



Procurement Challenges in ADB-Financed Projects in Pakistan

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ADB Procurement Framework

- Applicable for procurement of contracts financed by ADB
- Common approach in all member countries of ADB
- Based on best practices, principle-based, time-tested
- Harmonized with other Multilateral Development Banks

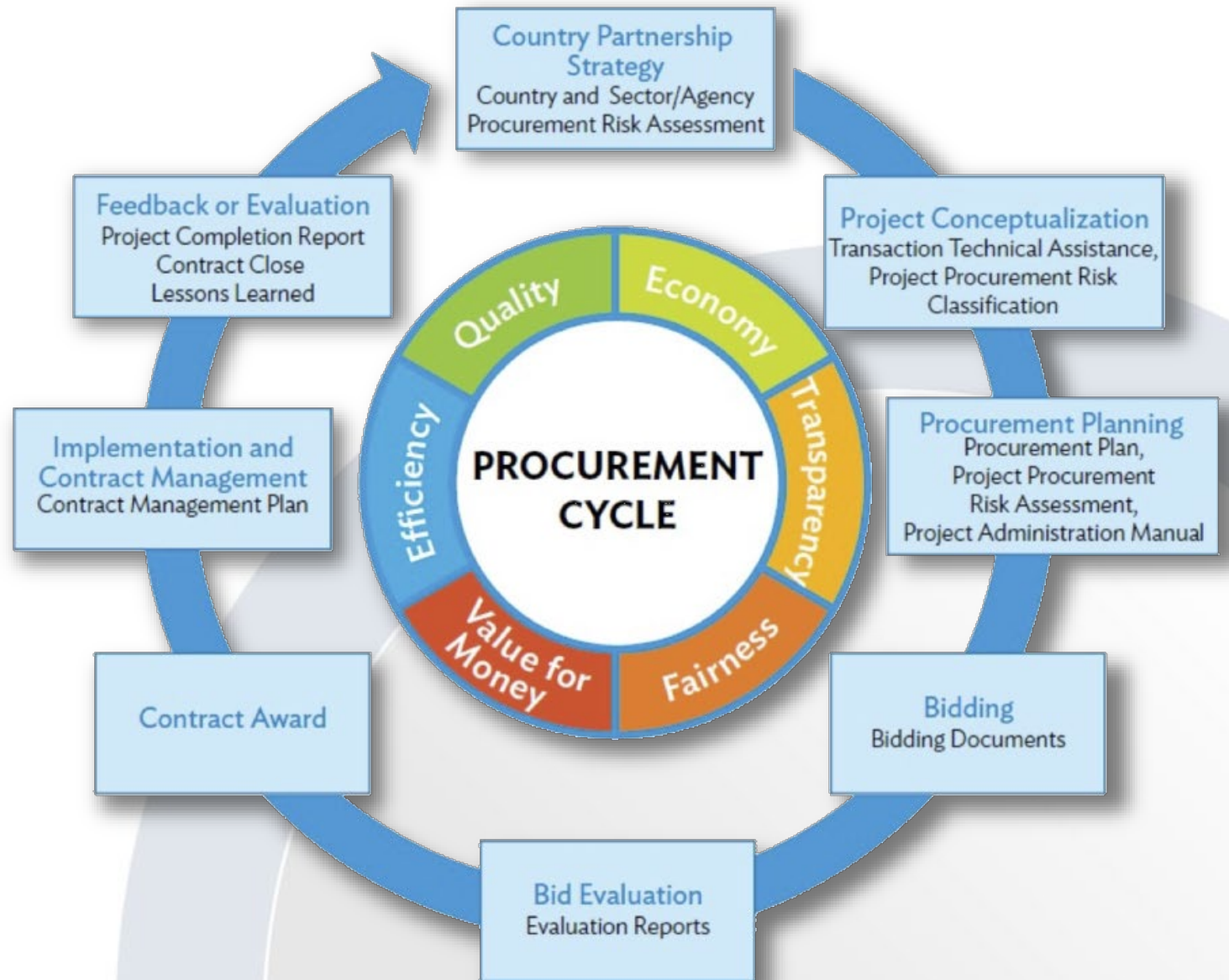
The use of ADB Procurement Framework is expected to

