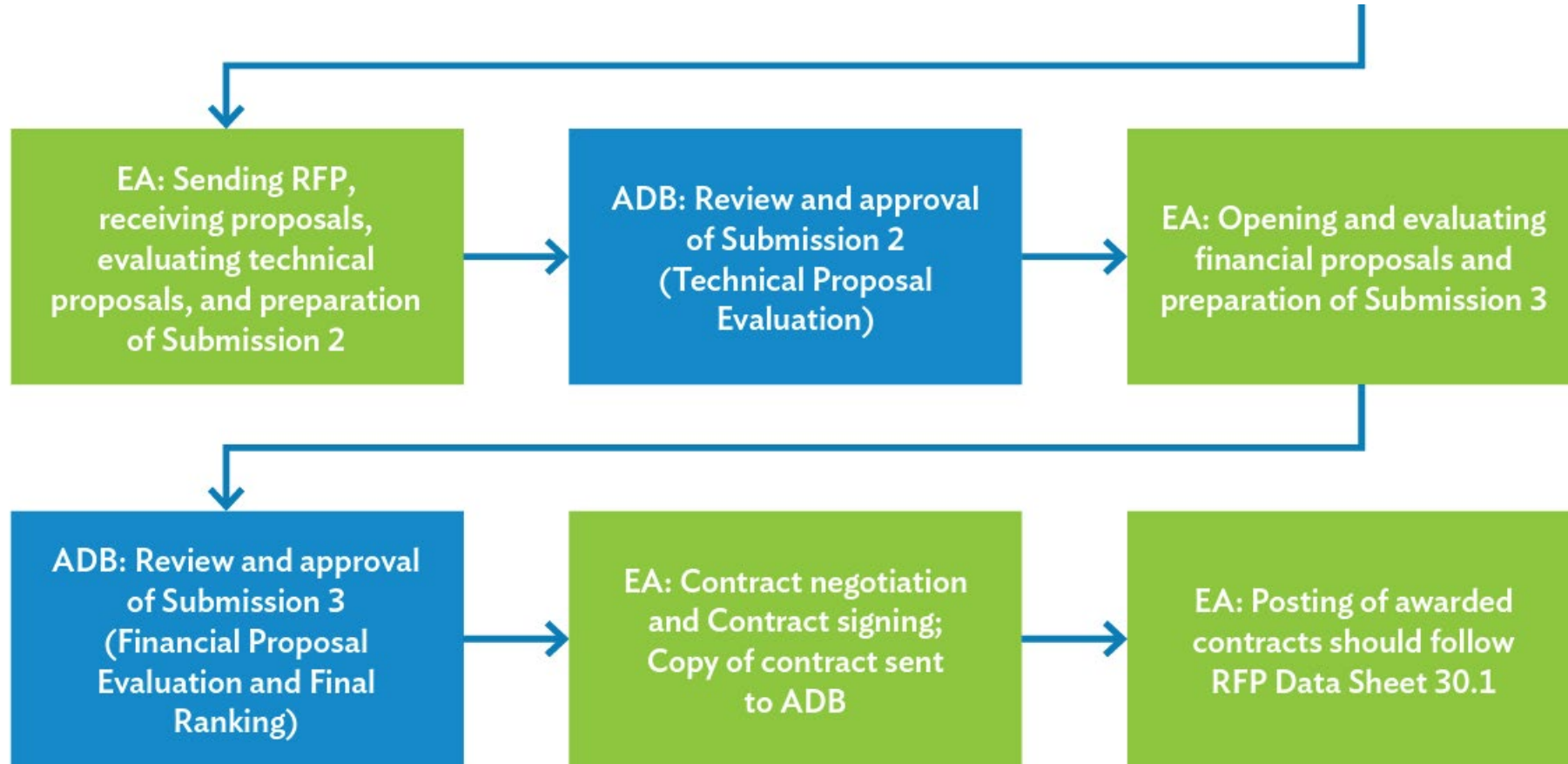
Steps in Selection and Recruitment of Consultant



