



Asian Development Bank Business Opportunities Fair 2012

Procurement of Goods and Works

**Presented by
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Asian Development Bank**

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Business Opportunities Finding the Contract – www.adb.org

Business Opportunities

NAVIGATION

Main

Operational Procurement

Consulting Services

Goods, Works, and Related Services

Institutional Procurement

Contacts

Goods, Works, and Related Services



OVERVIEW

ADB extends loans and provides technical assistance to its developing member countries (DMCs) for a broad range of development projects and programs. These ADB-financed projects involve the procurement of goods, works and services (other than consulting services) from external suppliers.

- Principles
- Procurement Guidelines
- Advance Action
- Bidding Procedures
- Procurement Documents
- Procurement Plans
- Procurement Notices and Invitations for Bids
- Prequalified Contractors
- Contracts Awarded

ANNOUNCEMENTS

Visit the ADB Suppliers' Network on LinkedIn to find national or international contacts with whom to form alliances. The site is open to both individuals and company representatives.

ONLINE TRAINING

Business Opportunities E-Learning Tool
Responding to RFPs and Preparing & Submitting Proposals for Firms in CMS
Responding to Non-Committal
Inquiries for Individual Consultants in CMS



Business Opportunities

Finding the Contract

PLEASE

Check “Opportunities” www.adb.org

Read UN Development Business (UNDB online)

Study the Country

Get to know the ADB.



Business Opportunities

Advertising and Notices

Executing Agency

- **English Language Newspaper of general distribution in Borrower's country or well-known website**
- **Trade Journals (optional)**