- ✓ give clarity, familiarity, and certainty in the procurement process
- ✓ encourage participation of reputable and bona fide bidders

Challenges in Applying ADB Procurement Framework

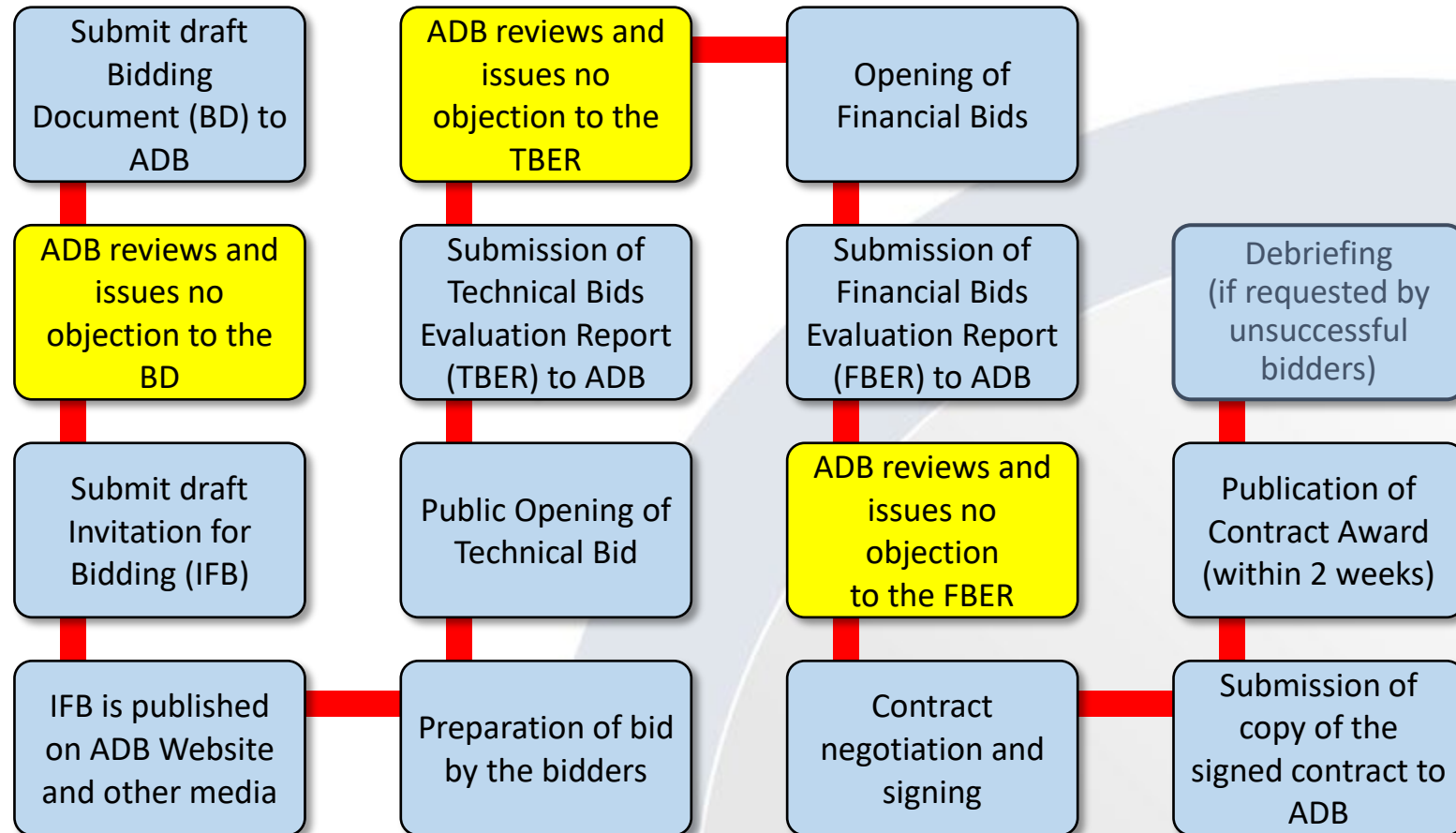


How to understand the extent of its applicability.



