



# Asian Development Bank Business Opportunities Fair 2013

## Procurement of Goods and Works

**Presented by**  
**Jeff Taylor, Senior Procurement Specialist**  
**Asian Development Bank**

**20 March 2013, Manila**

*The views expressed in this presentation are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.*



# 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](http://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](http://www.adb.org))**
- **UN Development Business**

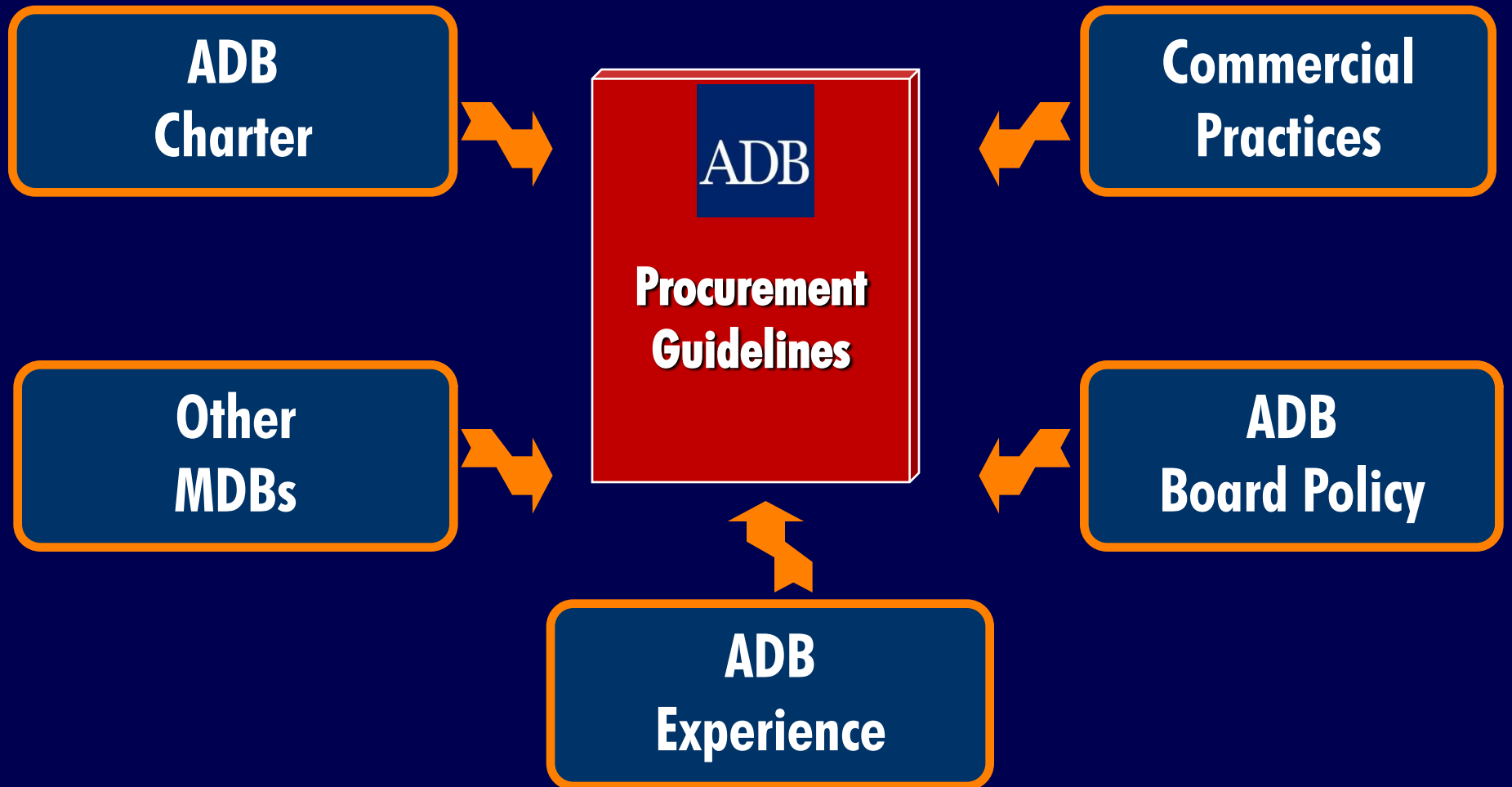


# **Business Opportunities**

## ***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**

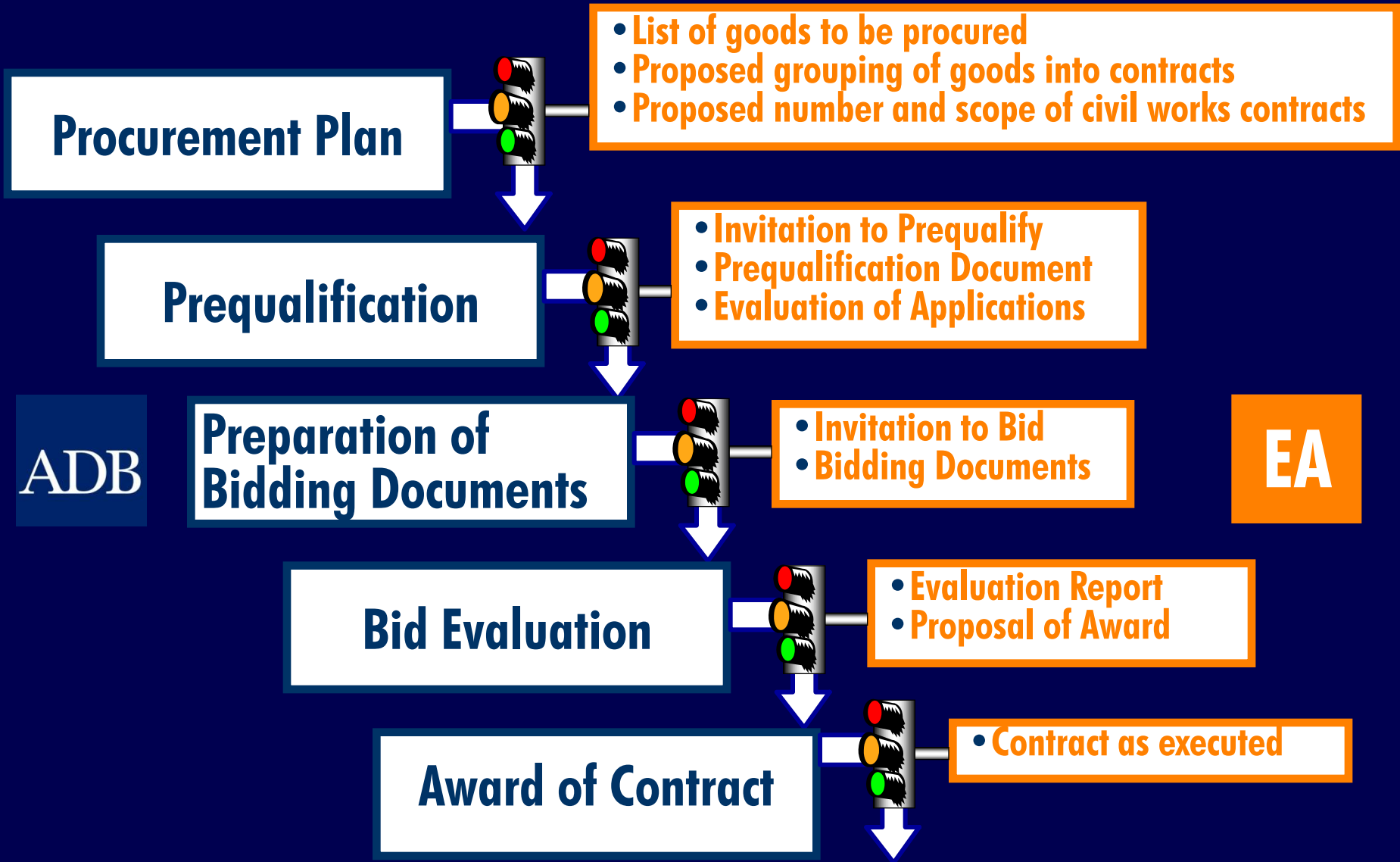
