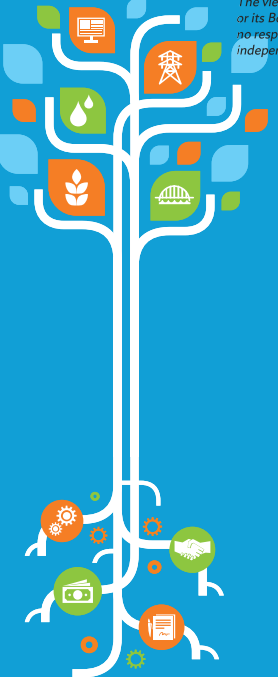


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ADB Procurement Procedures


Shyam S. Mehndiratta
Sr Procurement Officer, INRM, ADB.

Kolkata -27 September 2024

BUSINESS OPPORTUNITIES

1

ADB New Procurement Framework (NPF) 2017



Agreement Establishing
The Asian Development Bank
("ADB Charter")

Agreement Establishing the ADB

"ADB shall take the necessary measures to ensure that the proceeds of any loan made, guaranteed or participated in by ADB are used only for the purposes for which the loan was granted and with due attention to considerations of economy and efficiency"

(Chapter III, Article 14, Operating Principle xi)

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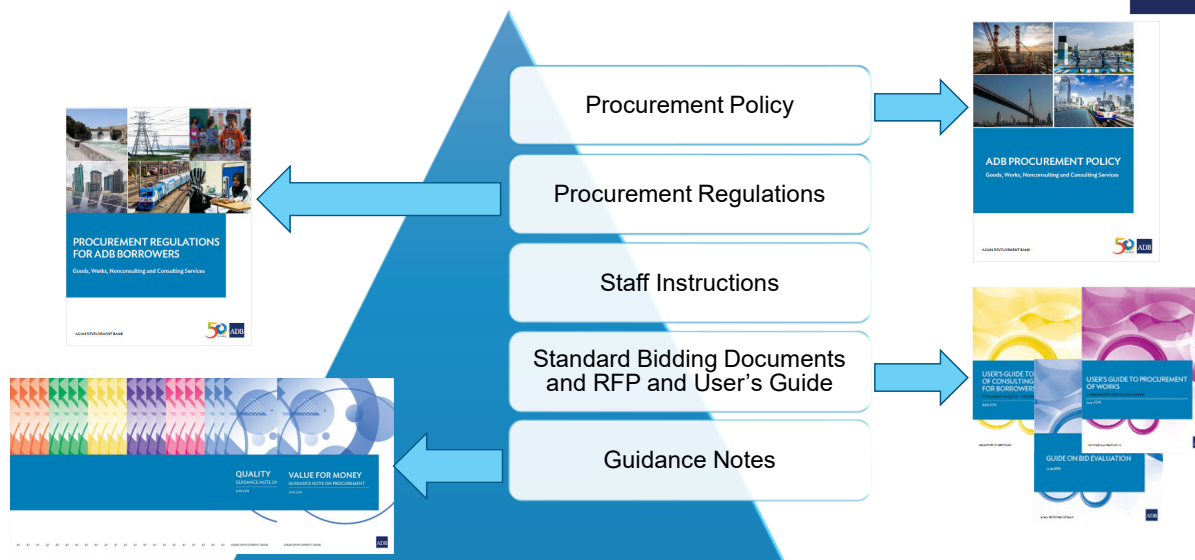
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ADB New Procurement Framework (NPF) 2017

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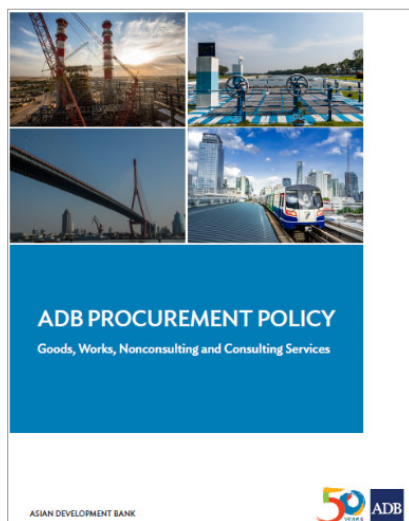
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ADB Procurement Policy

ADB



- Approved by ADB Board of Directors
- Required for project financed by ADB
- Core procurement principles