ADB

- **ADB Business Opportunities at (www.adb.org)**
- **UN Development Business**

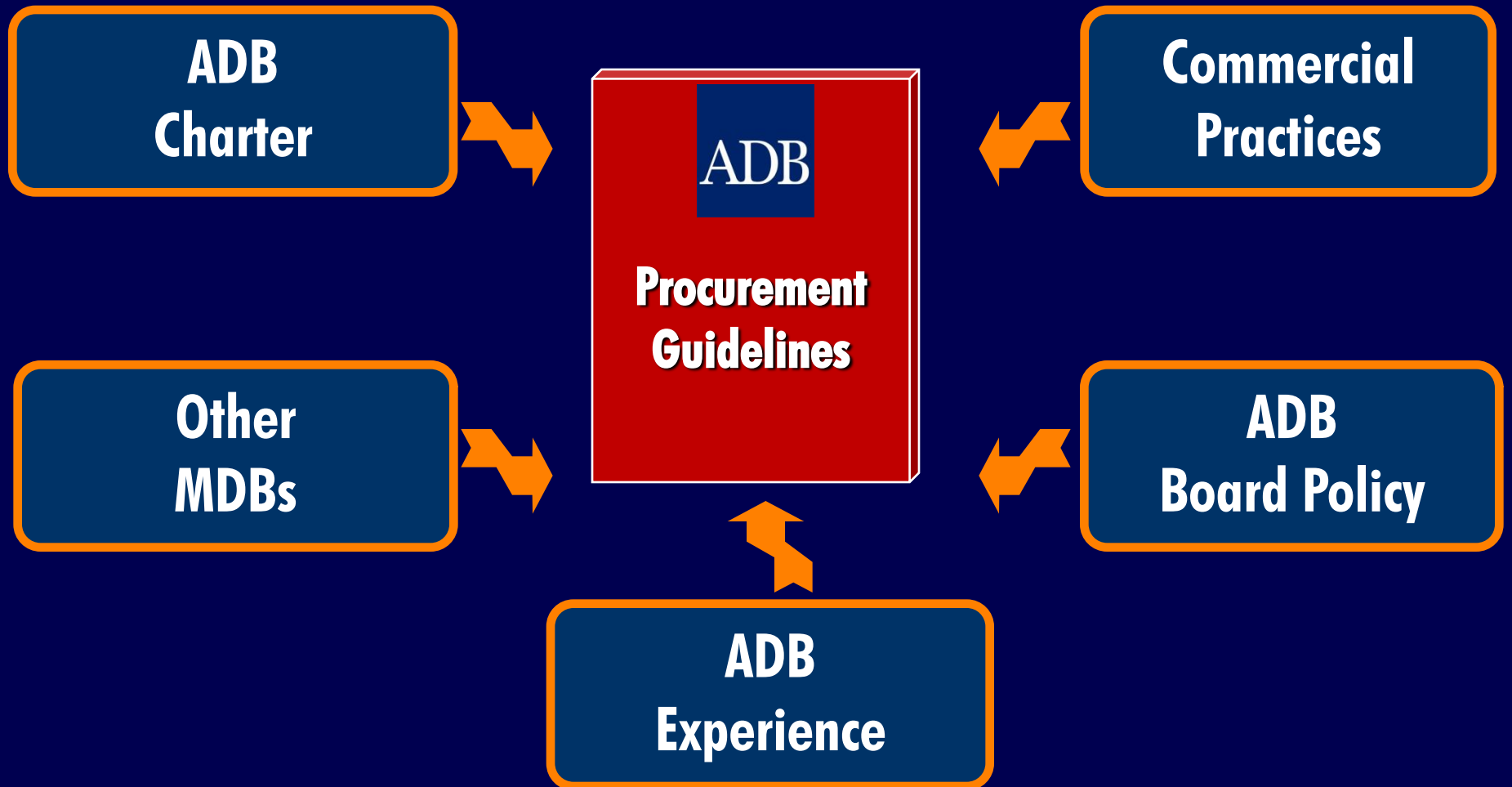


Business Opportunities

ADB's Procurement System



Procurement System Sources





Procurement System Responsibilities

Responsibility for Procurement Actions

- **The Borrower (Executing Agency) is responsible for all procurement activities**
- **ADB will review the procurement activities to ensure that the ADB's Procurement Guidelines are followed**



Procurement System Eligibility

Eligibility by Nationality

- **Goods must be produced in a member country**
- **Supplier must be a national of a member country**

Other Eligibility Factors

- **No conflicts of interest**
- **Not sanctioned**
- **State-owned enterprises**



Procurement System Basics

Economy and Efficiency

Fairness

Transparency

Development of Domestic Industry.



Procurement System

Source of Funds

Contracts not financed by ADB

- **Borrower's procurement procedures apply**
- **Must be suitable for the project**

Contracts financed by ADB entirely or partly

- **ADB System must be followed**



Business Opportunities

Anti-corruption



Procurement Basics

Anticorruption Policy - Definitions

- **Corrupt Practice**
- **Fraudulent Practice**
- **Collusive Practice**
- **Coercive Practices**



Procurement Basics

Anticorruption Policy - ADB Actions

When corruption occurs ADB will

- **reject a proposal to award contract**
- **cancel the portion of a loan**
- **declare a firm ineligible either indefinitely or for a stated period of time**
- **inspect accounts and records of suppliers and contractors and have them audited by auditors appointed by ADB**



Business Opportunities

Procurement Methods



Procurement Methods Overview

Procurement Methods

- **International Competitive Bidding**
- **Limited International Bidding**
- **National Competitive Bidding**
- **Shopping**
- **Direct Contracting (Single Source)**
- **Force Account**
- **Performance-based procurement**
- **Procurement under Loans to Financial Intermediaries**
- **Procurement under Private Sector Loans**
- **Procurement under Disaster and Emergency Assistance**
- **Community Participation in Procurement.**



Procurement Methods

International Competitive Bidding (ICB)

- **Must be used for contracts valued at US\$0.5 million or more for Goods, above US\$1.0 million for works**
- **Provides for borrowers a wide range of choices in bid selection from among competing suppliers / contractors**
- **Gives prospective bidders from eligible source countries adequate, fair and equal opportunities**



Procurement Methods

International Competitive Bidding

Essentials of ICB

- Advertisement
- Prequalification
- Reference to ADB
- Language
- Bid Preparation Period
- Bid Security
- Source of Procurement
- Currency of Bid
- Currency of Bid Comparison
- Currency of Payment
- Domestic Preference Scheme
- Public Bid Opening
- Clarification and Alterations
- Award of Contract
- Rejection and Retendering
- Performance Security