**Two-Stage: Two-Envelope**

**Two Stage**



# ADB Review

## Review of Procurement Actions



ADB



# **ADB Review Procurement Committee**

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

## **— Procurement Committee —**

**Chairman :** Director General, OSFMD

**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

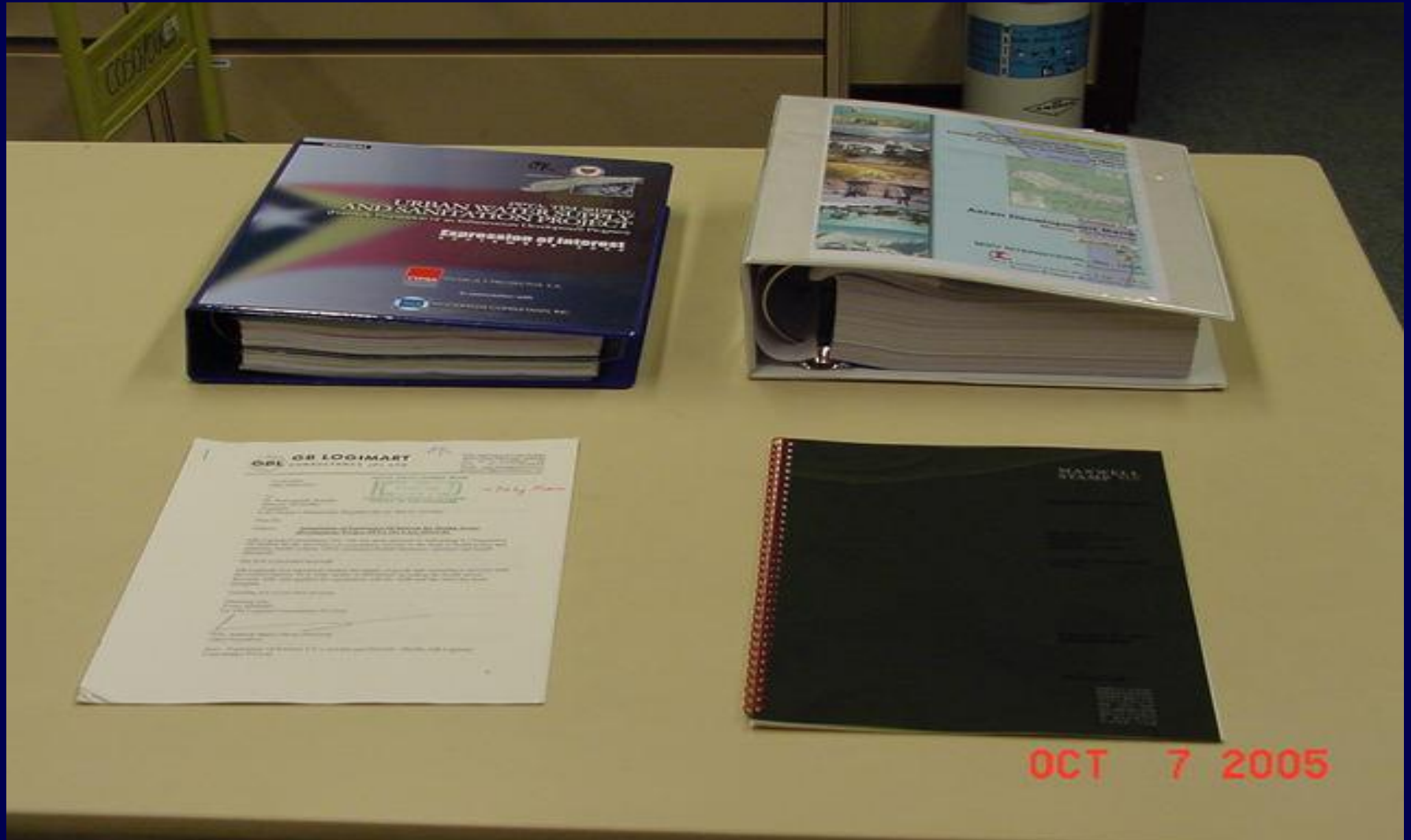