Structure

- | | |
|--------------------------------------|---|
| I. Purpose | IX. Accountability |
| II. General Considerations | X. Noncompliance |
| III. Core Procurement Principles | XI. Complaints |
| IV. Fitness for Purpose | XII. Alternative Procurement Arrangements |
| V. Eligibility | XIII. E-procurement |
| VI. Development of Domestic Industry | XIV. Procurement Plan |
| VII. Integrity | XV. Procurement for Nonsovereign Operations |
| VIII. Conflict of Interest | |

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ADB's procurement principles



| Principles | | Outcomes |
|---|------------------------|--|
|  | Fairness | Equal opportunity; equitable distribution; and credible mechanisms for addressing procurement-related complaints. |
|  | Economy | Using price, quality, and any nonprice attributes to deliver viable projects. |
|  | Efficiency | Ensures procurement processes are proportional to value and risks. |
|  | Transparency | Deliver relevant procurement information publicly in a consistent and timely manner; appropriate reporting; and confidentiality. |
|  | Quality | Structured arrangements delivering appropriate outputs in an effective manner to achieve project outcomes and objectives. |
|  | Value for Money | Obtain optimal benefits through effective, efficient, and economic use of resources. |

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Eligibility



- Have the nationality of an eligible country
- Not have a conflict of interest
- Not under temporary suspension by ADB/ UN/ WB/ related member institutions
- Materials/ Equipment/ Services to be supplied have origin in eligible source countries
- Any conditions for participation shall be limited to ensure the bidder's capability to fulfill the contract

PSUs (GOEs) in the Borrower's country may participate as a bidder if:

- operate as a commercial entity
- legally and financially autonomous
- not dependent agency of the borrower

Government officials in the borrower's country may only be hired if :

- not being hired by agency they were working for sequentially
- their employment would not create a conflict of interest

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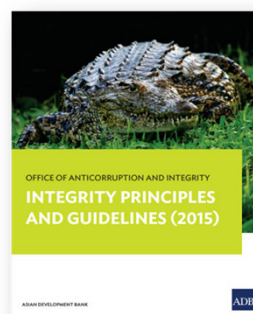
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Integrity



- ADB's Anticorruption Policy and Integrity Principles and Guidelines
- Applies to EAs/ suppliers/ ADB staff/ anyone connected to ADB-financed activity
- Highest Ethics
- Definitions: corrupt, coercive, fraudulent, collusive, obstructive practices, and abuse
- ADB has the right to inspect and audit



Highest Ethical Standards



Zero Tolerance

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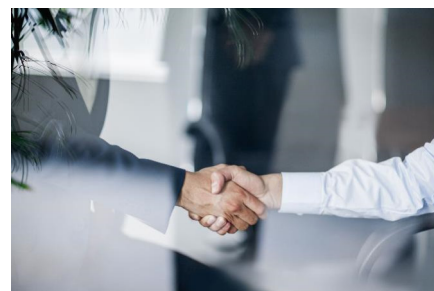
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Respectful Working Environment



- Environment free of unethical or inappropriate behaviors
- Bullying, discrimination, misconduct and harassment, including sexual harassment
- Training provided by contractor/ consultant to their staffs and to be verified by Employer



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ADB Procurement Regulations



PROCUREMENT REGULATIONS FOR ADB BORROWERS

Goods, Works, Nonconsulting and Consulting Services

ASIAN DEVELOPMENT BANK



- Issued by ADB President
- Details of policies, procedures
- Prior review
- Post review (sampling)
- International best practices

Structure

- | | |
|---|---|
| <ul style="list-style-type: none"> I. Introduction • Purpose • General Considerations • Fitness for Purpose • Alternative Procurement Arrangements • Applicability of These Regulations • Procurement of Contracts Not Financed by the Asian Development Bank • Eligibility | <ul style="list-style-type: none"> • Conflict of Interest • Unfair Competitive Advantage • Advance Contracting and Retroactive Financing • Asian Development Bank Review • Noncompliance, Complaints • Integrity • E-procurement • Procurement Plan • Procurement for Non sovereign Operations |
|---|---|

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ADB Procurement Regulations – Structure



II. Procurement Methods and Arrangements

- Open Competitive Bidding
- Limited Competitive Bidding
- Framework Agreements
- Request for Quotations
- Electronic Reverse Auction
- Direct Contracting
- Force Account

Particular Types of Procurement Arrangements

- A. Selection of Consultants
- B. Selection of Individual Consultants
- C. Procurement from Specialized Agencies
- D. Procurement in Fragile and Conflict-Affected Situations
- E. Procurement Agent
- F. Support to Governments for Public–Private Partnerships
- G. Procurement of High-Level Technology
- H. Performance-Based Procurement
- I. Community Participation in Procurement
- J. Procurement under Loans Guaranteed by the Asian Development Bank