Bidding Procedures Overview

Single-Stage: One-Envelope

Single-Stage: Two-Envelope

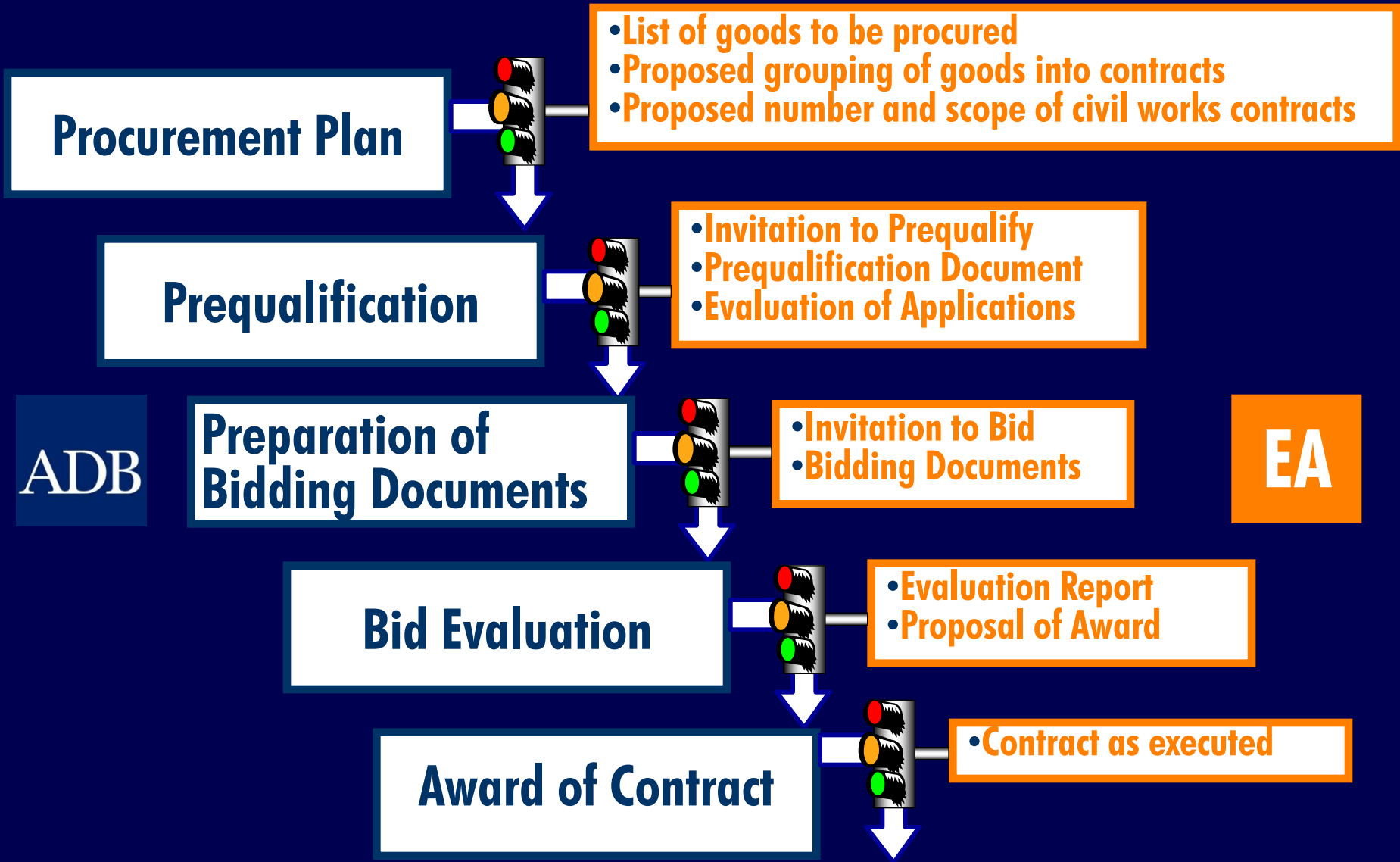
Two-Stage: Two-Envelope

Two Stage



ADB Review

Review of Procurement Actions





ADB Review Procurement Committee

**Award of contracts for values of \$10.0mill. and above
must be approved by the ADB**

— Procurement Committee —

Chairman : Principal Director, COSO

Members : Assistant General Counsel
Director, Sector Division

Secretary : Principal Procurement Specialist
(Non-Voting)



ADB Review Procurement Committee

Matters for Consideration

- **For contracts estimated at \$10.0 million or more**
 - **Prequalification Evaluation**
 - **Technical Evaluation (2-stage/2-envelope bidding)**
 - **Bid Evaluation → Award**
 - **Proposal for Rebidding**
 - **Proposal for Cancellation**
- **Actions in conflict with the ADB requirements**
- **Proposal to vary previous PC decisions**
- **Any matters designated by Management.**