Challenges in Applying ADB Procurement Framework

How to align internal decision-making process with the prior review process.

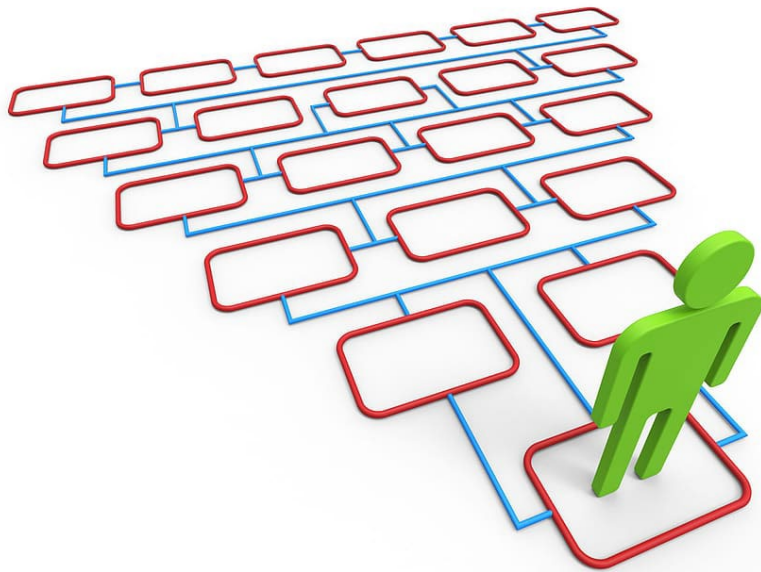


Challenges in Applying ADB Procurement Framework

How to manage multiple procurement frameworks:

- Additional resources and efforts for training, staffing, system development (e-GP).
- Dealing with differing provisions, practices, approaches.
- Managing multiple stakeholders (decision makers, auditors, bidders, legal-, integrity-, and civil organizations, press, etc.)

Lack of understanding can cause delays, mistakes, unsuccessful procurement.



Differing Provisions, Practices and Approaches



- The use of standard unit rates, specifications, and price adjustment that may exhibit gaps when compared to the market conditions.
- Rejection of bids that fall below or exceed the cost-estimate by certain margin.
- Tender with a single bid received tends to be cancelled.
- What constitute as material deviations that can lead to rejection of bid.

Dispute Avoidance Mechanism in the Contract



- Recurrent delays in setting up a Dispute Adjudicator Board.
- Availability of local expertise in dispute adjudicator.
- Delays in implementing of engineer's determination or DAB's decision.

Professionalization of Project Implementation Functions

- The scope, scale, and complexities of contracts under ADB-financed projects will benefit from professionalization of procurement, contract management, and dispute adjudicator functions.
- There are growing needs to develop pools of experts of these functions from both the government and private sectors.
- Supports from loan consultant could supplement but should not replace institutional capacity.
- Development of advance study and certification on public procurement, construction law, construction contracts, contract management, and dispute adjudication is key.



Going Forward

- Better utilization of Strategic Procurement Planning (SPP) process
 - Assessment of procurement capacity and supply market
 - Lessons-learned to mitigate risks and preempt issues
 - Apply fit-for-purpose approach to maximize Value for Money (VfM)
 - SPP is a living document: for reference and updates during project implementation
- Establish a systematic and sustainable capacity building program
 - Promote networking, experiences sharing, peer learning
 - Build pool of certified experts
- Expand stakeholder communication
 - Reach out to wider audience (auditors, legal-, integrity-, and civil organizations, business communities/associations, press, etc.)



Recommendation

- Inter-agency coordination, clarification, and trainings to encourage setting up an effective dispute resolution mechanism, and to acceptance/implementation of its determinations/decisions.
- Facilitate development of pool of experts from within the government and private sectors – a list of certified adjudicators
- Facilitate development of advance study and certification on public procurement, construction law, construction contracts, and adjudication.



Challenges in Procurement

- Dealing with “body-shop” joint-venture and/or “ghost contractors” – how to enhance due diligence during bid evaluation.