Legend:



Steps in Selection and Recruitment of Consultant



Terms of Reference – Purposes

- Nature & scope of the assignment
- Expression of Interests
- Selection process
- Contract: Guides the work
- Performance measures



Two Types of Terms of Reference

Conformance- or input-based

- Inputs can be well-estimated
- Variation in approaches and methodologies not expected

Performance- or output-based

- Output can be well-defined
- Innovation expected
- Approaches and methodologies expected to vary

Cost Estimate

Competitive

- Remuneration
 - ✓ Key experts
 - ✓ Non-key experts
- Reimbursable (OPE) Expenses
 - ✓ Per diem
 - ✓ Travel
 - ✓ Transport
 - ✓ Communication
 - ✓ Office operations
 - ✓ Report
 - ✓ Administrative assistance
 - ✓ Other: security, insurance, translation

Non-competitive

- Provisional sums
 - ✓ Workshops, seminars, conferences, surveys, equipment
- Contingencies
 - ✓ 5-10% cost estimate
- Not paid unless utilized



Selection Methods for Consultant

QCBS Quality- and Cost-Based Selection	Well defined TOR, highest combined scores
LCS Least-Cost Selection	Small value, standard assignment, lowest cost
FBS Fixed-Budget Selection	Well-defined TOR, highest technical scores within budget
QBS Quality-Based Selection	Complex TOR, varied solution, highest technical scores
CQS Consultants' Qualification Selection	Amplified EOI, small value, specialized, highest qualified
SSS Single-Source Selection	Specific justifications, small value assignment

Selection Methods for Consultant

Selection Method	Technical Proposal Evaluation	Financial Proposal	Selection procedure
QCBS – Quality and Cost based selection	>= 750 out of 1000	Competitive Default Quality-cost ratio is 80:20. Can be changed to 70:30; 90:10 or 50:50 (audit))	Firm representing the best combination of quality and price wins
LCS – Least Cost Selection	>= 750 out of 1000	Lowest priced	Firm with lowest priced responsive proposal wins
FBS – Fixed Budget Selection	>= 750 out of 1000 And Highest Technical Score	<= budget	Firm with the best technical proposal and the financial proposal within the budget wins
QBS – Quality Based Selection	>= 750 out of 1000 and Highest Technical Score	Supporting documents to prove financial position of the firm, remuneration of experts, social and overhead charges	Negotiations are conducted with the firm that presented the best technical proposal
CQS – Consultants' Qualification Selection	Amplified Expression of Interest (EOI) Structured EOI submission >= 750 out of 1000		Negotiations are conducted with the firm that presented the best expression of interest
SSS – Single Source Selection	>= 750 out of 1000	Supporting documents to prove financial position of the firm, remuneration of experts, social and overhead charges	Negotiations are conducted with the firm that is selected without benefit of competition



Types of Proposal and Contract

Proposal Types

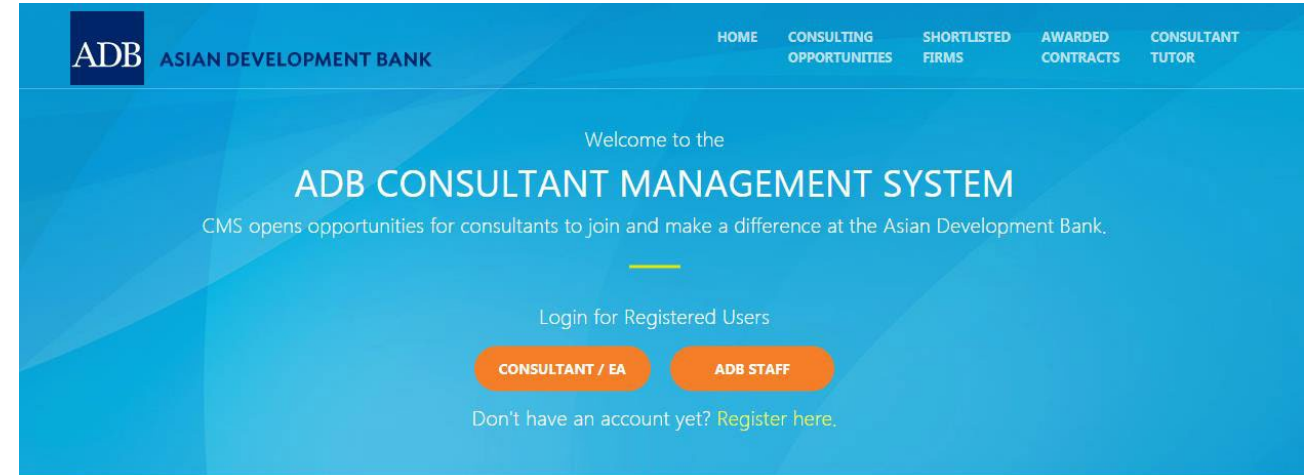
- Full Technical Proposal (FTP)
- Simplified Technical Proposal (STP)
- Biodata Technical Proposal (BTP)