Procurement Sequence





Joint Ventures

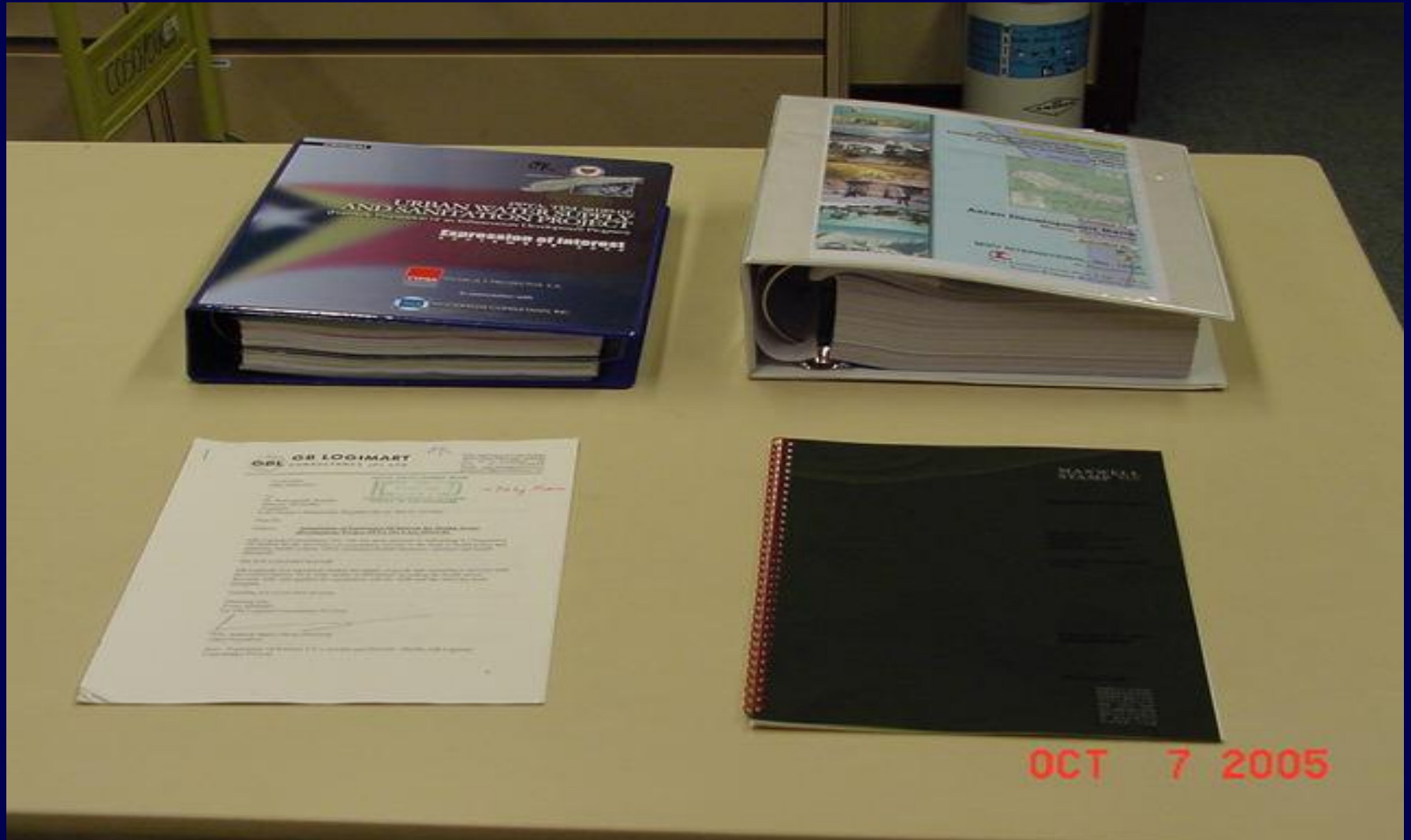
JV Requirements

- All partners must be eligible
- J.V. agreement must contain provision for joint and several liability
- One of the partners must be authorized to be in charge