## JV Requirements

- 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**



# **Business Opportunities Seminar**

## ***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



# Business Opportunities Seminar

## Getting Paid

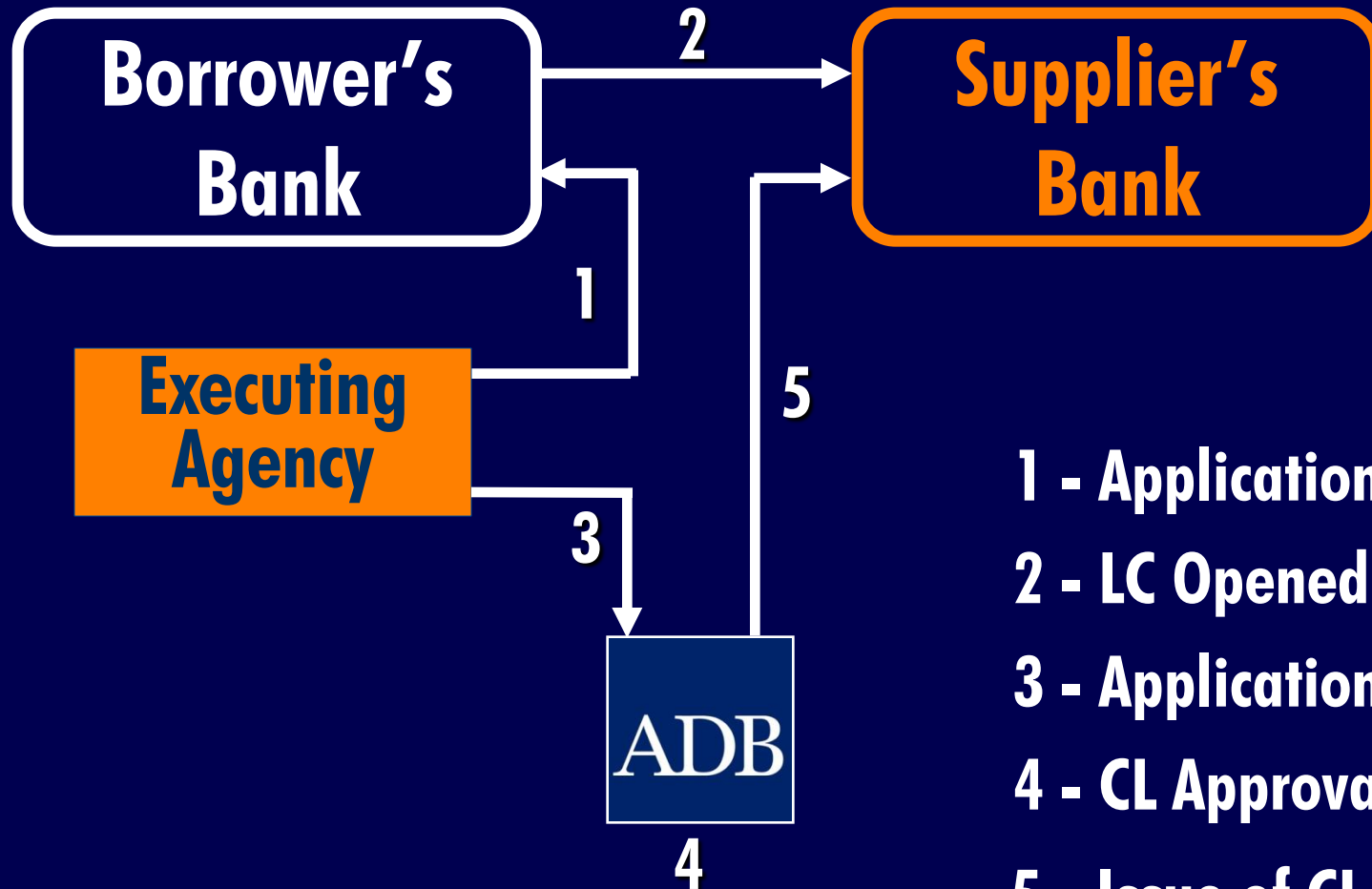


# Disbursement Procedures

- **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