Appendix 1:

Value for Money

Appendix 2:

Procurement Planning

Appendix 3:

Open Competitive Bidding Procedure

Appendix 4:

Consulting Services Selection using Open Competitive Bidding

Appendix 5:

Evaluation Criteria and Methodology

Appendix 6:

ADB Review of Procurement Decisions

Appendix 7:

Bidding-Related Complaints

Appendix 8:

Contract Management

Appendix 9:

Roles and Responsibilities in ADB-Financed Projects

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Standard Bidding Documents (SBDs)

ADB



- Standardized instructions, templates, contract forms
- Provides consistency and legal certainty
- Best practices and time-tested
- Must be used – with specific ways for customization
- Procurement: 8 UGs, 7 SBDs
- Consultant: 1 UG, 1 RFP

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27 Guidance Notes

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- To operationalize ADB Procurement policy and Regulations.
- Grouped based on topical issues



| GUIDANCE NOTES | | | | | |
|--|--|---|---|--|---|
| Preparation and Planning | Procurement Methods | Bidding Procedures | New Principles and Practices | Complaints, Compliance, and Eligibility | Specialized Areas |
| <ul style="list-style-type: none"> • Procurement Risk Framework • Strategic Procurement Planning • Procurement Review • Alternative Procurement Arrangements | <ul style="list-style-type: none"> • Open Competitive Bidding • Consulting Services Administered by ADB Borrowers • Non-consulting Services Administered by ADB Borrowers • Framework Agreements | <ul style="list-style-type: none"> • Price Adjustment • Prequalification • Subcontracting • Domestic Preference • Merit Point Criteria | <ul style="list-style-type: none"> • Value for Money • Quality • Contract Management • Abnormally Low Bids • Implementation of MPC in Water Sector Contracts | <ul style="list-style-type: none"> • Bidding-Related Complaints • Noncompliance in Procurement • Standstill Period • State-Owned Enterprises | <ul style="list-style-type: none"> • Fragile, Conflict-Affected, and Emergency Situations • E-Procurement • Public-Private Partnerships • High-Level Technology • Sustainable Public Procurement |

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Procurement Methods & Approaches



Procurement Methods

- Open Competitive Bidding (OCB)
internationally or nationally advertised
- Limited Competitive Bidding (LCB)
- Framework Agreements
- Request for Quotations (RFQ)
- E-Procurement
- Direct Contracting
- Force Account
- Community Participation
- Performance-based Procurement
- Public Private Partnership

Customized Approaches

- Fitness for Purpose
- Alternative Procurement Arrangements
- High-Level Technology
- Electronic Reverse Auctions (e-RA)

Bid Submissions

- Single-stage one-envelope – 1S1E
- Single-stage two-envelope– 1S2E
- Two-stage two-envelope– 2S2E
- Two-stage – 2S

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Few General Tips



- Collect relevant business intelligence – network!
- Focus on performance and reputation for successful work
- Check for bidding opportunities – subscribed to alert service
- Understand the country, project, and client requirements
- Study the bidding documents and understand the procurement method
- Prepare a responsive and competitive bid
- Seek clarifications in writing
- Be ready for possible bid extensions or amendments
- Engage partnership with prequalified firms or already awarded contract for hop-on opportunities

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Bidding Do's



- Leverage your strengths
 - Ability to operate in countries that do not generate bidder interest
Afghanistan, Cambodia, Pacific
 - Experience in country and with executing agency
 - Access to information regarding local joint venture partners/ subcontractors
 - Access to information regarding availability of materials/ labor/ equipment.
- Submit bid within the stipulated deadline
- Ensure following steps are taken during bid opening:
 - All relevant prices are read out
 - All discounts are read out
 - Presence and amount of bid security is read out
 - No envelope remains unopened
 - The record is signed by all bidders present and by the Employer
- Be ready for possible bid validity extension

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Bidding Do's



- Seek official clarification before submitting a bid

| BIDDING DOCUMENT | TYPICAL ISSUES |
|------------------------|--|
| Bid Conditions | <ul style="list-style-type: none"> • Unreasonable bid preparation period |
| Qualification Criteria | <ul style="list-style-type: none"> • Unclear which entity must comply with qualification criteria • Ambiguous criteria • Restrictive criteria |
| Requirements | <ul style="list-style-type: none"> • Incomplete, unclear or restrictive requirements |
| Contract Conditions | <ul style="list-style-type: none"> • Unreasonable contract completion period • Unbalanced risk allocation |