Preparation of Bids

Important Factors





Preparation of Bids

Important Factors

- **Be compliant**
- **No conditionalities**
- **Get official clarification**



Preparation of Bids

Important Factors

- **Be aware of bid evaluation criteria**
- **Be clear with alternatives**



Preparation of Bids

Important Factors

- **Ensure bid is complete**

- **Make final check of bid**
 - **Amount, validity and text of Bid Security**
 - **Signatures and power of attorney**
 - **Joint venture agreement enclosed**
 - **References enclosed**
 - **Discounts in covering letter or appropriate place as specified in the bidding document**
 - **Marking of envelopes**



Preparation of Bids

Important Factors

- **Be on time**
- **During opening ensure**
 - All relevant prices are read out
 - All discounts are read out
 - Presence and amount of bid security is read out
 - No envelope remains unopened
 - All the above is recorded correctly
 - The record is signed by all bidders present and by the buyer
- **Be Aware of Possible Extension**



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How Your Bid is Evaluated



Bid Evaluation Purpose

***Determine the lowest evaluated and
substantially responsive bid***



Bid Evaluation

Typical Sequence

Complete Basic Data Sheet

- ↳ Attach Record of Bid Opening**
- ↳ Prepare Table of Bid Prices**
- ↳ Examine Bids for Responsiveness**
- ↳ Identify Bids for Detailed Evaluation**
- ↳ Evaluate Bids in Detail**
- ↳ Adjust Bid Prices**
- ↳ Apply Other Adjustments**



Bid Evaluation Basics

Confidentiality

After opening of bids no information to be exchanged with non-authorized persons on

- Substance of bid
- Preliminary examination results and status
- Evaluation results and status
- Recommendation of award



Bid Evaluation Basics

Clarification and Alteration of Bids

Only clarifications not changing the substance or the price of the bid may be requested or accepted by the Borrower

Arithmetical Errors

Not a cause for bid rejection

- Discrepancy between Unit Price and Total Price
 - **Unit Price will prevail**
- Discrepancy between Total Bid Amount and Sum of Total Prices
 - **Total Prices will prevail**



Bid Evaluation Basics

Compliance with Bid Documents

Bids will be rejected if they

- **Do not substantially conform to Specifications**
- **Contain inadmissible reservations to bid documents**
- **Do not substantially respond to requirements**



Bid Evaluation Basics

Extension of Bid Validity

- Exceptional occurrence
- All bidders given the option
- Bidders willing to extend bid validity
 - cannot modify substance of bid
 - must extend validity of bid security

Negotiation with Bidder

- No negotiation to obtain more suitable offer, except if
 - Only one Bidder
 - Only conforming Bid price is disproportionately high



Bid Evaluation Basics

Duties and Taxes (Base Price for Comparison)

- **For Imported Goods**
 - Includes cost of insurance and freight (**CIF or CIP**)
 - Excludes custom duties or other taxes levied on goods

- **For Locally Supplied Goods**
 - Includes ex-factory price (**EXW**)
 - Excludes any sales or similar taxes levied on finished goods



Bid Evaluation Basics

Exchange Rates

- Bid comparison uses single currency as specified in bid documents (usually local currency or US\$)
- Bids may be quoted in currency of bidder's choice, usually home currency, purchaser's currency, and internationally traded currency, or mix of all three (maximum of three currencies)



Bid Evaluation Basics

Other Factors Considered in Evaluation

- **Efficiency and Reliability of Equipment**
- **Method of Construction**
- **Time for Completion**
- **Delivery Time**
- **Availability of After-Sales-Service**
- **Availability of Spare Parts**
- **Operating Cost**



Bid Evaluation

Domestic Preference

Purpose

- **To provide margin of preference to domestically manufactured goods or domestic contractors for ADB-financed projects**
- **To allow domestic firms to compete with foreign firms on more equal footing**

Conditions

- **Granting of preference subject to conditions**
- **Applies only to ICB**
- **Needs to be applied for by Borrower**
- **To be specified in Loan Agreement if scheme is applied**



Bid Evaluation

Domestic Preference

Supply Contracts

Responsive bids are to be classified into three categories:

- Category I: Goods manufactured locally with more than 30% domestic value added**
- Category II: Goods manufactured locally with less than 30% domestic value added**
- Category III: Imported goods**



Bid Evaluation

Domestic Preference

Civil Works

Responsive bids are to be classified into two categories

- **Category I**
Bids offered by Domestic Contractors and Joint Ventures eligible for the Preference
- **Category II**
Bids offered by other Contractors