Contract Types

- Time-based
- Lumpsum
- Performance based
- Framework Agreement
- Fixed rate
- Retainer/contingency fee
- Hybrid

Advertisement

- ADB website:
 - ❖ Consultant Management System (cms.adb.org)
 - ❖ E-mail to csrn@adb.org
- Other websites with free access, journal, newspaper, professional association, etc.



Search Consulting Opportunities

Get detailed information on consulting services requirements and send expression of interests (EOIs) for ADB-financed or administered projects.



View Shortlisted Firms

ADB publishes the names and contact details of firms invited to submit proposals. This is for the information of consultants who wish to associate with them. Interested consultants should contact the firms directly.



View Awarded Contracts

ADB Project contracts that are awarded to consulting firms are disclosed to the public. Visit the page to view the list of contracts awarded to consulting firms, along with associated contract details.



Shortlisting

Expression of Interest

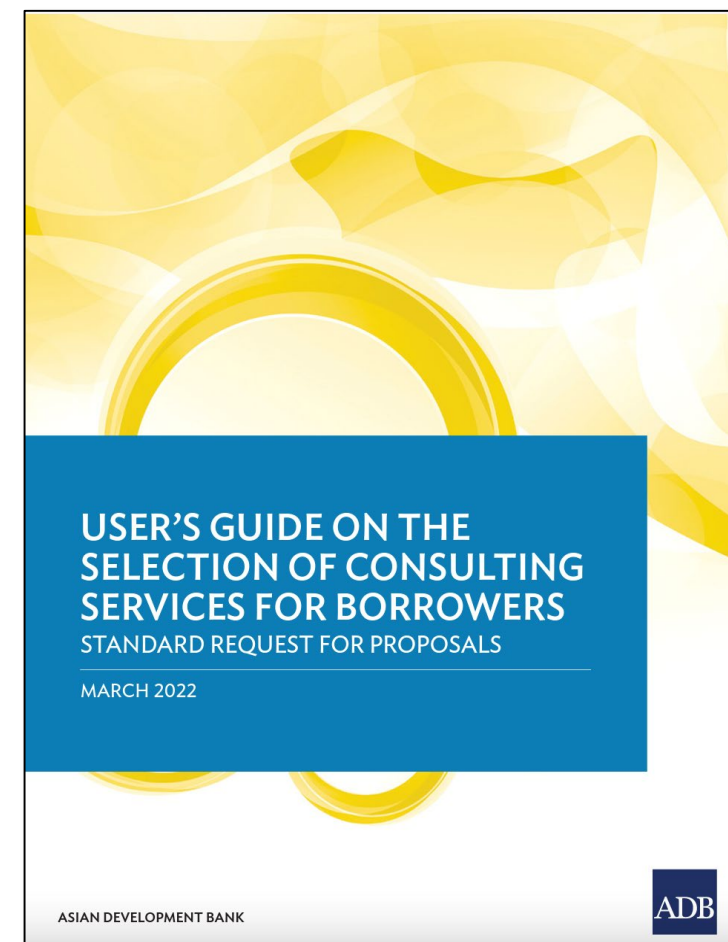
- EOI ≠ 'proposal'
- Scoring – use with cautions:
 - ✓ Long List
 - ✓ Relevant technical aspects
- Eligibility, COI, Integrity, RWE
- Joint Venture