Contact ADB if executing agency fails to respond promptly

- Check your bid!
 - Amount, validity and text of Bid Security
 - Signatures and power of attorney
 - Joint venture agreement enclosed
 - References enclosed
 - State the discounts in letter of bid as specified in the bidding document
 - Mark the envelopes as appropriate
- If you are not successful
 - You may request a debriefing from executing agency to improve future bids
 - If not satisfied, contact ADB directly

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Bidding Don'ts



- Failure to disclose conflict of interest
- Firm or JV partners not from an ADB member country
- Submitting late bid
- Failure to respond to client requirements
- Conditional bids
- Incomplete/noncompliant bids:
 - missing bid security,
 - Insufficient Amount of Bid Security
 - letter of bid not signed,
 - JV agreement missing,
 - bid envelopes not properly marked,
 - Partial Quantities etc.
- Integrity violations in the bidding process
- Do not submit conditional bid

When in doubt, always seek written clarification

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Debriefing and Complaints



Debriefing:

- Unsuccessful bidders may request debriefing from the procuring entity (the EA or ADB). If they are not satisfied with the explanation given, they may submit a complaint.
- Debriefings are an excellent learning opportunity for future bids!

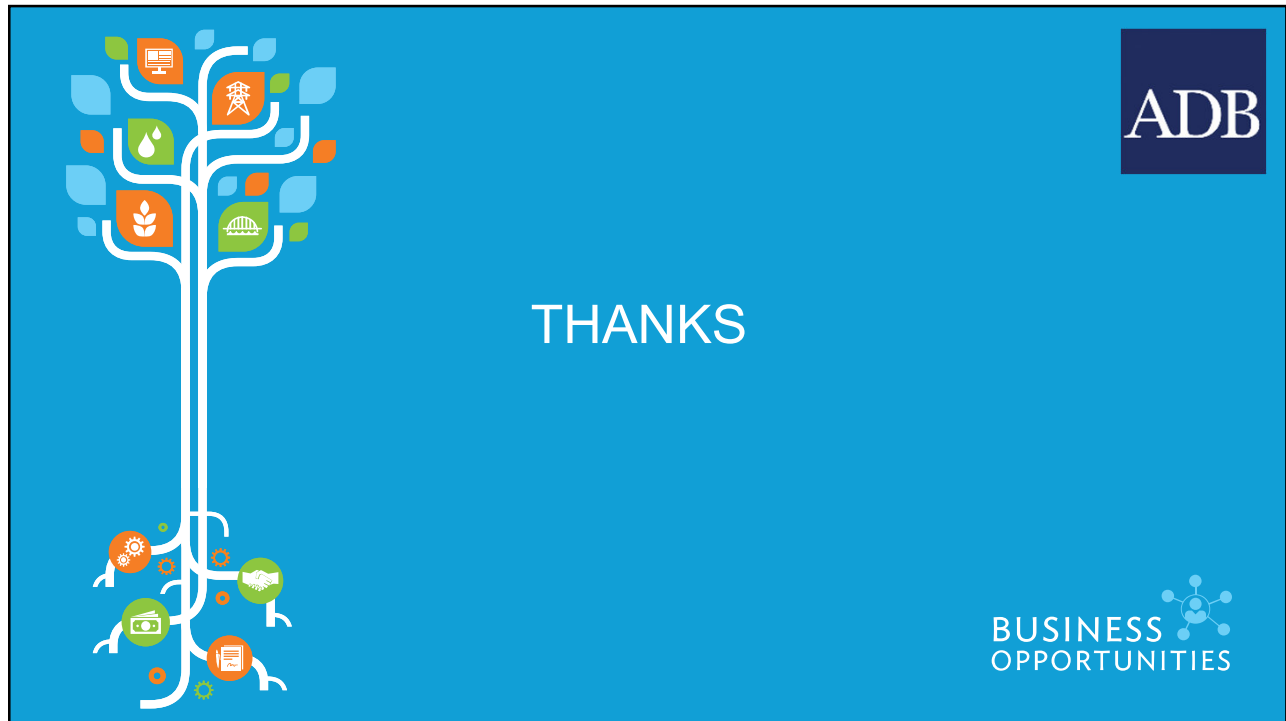
Complaints:

- Bidders may file complaint directly with ADB and may copy ADB on correspondence with EAs.
- Complaints to ADB should be submitted through online form:
<https://www.adb.org/forms/complaints>
- How to report fraud:
www.adb.org/site/integrity/how-to-report-fraud

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