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Getting Paid

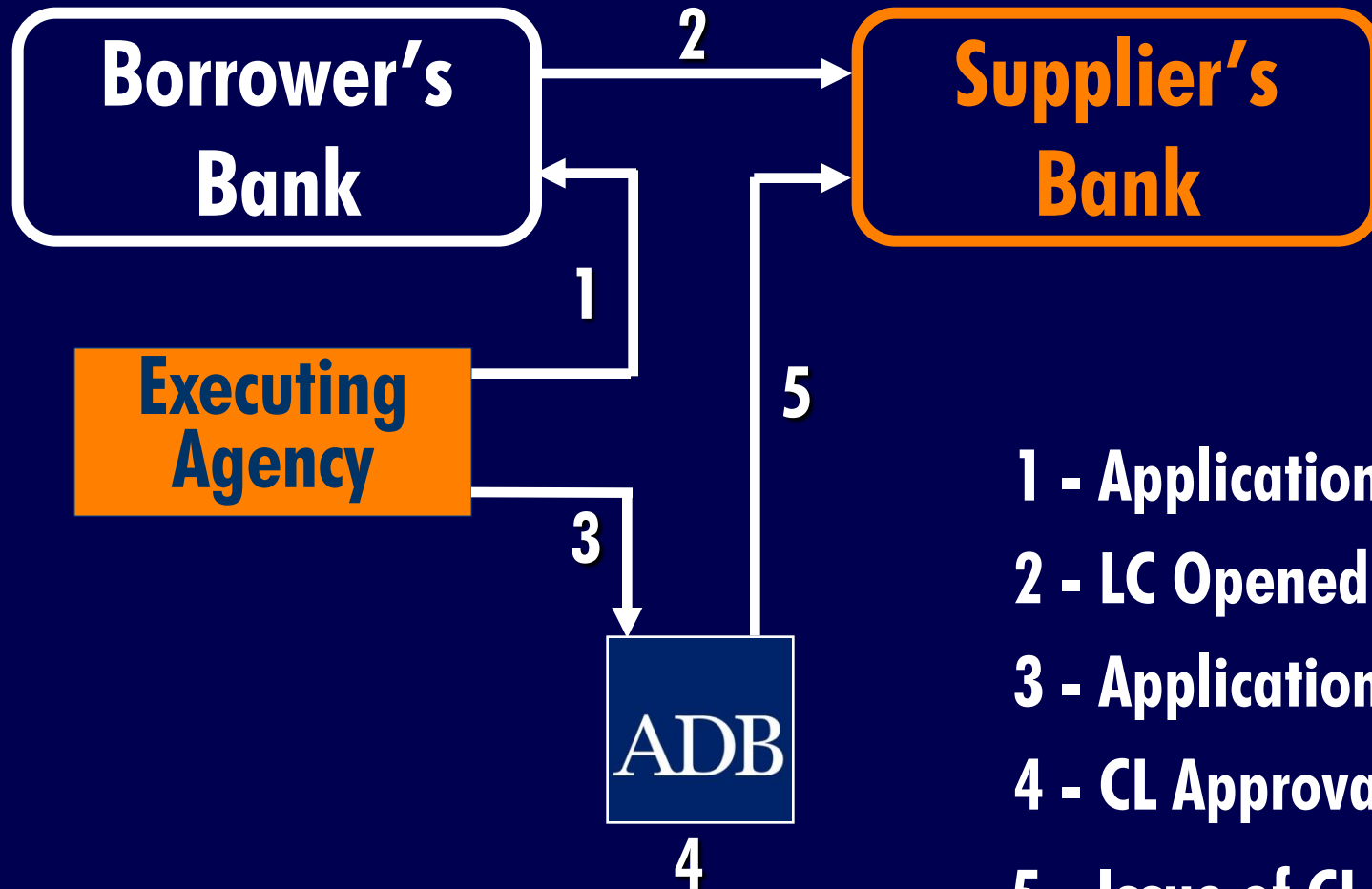


Disbursement Procedures

- **Direct Payment Procedure**
- **Reimbursement Procedure**
- **Commitment Procedure**
- **Imprest Fund Procedure**



Disbursement Commitment Procedure



- 1 - Application for LC
- 2 - LC Opened
- 3 - Application for CL
- 4 - CL Approval
- 5 - Issue of CL