Association of Firms

- Joint Venture or sub-consultancy
- Forced JV not allowed
- Association among short listed firms – RFP


Request for Proposal (RFP) – Structure

Section 1 Letter of Invitation (LOI)	Section 2 Instructions to Consultants (ITC) and Data Sheet (DS)	Section 3 Standard Forms (SF) for Technical Proposals (TP)	Section 4 Standard Forms (SF) for Financial Proposal (FP)
Section 5 Eligible Countries	Section 6 Banks' Policy Corrupt and Fraudulent Practice	Section 7 Terms of Reference (TOR)	Section 8 Standard Forms of Contract



Prior Review – Submissions to ADB

Submission: Borrowers submit a set of documents to ADB at specific steps of a selection process. There are 3 submissions in a selection process

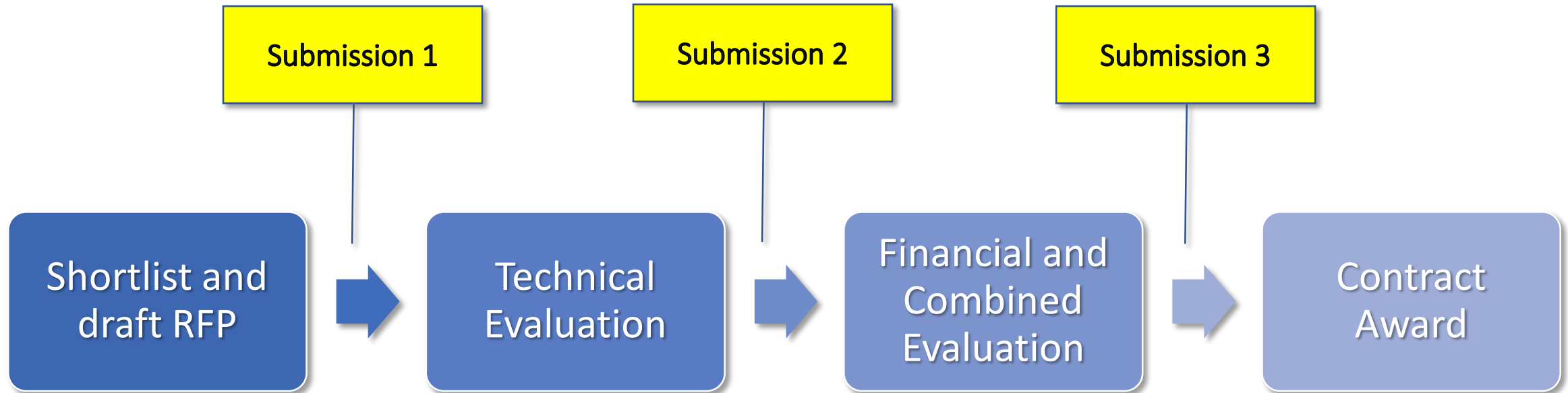


Prior Review: ADB review the submissions to ensure that it is in line with provisions in Financing Agreement regarding procurement



No Objection Letter: ADB issues a NOL

Steps in Selection of Consultant and Prior Review Process



ADB's Initiatives to Support Business Communities

- Bid Securing Declarations are promoted
- Use of 1S1E is encouraged, especially based on the type of procurement
- Inclusion of Price Adjustment provisions in contracts even less than 18 months
- Promote realistic design of Price Adjustment Provision
- Direct Payments to Consultants & Contractors
- Direct Payments to the Consortium Members as per their contribution in a consortium
- Promotes dialogue with business community and seek feedback – BOS jointly with WB
- Promotes project specific & even procurement specific road shows to engage with business communities

Thank You for your time & patience

